

*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*



# 2019 Financial Statements

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**SEPARATE FINANCIAL STATEMENTS  
AND  
CONSOLIDATED FINANCIAL STATEMENTS  
AS AT  
31 DECEMBER 2019**



**ASTM S.p.A.**

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# **ORDINARY SHAREHOLDERS' MEETING**

**25 MAY 2020**

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## Board of Directors and Board of Statutory Auditors

### ASTM

Public Limited Company  
Share capital EUR 70,257,447.50 fully paid-up  
Tax code and registration with the  
Turin Register of Companies no: 00488270018  
Registered Office in Turin – Corso Regina Margherita 165  
Website: <http://www.astm.it>  
e-mail: [astm@astm.it](mailto:astm@astm.it)  
Direction and Coordination: Nuova Argo Finanziaria S.p.A. Unipersonale

#### MEMBERS OF THE BOARD OF DIRECTORS

*Chairman*  
Alberto Rubegni

*Vice Chairman*  
Franco Moscetti <sup>(2)</sup>

*Managing Director*  
Umberto Tosoni <sup>(1)</sup>

*Directors*  
Caterina Bima <sup>(5)</sup>  
Giulio Gallazzi <sup>(2)</sup>  
Giuseppe Gatto <sup>(3)</sup>  
Patrizia Michela Giangualano <sup>(3)</sup>  
Venanzio Iacozzilli  
Fabiola Mascardi <sup>(4)</sup>  
Rosario Mazza  
Valentina Mele <sup>(4)</sup>  
Andrea Giovanni Francesco Pellegrini <sup>(3)</sup>  
Barbara Poggiali <sup>(4)</sup>  
Giovanni Quaglia  
Micaela Vescia <sup>(2)</sup>

#### BOARD OF STATUTORY AUDITORS

*Chairman*  
Marco Fazzini

*Statutory Auditors*  
Massimo Berni  
Piera Braja <sup>(5)</sup>

*Alternate Auditors*  
Roberto Coda  
Annalisa Donesana  
Gasparino Ferrari

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

#### INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

##### TERM OF OFFICE

The Board of Directors were appointed for three financial years by the Ordinary Shareholders' Meeting on 12 February 2020 and its term of office will expire with the Shareholders' Meeting that will be held for the approval of the 2022 Financial Statements. The Board of Statutory Auditors were appointed for three financial years by the Ordinary Shareholders' Meeting on 28 April 2017 and its term of office will expire with the Shareholders' Meeting that will be held for the approval of the 2019 Financial Statements. The Independent Auditors were appointed by the Ordinary Shareholders' Meeting on 28 April 2017 and are in office for nine financial years. Their term of office will expire with the Shareholders' Meeting that will be held for the approval of the 2025 Financial Statements.

##### POWERS OF COMPANY OFFICERS

The Chairman, appointed by the Board of Directors on 18 February 2020, exercises the powers conferred on them on the same date. The Vice-Chairman (appointed by the Board of Directors on 18 February 2020) was granted powers to be exercised in case of absence or impediment of the Chairman. The Managing Director was appointed by means of a Board resolution dated 18 February 2020 and exercises the management powers granted to them by law and the Articles of Association.

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## Agenda

1. Separate financial statements as at 31 December 2019. Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors: related and consequent resolutions. Presentation of the consolidated financial statements as at 31 December 2019 and the consolidated non-financial disclosure for financial year 2019.
2. Destination of profits.
3. Report on the remuneration policy and fees paid:
  - 3.1 Approval of the remuneration policy pursuant to Article 123-ter, paragraph 3-ter of Italian Legislative Decree no. 58/1998
  - 3.2 Non-binding resolution on the “second section” of the report, pursuant to Article 123-ter, paragraph 6 of Italian Legislative Decree no. 58/1998.
4. Adjustment of the Independent Auditors fee for financial years 2019-2025.
5. Board of Statutory Auditors:
  - 5.1 Appointment of the Board of Statutory Auditors
  - 5.2 Appointment of the Chairperson of the Board of Statutory Auditors
  - 5.3 Determination of the remuneration of the standing members of the Board of Statutory Auditors.
6. Request for authorisation for the purchase and disposal of treasury shares

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**Financial Statements**  
**as at 31 December 2019**

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## Operating performance

Below is the main consolidated income and financial data as at 31 December 2019 and that relating to the previous year:

<i>(amounts in millions of EUR)</i>	FY 2019	FY 2018
Turnover	2,070.6	1,717.0
Net toll revenue	1,123.7	1,103.3
EPC sector revenues <sup>1</sup>	813.3	513.2
Gross operating margin (EBITDA)	792.4	760.9
Result of the Parent Company for the period under review	76.3	166.5
“Normalised” result of the Parent Company for the period under review	170.4	166.5
Operating cash flow	614.3	593.5
Motorway network investments	265.3	148.6
<i>(amounts in millions of EUR)</i>	31 December 2019	31 December 2018
Net financial indebtedness	1,352.2	1,272.9

\*\*\*\*\*

In 2019, the “Turnover” was **greater than EUR 2 billion and showed a 20.6% growth**. In particular, the **net toll revenue exceeded EUR 1.1 billion (+1.85%)**, while the “EPC” sector revenue totalled an amount equal to **EUR 0.8 billion (+58.5%)**.

The increase in **net toll revenue** - equal to EUR 20.4 million **(+1.85%)** - is attributable (i) for EUR 9.9 million (+0.90%) to the higher revenues of the licensee Autovia Padana (whose concession took effect on 1 March 2018 and whose motorway revenues, therefore, in 2018 were limited to the 1 March-31 December period), (ii) for EUR 5.9 million (+0.53%) to the growth in traffic volumes and (iii) for EUR 4.6 million to the recognition as of 1 January 2019 of toll adjustments (+0.42%).

The change in **revenues** in the “EPC” sector is mainly due to the considerable **growth** in the volume of business carried out abroad, which now accounts for about 60% of total production in the sector.

In 2019, the **gross operating margin increased** by **EUR 31.5 million (4.1%)**, amounting to **EUR 792.4 million**. This increase reflects the growth in the gross operating margin (EBITDA) of the “motorway sector” (EUR 21.3 million) and the “EPC sector” (EUR 13.2 million), which are offset by the decrease in the “technology sector” (-EUR 0.2 million) and the “services sector” (-EUR 2.8 million).

The growth in the “gross operating margin (EBITDA)”, in the presence of higher net amortisation and depreciation/provisions made in the period (EUR 80.7 million) and a decrease in the profit/(loss) of the “financial income” (-EUR 90.5 million, attributable to a negative contribution of the Brazilian investee companies accounted for by the “equity method”), was reflected - net of the related tax effect and of profit pertaining to minority interests - in “result of the Parent Company for the period under review”, amounting to EUR 76.3 million (EUR 166.5 million in 2018).

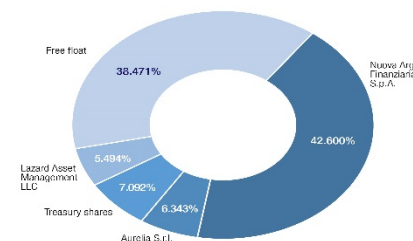
By normalising the “provisions” and the “financial income” of the “extraordinary” components that led to the decrease in profit for the year 2019, a “normalised result of the Parent Company for the period under review” is achieved equal to **EUR 170.4 million, up by 2.3%**.

<sup>1</sup> As part of the operating reorganisation of the ASTM Group following the merger by incorporation of SIAS into ASTM, the companies operating in the “construction” and “engineering” sectors and the company Euroimpianti S.p.A., operating in the sector of electrical and electronic systems previously included with the companies in the “technology” sector, were concentrated into one single sector (the engineering, procurement and construction (“EPC”) sector). This structure of operating segments reflects the method of representing information used by Management in its decision-making processes. The data related to 2018 was therefore reclassified to allow for better comparison.

## ASTM S.p.A. Shareholding

As at 31 December 2019, the number of ordinary shares was equal to 140,514,895. Based on available information, holders of ordinary shares amounting to more than 3% of the share capital are detailed below:

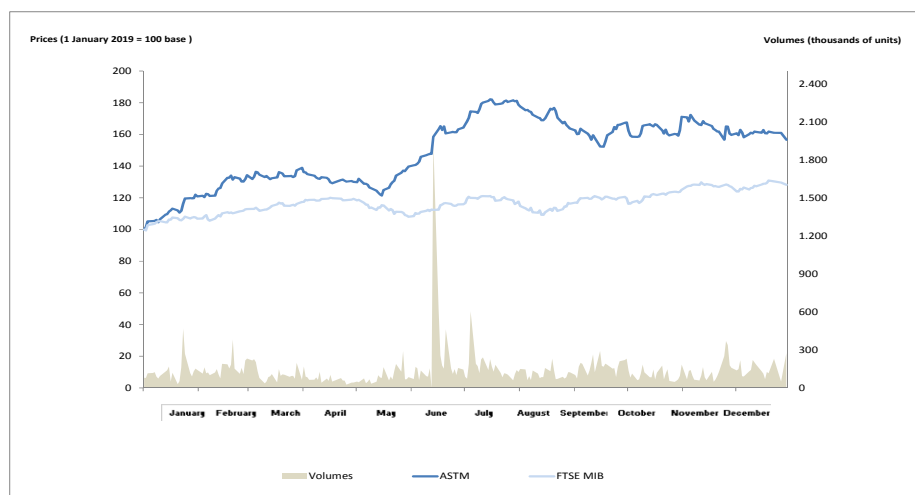
Nuova Argo Finanziaria S.p.A. <sup>(1)</sup>	42.600%
Aurelia S.r.l.	6.343%
Treasury shares <sup>(2)</sup>	7.092%
Lazard Asset Management LLC	5.494%
Outstanding shares	38.471%
<b>Total</b>	<b>100.00%</b>



<sup>(1)</sup> of which 1.386% through Nuova Codelfa S.p.A.

<sup>(2)</sup> ASTM S.p.A. 5.547%; Sina S.p.A. 1.530% and Ativa S.p.A. 0.015%.

## ASTM S.p.A. on the Stock Exchange - security performance in 2019



### Information on the security

No. of shares as at 31 December 2019	140,514,895
Treasury shares as at 31 December 2019	(9,964,936)
Outstanding shares as at 31 December 2019	130,549,959
Market capitalisation as at 30 December 2019 <sup>1</sup> (million EUR)	3,818
Market capitalisation as at 30 December 2019 <sup>1</sup> – net treasury shares – (million EUR)	3,547
2018 balance dividend per share (May 2019, EUR)	0.302
2018 interim dividend per share (November 2018, EUR)	0.230
Listing as at 30 December 2019	27.17
Maximum price in the period 1 January - 30 December 2019 (16 July 2019)	31.59
Minimum price in the period 1 January - 30 December 2019 (2 January 2019)	17.34
Average daily volumes in the period 1 January – 30 December 2019 (thousands of shares)	146

### Group credit rating

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

<sup>1</sup> Including the 41,516,295 shares resulting from the share capital increase to service the exchange.

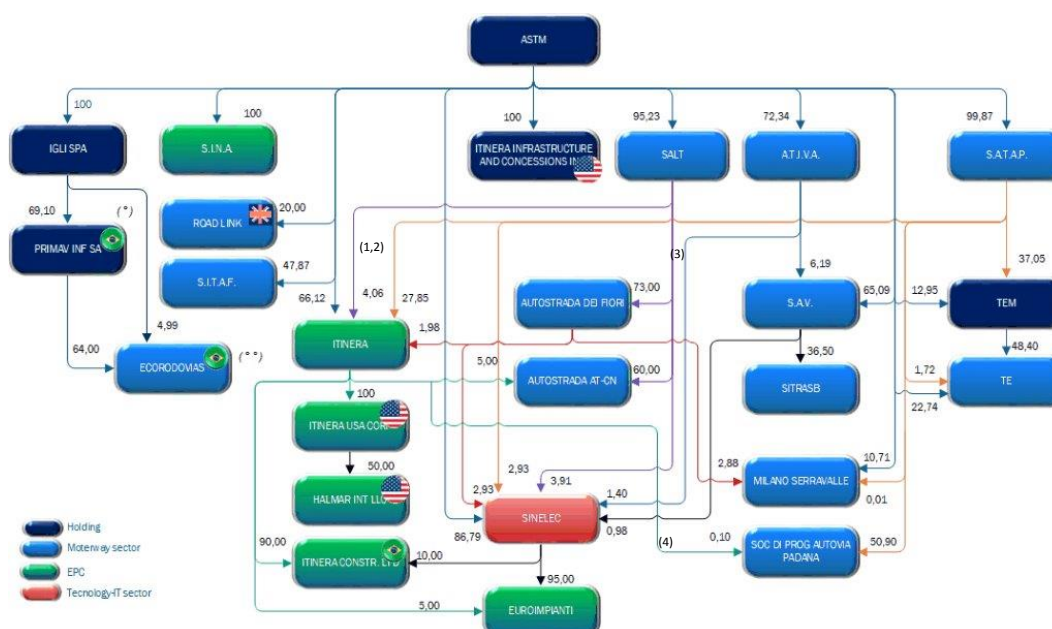
## Group structure and business segments

ASTM, through its subsidiaries, is mainly active in the management of motorway networks under concession and in the sectors of design and construction of major infrastructure works ("EPC"), as well as technology applied to transport mobility.

Through its subsidiaries and associated companies operating in Italy in the motorway sector and the company subject to "joint control", Ecorodovias (Brazilian holding company listed on the Novo Mercado BOVESPA), the ASTM Group is one of the main players in the motorway concession management sector.

In the EPC sector, the ASTM Group - through Itinera and its subsidiaries, SINA and Euroimpianti - designs and builds major transport infrastructure works (roads, motorways, railways, underground railways, bridges, viaducts, tunnels), civil and industrial construction works (hospitals, shopping centres, airports) as well as electrical and electromechanical systems, while in the mobility technology sector - through Sinelec - it designs, builds and manages advanced infrastructure network monitoring systems, info-mobility, toll collection, etc.

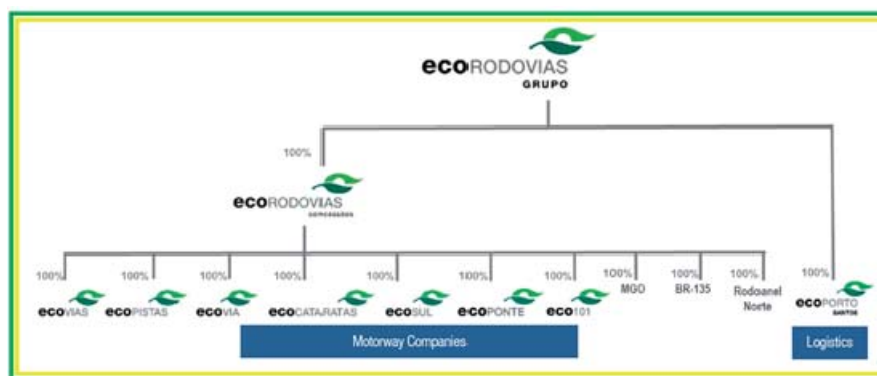
The current structure of the Group – only with regard to the main investee companies<sup>(1)</sup> – is detailed below:



- (1) of which 0.07% by Albenga Garesio Ceva  
 (2) of which 1.08% by ATIVA  
 (3) of which 1.86% by Albenga Garesio Ceva  
 (4) 1.08% by SITAF

(\*) 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.



<sup>(1)</sup> The entire list of investee companies is included in the "Explanatory notes – Scope of consolidation" in the consolidated Financial Statements

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# Management Report

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## ALTERNATIVE PERFORMANCE MEASURES - APMs

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

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

With reference to the APMs relating to the consolidated results, it should be noted that, in the "Economic, equity and financial data" section, the ASTM Group presents reclassified separate 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 revenues" in the Consolidated Financial Statements as it does not include (i) revenue for the planning and construction activities of non-compensated revertible assets, (ii) the fee/additional fee payable to ANAS and (iii) cost/revenues reversals for consortium companies.
- b) "Value of production": value of production in the EPC sector refers to revenue for works and planning and changes in works to order.
- c) "Gross operating margin (EBITDA)": is the summary indicator of profitability deriving from operating activities 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. "Gross operating margin (EBITDA)" does not include the balance of financial items and taxes.
- 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 (EBITDA)".
- e) "Normalised result of the Parent Company": is the indicator that measures the consolidated profit/loss pertaining to the Parent Company net of the "extraordinary" components.
- f) "Net invested capital": shows the total amount of non-financial assets, net of non-financial liabilities.
- g) "Backlog": the orders not yet performed by the EPC sector.
- h) "Net financial indebtedness": the net financial position prepared in compliance with the ESMA Recommendation of 20 March 2013.
- i) "Operating cash flow": indicates the cash generated or absorbed by operating activities and is calculated by adding to the profit for the period the amortisation and depreciation, adjustment to the provision for restoration/replacement of non-compensated revertible assets, the adjustment of the employee benefits provision, the provisions for risks, the loss (profit) of companies accounted for by the equity method and the write-downs (revaluations) of financial assets, and by deducting the capitalisation of financial expenses.

## SIGNIFICANT EVENTS

### ***MERGER BY INCORPORATION OF SIAS S.P.A. INTO ASTM S.P.A.***

On 13 June 2019, the Boards of Directors of ASTM and its subsidiary SIAS - subject to the approval issued by their respective Audit, Risk and Sustainability Committees (acting as committees for related party transactions) - approved the merger project, each within their respective areas of competence, and also resolved to submit the merger, for approval, to their respective Extraordinary Shareholders' Meetings. On the same date, ASTM and SIAS signed the Framework Agreement aimed at regulating, among other things, the conditions and methods for implementation of the transaction.

Again, on 13 June 2019, the Board of Directors of ASTM agreed to promote a voluntary partial public tender offer regarding 11,377,108 SIAS shares, equal to 5% of the share capital of SIAS, for a cash amount of EUR 17.50 per share tendered to the offer.

The merger project, prepared pursuant to Article 2501-*quater* of the Italian Civil Code, was filed by the companies participating in the merger for registration in the Turin Business Register pursuant to Article 2501-*ter*, paragraph 3, of the Italian Civil Code on 17 June 2019 and subsequently registered with the Turin Business Register on 19 June 2019.

On 19 June 2019, the Court of Turin - following a joint application submitted by ASTM and SIAS on 14 June 2019 - appointed KPMG S.p.A. as Joint Expert in charge of preparing the report on the suitability of the Exchange Ratio pursuant to Art. 2501-*sexies* of the Italian Civil Code, the report was issued on 13 September 2019.

The Merger was then approved with resolutions made by the Extraordinary Shareholders' Meetings of ASTM and SIAS held on 16 October 2019.

On 17 December 2019, the deed for the merger between ASTM and SIAS was signed and on 18 December, Consob authorised the Company to publish the prospectus for the admission to trading of ASTM shares to be issued following the merger of SIAS into ASTM. With the issue by Consob of the authorisation to publish the prospectus for admission to trading, the final condition precedent provided for in the merger plan was fulfilled. On 20 December 2019, the deed for the merger was registered with the Turin Business Register. The merger took effect for statutory purposes on 31 December 2019, for accounting purposes, the transactions carried out by SIAS were recognised in the financial statements of ASTM as from 1 January 2019. From the same date the tax effects also took effect.

Since the effective date, a total of 41,516,295 ASTM shares, without indication of the nominal value, were issued to service the exchange in favour of SIAS shareholders other than ASTM, for a capital increase of EUR 20,758,147.50. As a result of this increase, the share capital of ASTM amounts to EUR 70,257,447.50, divided into 140,514,895 ordinary shares. As a result of the merger, SIAS shares have been delisted from the MTA.

#### **Aims of the merger**

The main objectives to be pursued by the merger are the following:

- establish a single listed industrial holding company that, acting as “one company”, is able to express specific knowledge in the sectors of motorway concessions, the EPC and technological innovation;
- shorten the chain of control as regards the operating companies, in line with national and international practice and with market expectations in order to simplify the group’s corporate structure, with positive effects as regards proximity to cash flows and consequently access to the capital market;

- create a new industrial group that can grow efficiently and competitively on both national and international markets;
- promote the creation of a listed issuer whose size and liquidity mean it can aim to become one of the most important companies on Italian stock market;
- streamline the corporate structure with the consequent reduction of holding costs and further strengthening of industrial synergies and improvement of operating income.

### **General profiles of the Transaction**

Since ASTM controlled SIAS and since both Companies were directly and indirectly subject to the control of Nuova Argo Finanziaria S.p.A., the merger was classified as a “significant transaction with related parties” pursuant to Art. 3 of the Rules on Transactions with Related Parties adopted by CONSOB with resolution No. 17221 of 12 March 2010, as well as pursuant to the “Procedures for transactions with related parties” adopted by the Companies. Therefore, the approval of the merger by the Board of Directors of ASTM and the Board of Directors of SIAS took place following the favourable opinion issued by the respective committees for transactions with related parties.

The merger was deliberated by using benchmark balance sheets, pursuant to and in accordance with Art. 2501-*quater*, paragraph 2 of the Italian Civil Code, the yearly financial statements as at 31 December 2018, approved, respectively, by the Shareholders' Meeting of ASTM on 16 May 2019 and of SIAS on 15 May 2019. These documents were made publicly available in the terms and with the methods required pursuant to the applicable legal and regulatory provisions.

The Boards of Directors of the Companies, on the basis of the above documentation, determined the share exchange ratio (not subject to adjustments in cash) to be 0.55 ASTM shares, without indication of the nominal value, for every SIAS share of the nominal value of EUR 0.50.

Upon completion of the merger, the following actions were completed: (i) the cancellation without share swap of 152,057,982 ordinary SIAS shares held by ASTM at the date of the merger and (ii) the cancellation of 75,484,174 ordinary SIAS shares held by SIAS shareholders other than ASTM at the date of the merger and the simultaneous allocation of new ordinary ASTM shares to the latter, on the basis of the aforementioned share exchange ratio.

For the Transaction, ASTM was assisted by:

- J.P. Morgan and UniCredit, as financial advisors to the Board of Directors;
- Chiomenti Studio Legale, as legal advisor;
- Alberto Dello Strologo, as financial advisor to the Committee for related party transactions.

For the Transaction, SIAS was assisted by:

- Mediobanca - Banca di Credito Finanziario S.p.A. and Société Générale, Milan Branch, as financial advisors to the Board of Directors;
- Bonelli Erede, as legal advisor to the Board of Directors;
- Andrea Zoppini, as legal advisor to the independent directors;
- Gianni Origoni Grippo Cappelli & Partners, as legal advisor to the Committee for related party transactions;
- Enrico Laghi, in his capacity as financial advisor to the Committee for related party transactions, as well as independent directors.

On the effective date of the merger, as provided for in the merger plan, the new Articles of Association of ASTM came into force, which acknowledged, among other things: (i) the amendment to the corporate purpose, through the adoption of the corporate purpose of SIAS, and (ii) a transitional clause by virtue of which the merger led to the early expiry of the Board of

Directors of ASTM in office at the date the same takes effect, thus allowing the new shareholding structure to make a decision on the composition of the administrative body of the company resulting from the merger.

Pursuant to the aforementioned clause, the Shareholders' Meeting held on 12 February appointed the new Board of Directors of ASTM according to the list voting mechanism and in compliance with the principle of the necessary representativeness of non-controlling interests.

#### **Voluntary partial public tender offer by ASTM of SIAS shares**

On 5 July 2019, CONSOB approved the offer document relating to the voluntary partial public tender offer submitted by ASTM, pursuant to Art. 102 of the TUF, regarding a maximum number of 11,377,108 SIAS shares, equal to 5% of the share capital subscribed and paid in of SIAS. The consideration for each SIAS share tendered to the offer and purchased by ASTM was set at EUR 17.50.

The tender acceptance period, agreed with Borsa Italiana S.p.A., began on 8 July and ended on 26 July 2019. During the tender period, 24,356,361 shares were tendered, amounting to about 214.082% of the shares subject to the offer and approximately 10.704% of the share capital. Since the number of SIAS shares tendered was greater than the maximum number of shares subject to the offer, the tendered shares were allocated according to the "pro-rata" method described in the offer document (the applicable allocation coefficient was equal to 46.711%). On 2 August 2019 - taking into account the rounding effect of the allocation coefficient - ASTM withdrew a total of 11,376,796 SIAS shares (amounting to approximately EUR 199.1 million) and arranged for the renewed availability to their respective owners (without the charging of fees or costs to them) of 12,979,565 shares that were not acquired under the tender.

#### **Withdrawal**

The holders of ordinary ASTM shares who had not contributed to the approval of the merger plan and, therefore, to the aforementioned change in the corporate purpose of ASTM, had the right of withdrawal pursuant to Article 2437, paragraph 1, letter a) of the Italian Civil Code, to be exercised within fifteen days from the registration at the competent Register of Companies of the shareholders' resolution approving the merger, for a payment of the liquidation value equal to EUR 21.76 per ASTM share, as determined on 13 July 2019 by the Board of Directors of ASTM in compliance with Article 2437-ter of the Italian Civil Code, or by making exclusive reference to the arithmetic mean of the closing prices listed on the stock exchange in the six months prior to the date of publication of the call to meeting of the extraordinary shareholders' meeting of ASTM convened to approve the merger plan. It should be noted that no ASTM shareholders exercised their right of withdrawal within the aforementioned period.

#### **Financing of the operation**

On 28 June 2019, ASTM signed a loan agreement with UniCredit S.p.A. for a maximum total amount of EUR 300 million, aimed - among other things - at financing the voluntary public offer. More specifically, the loan involves two medium-long term credit lines: the first, for a maximum amount not exceeding EUR 265 million, to be used by the Company to meet both the payment obligations related to the voluntary public offer and to finance the payment of shares for the shareholders that decided to exercise their right of withdrawal. The second credit line, of a maximum amount no greater than EUR 35 million, was intended for the refinancing of several credit lines previously granted to the Company by UniCredit S.p.A.

Moreover, it is noted that on 2 August 2019, ASTM subscribed to a further loan with Mediobanca S.p.A. and Société Générale S.p.A. for a total maximum amount of EUR 100 million, which is also intended to cover the payment of the shares of any shareholders who may have decided to exercise their right of withdrawal.

As mentioned above, the outlay for the voluntary public offer was equal to EUR 199.1 million, while there was no outlay with regard to the exercise of the right of withdrawal by ASTM shareholders. Consequently, the Company took steps (i) to use the loan signed with Unicredit S.p.A. for a total amount of EUR 234.1 million (taking into account the EUR 35 million used to refinance several credit lines previously granted to the Company by UniCredit S.p.A. ) and (ii) to waive - since they are no longer required - both the residual liquid funds equal to EUR 65.9 million concerning the loan with UniCredit S.p.A., and the availability of the entire amount of the loan signed with Mediobanca S.p.A. and Société Générale - Milan Branch.

## OPERATING ACTIVITIES

### *REGULATORY FRAMEWORK, RELATIONS WITH THE GRANTING BODY AND TOLL RATES*

#### **Regulatory framework**

As reported in previous communications, with Resolution 16 of 18 February 2019, the Transport Regulation Authority (hereinafter also referred to as ART) decided to initiate the consultation procedure intended to define a new toll rate system, based on the price-cap method, with determination of the productivity indicator “X” every five years.

Following investigations, on 19 June 2019, ART adopted specific resolutions on the toll rates, including for ASTM Group licensee companies, such as SATAP (A4 Stretch), Asti-Cuneo, SALT (A15 Stretch and A12 Stretch), Autostrada dei Fiori (A10 Stretch and A6 Stretch) and SAV, in addition to the associated company SITAF as regards the A32 motorway only (as the Fréjus T4 tunnel is regulated by a specific intergovernmental convention between Italy and France).

It should be noted that the new toll rate system requires the distinction of the toll rate between two main components: (i) the management fee, used to recover operating costs and capital costs (amortisation and depreciation and remuneration) of the non-revertible assets and (ii) the construction fee, to recover capital costs (amortisation and depreciation and remuneration) pertaining to the revertible assets.

Such resolutions define (i) a safeguard mechanism intended to ensure that the licensees recover the capital costs relating to investments already made or yet to be made (if already agreed by contract/awarded at the date of publication of the resolutions) according to the level of profitability deriving from the application of the rate system previously in force and (ii) the fee principles and criteria relating to any extension of the management beyond the expiry of the concession.

The effectiveness of the amendments proposed by ART and contained in the Resolutions of 19 June 2019 is subject to their recognition in specific additional acts to be signed jointly by the licensee and by the granting body, the MIT, and submitted for approval according to the administrative procedure in force, which requires - among other things - their registration by the Court of Auditors.

The ASTM Group licensees initially appealed this Resolution, highlighting ART’s inability to determine new rate systems for already existing motorway concessions. Despite this, the companies, though contesting the aforesaid ability in general terms, with a view to fair collaboration, simultaneously took part in the public consultation launched by ART, offering their contribution and also highlighting the critical aspects that, in their opinion, determined the unlawfulness of the subsequent deeds.

Following the public consultation proceedings, in the administrative court, the Group’s Licensees extended the original appeal with additional motives, intended to contest the various additional aspects of unlawfulness of the resolutions with which ART defined the rate system in detail, specifically referring to the individual concessions.

Currently, the hearing dates are yet to be scheduled.

Lastly, the Group’s Licensees reserve the right to make a claim, including civil action, for any damage caused by the issue of the aforementioned unlawful measures.

#### **Regulatory regime of the transition period**

With Resolution No. 38/2019 of 24 July 2019 (published in the Official Journal of 30 October 2019), the Italian Interministerial Committee for Economic Planning (“CIPE”) approved the *“general criterion to ascertain and define the economic relationships pertaining to the motorway licensee companies limited to the period between the date of expiry of the concession and the date of effective takeover of the new licensee (transition period)”*, as presented by the MIT.



The above criterion affects the position of the licensee companies SALT (A12), SATAP (A21) and ATIVA (A5), whose concessions expired on 31 July 2019, 30 June 2017 and 31 August 2016 respectively.

The criterion established by the MIT and approved by CIPE affects, and amends, the regulatory regime of the transition period previously and promptly provided for by the agreements and said law (Art. 178 of Italian Legislative Decree No. 50/2016).

In particular, both regimes require that, upon expiry of the concession, the licensee company continue managing the motorway until transfer of its management to the new licensee company.

Nevertheless, the criterion approved by CIPE unilaterally amends the regulation, providing – without prejudice to any pre-existing contractual agreements – that the temporary continuation of the management be governed by an Economic Financial Plan (EFP) in which the amortisation and depreciation of the investments not yet amortised continue (though recognising a lower rate for them than the rate agreed for the ordinary regime) and that, at the end of the transition period, the difference between the revenues made by the licensee company through toll collection and the eligible costs for that period be determined<sup>1</sup>.

Ultimately, while the legal and contractual regime provides for the maintenance of the contractual conditions and the payment to the outgoing licensee company of an indemnity commensurate with the not depreciated investments, the regime introduced by the CIPE resolution would impose a transitional Economic and Financial Plan (EFP) on the licensee company and settle its entitlements through the difference between revenues and eligible costs.

Following publication of this Resolution, the MIT requested, through specific missives, that the aforementioned licensee companies prepare the Transitional Financial Plan envisaged by the resolution. The companies reacted negatively to the requests of the MIT and appealed before the Regional Administrative Court of Lazio, as regards SATAP S.p.A. and SALT S.p.A., and before the Regional Administrative Court of Piedmont, as regards ATIVA S.p.A., both Resolution 38 and the missives of the MIT, claiming that the adoption of the new regime established by the CIPE resolution was unlawful under several aspects, resulting substantially in the unilateral imposition on the outgoing licensee company of conditions other than those set out in agreements and by law. Currently, the hearing dates are yet to be scheduled.

On the other hand, the European Union, through an opinion of the Commission, has also stressed the absolute unlawfulness of the imposition of a transitional financial plan, within the terms laid down in Resolution No. 38/2019, cited above, in that it would unduly extend the concession, contrary to the principles of competition established in the EU Treaty.

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<sup>1</sup> In greater detail, Resolution 38 requires that in the “transition period”:

- (i) the expired motorway company must continue to ensure “the continuation of the ordinary management of the service and the execution of the infrastructure maintenance and development interventions that [are] necessary for the purposes of user safety. The expired licensee company must act with the functions and tasks of a road owner, envisaged by Art. 14 of the Italian Highway Code” and
- (ii) “for the sole purposes of calculating any net benefits” that accrued, a “Transitional Financial Plan” must be prepared according to the schedule of CIPE Resolution 39/2007 and approved with ministerial decree.  
When preparing this Transitional Financial Plan, the net invested capital (NIC) at the Expiry Date must be subject to amortisation and depreciation and remunerated at the “ECB rate increased by 1%”.  
Resolution 38 has also required that:
  - (a) the “difference, positive or negative, between the revenues and eligible costs for the transitional period (balance of figurative entries) [be] capitalised at the ECB rate (interest rate on the main refinancing operations) increased by 1%” and
  - (b) the investments made during the transitional period must be “remunerated through the weighted average cost of capital (WACC) parameter, determined by applying entirely the criteria set out by CIPE resolution No. 39 of 2007, as amended, to be adopted *ratione temporis*. For these investments, the construction risk is still borne by the expired licensee company”.

### **Approval status of the Economic Financial Plans of the subsidiaries – (EFP)**

The current regulations governing the motorway sector require the Economic Financial Plans (EFP) to be updated every five years by 30 June of the first year of the new regulatory period.

In this regard, the EFP approval status of the concessions managed by the subsidiaries of the ASTM Group is provided below.

The EFP of **SATAP A4** expired on 31 December 2017 and the updating process is still ongoing; in this regard, it is noted that on 1 August 2019 the CIPE took note of the new financing scheme aimed at regulating the completion of the **Asti-Cuneo (A33)** motorway connection. This scheme is based on the cross-financing of Asti-Cuneo's investments, ensuring that SATAP A4 will be responsible for the investments already made and the further investments needed to complete the Asti-Cuneo motorway. A predetermined toll manoeuvre is planned with the recognition of a terminal value at the expiry of the respective concessions (31 December 2026 for SATAP A4 and 31 December 2031 for Asti-Cuneo). Following the CIPE resolution, the Ministry of Infrastructure and Transport ("MIT") sent the proposed economic financial plan to the European authorities for the acquisition of the relevant assessments.

The EFPs of the motorway stretches managed by **SAV (A5)**, **ADF (A10 and A6)** and **SALT (A15)** expired on 31 December 2018 and the updating process is currently underway; in this regard, as reported in the paragraph dedicated to the "Regulatory framework", it should be noted that during 2019 the ART published specific resolutions - challenged by the Group's licensees - aimed at defining, among other things, a toll rate system different from the one currently provided for in the concession contracts. This operation should be considered unlawful, since the Regulatory Authority, which only supports the Ministry, cannot affect contracts already signed between the parties.

The EFP of the Piacenza-Cremona-Brescia stretch managed by the subsidiary **Autovia Padana (A21)** is fully operational and effective.

### **Approval status of EFPs of associated companies**

With regard to **Tangenziale Esterna Est di Milano (A58)**, during the first half of 2019, the first regulatory period for the concession expired; the update of the EFP was discussed and shared with the Concessioni Autostradali Lombarde granting body, which approved it in August 2019, and subsequently sent it to the MIT for the relevant appraisal. In a note dated 14 January 2020, the granting body informed the Company that the procedure for updating the EFPs must be brought into line with the new provisions of Art. No. 13 of Decree Law No. 162 of 30 December 2019 ("Milleproroghe") and the outcome of the procedure initiated by ART with Resolution No. 176 issued on 19 December 2019. The Company will file an appeal against the granting body's note of 14 January 2020 with the competent Regional Administrative Court - the terms of which have been suspended due to the measures taken following the coronavirus epidemic emergency - against the violation of legitimate expectations regarding the stable continuation of the concession relationship within the terms provided for and determined by the standard agreement.

As regards the associated company **SITAF (A32)**, the EFP expired on 31 December 2018 and the updating process is still in progress.

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## **Toll adjustments**

As regard to **toll adjustments for 2020**, it should be noted that on 21 December 2019 the Italian Government approved a Law Decree ("Milleproroghe" Decree) which unilaterally suspends toll increases for the stretches whose EFPs are being updated. With regard to the above, the Interministerial Decrees approving the toll rate increases issued on 31 December 2019 recognised – with regard to ASTM Group companies – a rate increase of 4.88%, limited to the stretch managed by Autovia Padana.

The Group's motorway companies which were not granted due toll adjustments have appealed for annulment of these acts, contesting their lawfulness and protection of the companies' rights and interests.

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## **Other information/issues relating to the motorway sector**

- A21 Torino-Alessandria-Piacenza stretch and A5 Torino-Ivrea-Quincinetto stretches, A4/A5 Ivrea-Santhià link road, Torino-Pinerolo fork and Sistema Autostradale Tangenziale Torinese

On 20 September 2019, the Italian Ministry of Infrastructure and Transport published the European call for tenders for identification of the new licensee, providing for applications to be received by 18 November 2019. In particular, the purpose of the call for tenders is to award the concession for the management of the motorway stretches managed by SATAP S.p.A. "A21 Torino-Alessandria-Piacenza" - of which the concession expired on 30 June 2017 - and by ATIVA S.p.A. "A5 Torino-Ivrea-Quincinetto", the link road "A4/A5 Ivrea-Santhe", the "Torino-Pinerolo" fork and the "Sistema Autostradale Tangenziale Torinese" - of which the concession expired on 31 August 2016 - in addition to the works to make existing infrastructure safe, as well as their design, construction and management.

The Temporary Consortium, which is made up almost entirely of companies belonging to the ASTM Group, whose agent is the subsidiary SALT p.A., sent, within the time limits set out in the procedure, an application to participate in the next tendering phase, to which it was admitted with reservation. The deadline for submission of tenders, originally set for 31 March 2020, following the legislative and regulatory measures issued in relation to the "Covid-19" health emergency, is suspended until a date yet to be established.

- A12 Sestri Levante-Livorno stretches, A11/A12 Viareggio-Lucca, A15 fork towards La Spezia and A10 Ventimiglia-Savona stretch

On 27 December 2019, the Italian Ministry of Infrastructure and Transport published the European call for tenders for identification of the new licensee, with the requirement that applications be submitted by 20 February 2020. In particular, the purpose of the call for tender is the awarding of concessions for the management of the A12 Sestri Levante-Livorno, A11/A12 Viareggio-Lucca and A15 fork for La Spezia motorway stretch - whose concessions expired on 31 July 2019 - and A10 Savona-Ventimiglia (French border) - whose concession will expire on 30 November 2021 - and the design and execution of works aimed at improving road infrastructure safety conditions.

The subsidiary Itinera S.p.A., within the time limits set out in the procedure, sent an application for admission to the next tendering phase and was admitted; the deadline for submission of tenders, originally set for 28 May 2020, following the legislative and regulatory measures issued in relation to the "Covid-19" health emergency, is suspended until a date yet to be established.

- SITAF call for tender

On 21 February 2020, FCT Holding S.p.A., a financial company of the Municipality of Turin, published a public tender notice concerning the sale of the shareholding held by the same, equal to 10.653% of the share capital, of the company S.I.T.A.F. S.p.A. in execution of Council of State Judgment No. 7393/2019.

The basic tender amount for the aforementioned total quota has been fixed at EUR 86,000,000.00, with the expectation that only equal or increasing bids will be admitted.

ASTM, having the necessary participation requirements, submitted its expression of interest on 11 March 2020. It should be noted that ASTM currently holds, directly and through its subsidiaries, a 47.80% stake in the share capital of S.I.T.A.F. S.p.A.

On the same date (with publication on 13 March 2020), FCT Holding S.p.A. issued a further measure through which it informed the interested parties that the sale would also involve the shares of the Metropolitan City (former Province) of Turin, increasing from a 10.653% shareholding in the share capital of SITAF S.p.A. (originally put out to tender), to a shareholding of 19.347%, with a new basic tender price set at EUR 156,000,000.00. The deadline for submitting applications to participate in the invitation to tender will expire - taking into account the provisions introduced by the emergency decree following the spread of the coronavirus - on 4 May 2020 at 12.00 noon.

Additional corporate income tax (IRES) of 3.5% for 2019-2020-2021

In order to carry out interventions aimed at improving the infrastructure and transport network, Italian Law No. 160 of 27 December 2019 introduced - for tax periods 2019, 2020 and 2021 - a 3.5% additional IRES on income from activities carried out on the basis of:

- motorway concessions;
- airport management concessions;
- port authorisations and concessions issued pursuant to Articles 16 and 18 of Law No. 84 of 28 January 1994;
- railway concessions.

The surcharge only applies to tax periods 2019, 2020 and 2021.

## TRAFFIC PERFORMANCE

Overall traffic performance in 2019 **grew** by **1.68%** compared to 2018, benefiting from the calculation – for the entire period – of the data related to the licensee Autovia Padana. The like-for-like comparison (net of the changes in traffic in January-February on the Piacenza-Cremona-Brescia stretch, the concession for which took effect on 1 March 2018) showed a growth in traffic equal to approximately 0.29% (+1.39% for “heavy vehicles” and -0.09% for “light vehicles”).

The traffic performance – by individual Licensee – is shown below:

(millions vehicle/km)	1/1-31/12/2019			1/1-31/12/2018			Changes		
Company	Light	Heavy	Total	Light	Heavy	Total	Light	Heavy	Total
SATAP S.p.A. – A4 Stretch	1,734	599	2,333	1,703	588	2,291	1.82%	1.86%	1.83%
SATAP S.p.A. – A21 Stretch	1,339	680	2,019	1,348	674	2,021	-0.66%	0.94%	-0.13%
SAV S.p.A.	275	81	356	272	80	351	1.13%	1.33%	1.18%
Autostrada dei Fiori S.p.A. – A10 Stretch	914	307	1,221	928	302	1,230	-1.45%	1.64%	-0.69%
Autostrada dei Fiori S.p.A. – A6 Stretch	744	168	912	761	169	930	-2.22%	-0.58%	-1.93%
SALT p.A. – A12 Stretch	1,511	379	1,890	1,520	373	1,893	-0.59%	1.51%	-0.18%
SALT p.A. – A15 Stretch	654	197	851	652	195	847	0.41%	1.56%	0.68%
Autostrada Asti-Cuneo S.p.A.	119	39	158	117	38	156	1.08%	3.06%	1.56%
Autovia Padana (*)	659	352	1,011	563	292	855	16.99%	20.64%	18.24%
<b>Total</b>	<b>7,949</b>	<b>2,802</b>	<b>10,751</b>	<b>7,864</b>	<b>2,710</b>	<b>10,574</b>	<b>1.09%</b>	<b>3.41%</b>	<b>1.68%</b>

(\*) The concession granted to the subsidiary Autovia Padana took effect as at 1 March 2018; as a result, the comparative data relating to 2018 includes the traffic as of 1 March 2018.

The decrease recorded by some licensee company's was mainly due to (i) the unfavourable weather conditions that characterised the second half of April and - particularly intense - the months of May and November 2019, (ii) the night-time closure of several motorway stretches due to works and (iii) the landslide on 24 November that affected a stretch of the Autostrada A6 Torino – Savona causing its temporary closure, with a consequent reduction in traffic on both sections managed by the subsidiary Autostrada dei Fiori S.p.A. With reference to the stretches that operate in the area of Genoa and Liguria, in 2019 the road network was also partially affected by the collapse of the Morandi Bridge in August 2018, whose lack of reconstruction has not yet allowed for the restoration of normal vehicular traffic.

## INVESTMENTS

As regards investments made, the amount carried out in 2019, in comparison with the figures from the same period of the previous year, is shown below:

(amounts in millions of EUR)	Stretch	2019	2018
SATAP S.p.A.	A4 Torino-Milano	9.5	11.5
SATAP S.p.A.	A21 Torino-Piacenza	20.2	3.3
SALT p.A.	A15 La Spezia-Parma	65.9	66.9
SALT p.A.	A12 Sestri Levante-Viareggio-Lucca and Fornola-La Spezia	39.5	13.3
Autostrada Asti-Cuneo S.p.A.	A33 Asti-Cuneo	10.2	4.7
Autostrada dei Fiori S.p.A.	A10 Savona-Ventimiglia	20.8	4.9
Autostrada dei Fiori S.p.A.	A6 Torino-Savona	63.3	25.2
SAV S.p.A.	A5 Quincinetto-Aosta	12.5	4.6
Autovia Padana S.p.A	A21 Piacenza-Cremona-Brescia	23.4	14.2
	<b>Total motorway network investments<sup>1</sup></b>	<b>265.3</b>	<b>148.6</b>

The Group's licensees continue investing constantly in their own motorway network, with particular attention to improving quality and safety standards, in compliance not only with conventional obligations but, mostly, with the industrial approach

<sup>1</sup> This amount does not include the EUR 26.4 million of investments made during 2019 by the licensee ATIVA S.p.A., control of which was acquired by the Group at the end of the 2019 financial year. The figures for the aforementioned company were consolidated into these Financial Statements limited to the balance sheet components only.

to business that has always distinguished the Group.

In general, despite the uncertainty arising from the lack of the Granting Body's approval of the EFPs – with the sole exception of Autovia Padana – as previously reported, the licensee companies, in addition to having nevertheless pursued execution of the interventions approved by the Granting Body, have also developed and implemented interventions still awaiting approval, in order to further increase the safety standards of the managed stretches.

The main investments involved seismic improvement works to the viaducts, noise abatement works, upgrading the tunnels to the European community directive and upgrading the safety barriers.

In more detail, with regard to the licensee companies who made the largest investments, the following should be noted:

- Autostrada dei Fiori - On the A6 Torino-Savona stretch, the main interventions concern the seismic improvement of viaducts, noise abatement works, upgrading of tunnels to the European Community directive and upgrading the safety barriers. An amount of approximately EUR 34.0 million concerns works contained in the 2014-2018 EFP, while EUR 29.3 million was spent on new works not anticipated in the EFP. As part of the implementation of programmes to improve infrastructure safety and compliance with national and EU regulations in force, there are projects for i) upgrading tunnel safety pursuant to Legislative Decree No. 264/06, ii) the implementation of the 2nd phase of the noise abatement plan and iii) the seismic improvement of viaducts.

It should also be noted that, following the flooding that occurred on 24 November 2019, a landslide of exceptional dimensions, detached from the adjacent slope above the motorway and not belonging to the licensee, hit an abutment of the "Madonna del Monte" viaduct, on the north carriageway, causing the partial collapse of the retaining wall, in the stretch between Savona and Altare in the direction of Turin, causing disruption to motorway traffic, economic damage and various difficulties in the surrounding areas. The Company, after securing the area and restoring traffic, deployed men and means to redeliver the new works to the territory as soon as possible. This objective, thanks in particular to the efforts carried out, as well as the synergistic and coordinated work between the licensee company and the Group's EPC sector companies, was achieved ahead of schedule. The inauguration ceremony for the new viaduct was held on 21 February 2020 and opened to traffic the following day. The construction of the new steel viaduct, 58 metres long and built with a single span without intermediate pillars to climb over the entire landslide area, took about 70 days.

On the A10 Savona-Ventimiglia stretch, the main works refer to the upgrading of the Ventimiglia barrier, noise abatement works, seismic upgrading of viaducts, adaptation of tunnels to the European Community directive and adaptation of safety barriers.

- SALT - among the many interventions, it should be noted that on the A15 stretch, works continued on the 1st lot of the "Corridoio plurimodale Tirreno – Brennero" (the so called "Tibre"), where a 65% progress rate has been achieved, while on the A12 stretch, the upgrade works for the 13 tunnels envisaged in the TERN network, pursuant to Legislative Decree No. 264 of 5 October 2006, are being carried out.
- AUTOVIA PADANA - the main interventions involve: (i) the completion of the Ospitaletto - Montichiari airport motorway ring road, where, in accordance with the indications provided by the Granting Body, the land acquisitions continued and the first partial delivery of the works was also implemented; (ii) works on the feeder ordinary road network to the A21 in Piacenza started in 2019 and ongoing, in compliance with the executive schedule (as at 31/12/2019 the progress of the works amounts to approximately 76% and the first stretch of the road, modified for an extension of 2.7 km, has been opened to traffic); (iii) construction of the new overpass No. 217, irreparably damaged by the fire caused by a serious accident on 2 January 2018: the executive project, submitted in June 2018, was authorised

by the Ministry in March 2019; the works were completed in August 2019 with the simultaneous reopening to traffic well ahead of schedule; (iv) implementation of the protection works for the central abutments along the Manerbio - Brescia section.

## *Management of equity investments*

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

- On 22 January 2019, the companies SIAS S.p.A. (now merged into ASTM S.p.A.) and SATAP S.p.A. purchased a total of 10,289,788 shares (equal to 3.50% of the share capital) of Tangenziali Esterne Di Milano S.p.A. for EUR 7.7 million; as a result of said purchase, the stake held by the Group in this Company is now equal to 49.99% of the share capital;
- On 22 January 2019, the companies SIAS S.p.A. (now merged into ASTM S.p.A.) and SATAP S.p.A. purchased a total of 14,798,416 shares (equal to 3.18% of the share capital) of Tangenziale Esterna S.p.A. for EUR 14.8 million; as a result of said purchase, the stake held by the Group in this Company is now equal to 24.45% of the share capital<sup>1</sup>;
- on 28 February 2019, the subsidiary Sinelec S.p.A. subscribed to the entire share capital of the newly incorporated company Sinelec USA INC for EUR 45,000;
- on 25 March 2019, the company Safe Road S.c.ar.l. was incorporated, of which Sinelec S.p.A. holds 51.67% of the share capital (for a nominal value of EUR 5,167) and Euroimpianti S.p.A. holds 14.17% of the share capital (for a nominal value of EUR 1,417);
- on 27 March 2019, the subsidiaries Sinelec S.p.A. and Euroimpianti S.p.A. sold a total of 3,600 stakes (36% of the share capital) held in the company Brescia Milano Manutenzioni S.c.ar.l.. Following this sale, the stake held by the Group in this Company is now equal to 26.00% of the share capital;
- on 26 June 2019, the subsidiary Autostrada dei Fiori S.p.A. purchased 602,537 shares (equal to 2.29% of the share capital) of Rivalta Terminal Europa S.p.A. for EUR 0.2 million. As a result of said purchase, the stake held in this Company is now equal to 48.16% of the share capital;
- during 2019, the subsidiary Albenga Garesio Ceva S.p.A. purchased 14,424 treasury shares for approximately EUR 0.2 million;
- on 20 March 2019, the subsidiary Itinera S.p.A. purchased 2,190 shares in Cornigliano 2009 S.c.ar.l. (equal to 21.9% of the share capital) for a total of EUR 2 million. As a result of said purchase, the stake held in this Company is now equal to 99.80% of the share capital;
- on 25 March 2019, the parent company ASTM S.p.A. and SIAS S.p.A. (now merged into ASTM S.p.A.) subscribed the entire share capital of the newly-formed company Itinera Infrastructure and Concessions Inc. under US law;
- on 9 May 2019, the parent company ASTM S.p.A. purchased all the shares held in Baglietto S.p.A. (10,817,280 shares) for a total value of EUR 9.5 million;
- during 2019, the subsidiary Halmar International LLC set up the company HINNS JV with a 50% stake in the share capital;
- during 2019, the parent company ASTM S.p.A. sold 205,000 shares of Generali S.p.A. for EUR 3.7 million;

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<sup>1</sup> It should also be noted that ASTM S.p.A. has undertaken to acquire from the subsidiary Itinera S.p.A. the 100 shares of Tangenziale Esterna S.p.A. held by the same and all the shares of Tangenziale Esterna S.p.A. to be acquired by Itinera S.p.A. under separate agreements for the purchase of (i) 100 shares of Tangenziale Esterna S.p.A. from Salini Impregilo S.p.A. (for a total value of EUR 105.60) and (ii) 3,430,460 shares (0.74%) of Tangenziale Esterna S.p.A. by CMB Società Cooperativa (for a total value of EUR 3.6 million).

- during 2019, the subsidiary IGLI S.p.A. sold 148,896 shares of Salini Impregilo S.p.A. savings shares equal to 0.654% of the share capital, for EUR 0.9 million.

#### **ATIVA S.p.A. and SITAF S.p.A. equity investments**

With regard to the strengthening of the competitive position of the ASTM Group through the acquisition of minorities in the existing licensee companies, it is noted that on 14 November 2019, ASTM S.p.A. and SIAS S.p.A. (later merged into ASTM) signed a contract of sale of shares and shareholders' agreement with Mattioda Autostrade S.p.A. governing the acquisition by the ASTM Group of equity investments held by Mattioda Autostrade S.p.A. in the licensees ATIVA S.p.A. - licensee, under an extension, of the A5 (Torino-Ivrea-Quincinetto), A4/A5 (Ivrea-Santhià), Torino-Pinerolo motorway stretches and the Turin ring road system - and SITAF S.p.A., licensee of the A32 Torino-Bardonecchia motorway stretch and the Fréjus T4 motorway tunnel.

More specifically, on the basis of the agreement, the ASTM Group, for a total consideration of approximately EUR 102.5 million, purchased a 10.19% stake in the share capital of SITAF S.p.A. (EUR 53.6 million) and a 31.17% stake in the share capital of ATIVA S.p.A. (EUR 48.9 million), bringing the total percentage held by the Group in the latter to 72.34%.

With reference to the ATIVA S.p.A. equity investment, it should be underlined that the completion of the acquisition was subject - among other things - to the granting of specific authorisation by the Granting Body. Therefore, on 14 November 2019, pending the granting of the aforementioned authorisation, Mattioda Autostrade S.p.A. - against receipt of the aforementioned amount paid by SIAS and ASTM - has registered in the name of SPAFID S.p.A., identified by the latter, all ATIVA S.p.A. shares subject to the transfer, granting for this purpose a specific irrevocable fiduciary mandate under which all the corporate rights inherent to ATIVA S.p.A. shares (including voting rights, right to receive profits, reserves or distribution of assets in liquidation or dissolution or other distributions of any kind or nature) would be due to, and would benefit, ASTM and SIAS. As at 31 December 2019, reporting date of these financial statements, the aforementioned shares are therefore held by the fiduciary company. On 3 February 2020, upon receipt of the authorisation from the granting body, the shares were definitively endorsed by SPAFID S.p.A. to ASTM S.p.A.

#### **Treasury shares**

During 2019, the parent company ASTM S.p.A. purchased 203,325 treasury shares (equal to 0.145% of the share capital) for a total value of around EUR 5.3 million. It is also noted that, as a result of the merger by incorporation of SIAS S.p.A. into ASTM S.p.A., 2,149,408 ASTM shares were assigned to the subsidiary SINA S.p.A. following the cancellation of the 3,908,016 SIAS S.p.A. shares held by SINA S.p.A.



## ECONOMIC, EQUITY AND FINANCIAL DATA

### GROUP ECONOMIC DATA

The **revenue and expenditure items** figures for 2019<sup>1</sup>, which show a **"Turnover" of more than EUR 2 billion (+20.6%)** at Group level, are shown below with a comparison with the corresponding figures for the previous period. As part of the operating reorganisation of the ASTM Group following the merger by incorporation of SIAS into ASTM, the companies operating in the "construction" and "engineering" sectors and the company Euroimpianti S.p.A., operating in the sector of electrical and electronic systems previously included with the companies in the "technology" sector, were concentrated into one single "EPC" sector. This structure of operating segments reflects the method of representing information used by Management in its decision-making processes. The data related to 2018 were also reclassified to allow for better comparison.

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Motorway sector revenue – operating activities <sup>(1) (2)</sup>	1,155,380	1,135,149	20,231
"EPC" sector revenue <sup>(2)</sup>	813,349	513,240	300,109
Technology sector revenue	23,154	19,985	3,169
Other revenues <sup>(3)</sup>	78,714	48,671	30,043
<b>Total turnover</b>	<b>2,070,597</b>	<b>1,717,045</b>	<b>353,552</b>
Operating costs <sup>(1)(2)(3)</sup>	(1,278,198)	(956,144)	(322,054)
<b>Gross operating margin (EBITDA)</b>	<b>792,399</b>	<b>760,901</b>	<b>31,498</b>
Net amortisation/depreciation and provisions	(403,701)	(323,018)	(80,683)
<b>Operating income</b>	<b>388,698</b>	<b>437,883</b>	<b>(49,185)</b>
Financial income	38,945	43,380	(4,435)
Financial expenses	(94,330)	(99,902)	5,572
Capitalised financial expenses	15,164	14,085	1,079
Profit (loss) of companies accounted for by the equity method	(90,504)	2,159	(92,663)
<b>Net financial income (expense)</b>	<b>(130,725)</b>	<b>(40,278)</b>	<b>(90,447)</b>
<b>Profit before tax</b>	<b>257,973</b>	<b>397,605</b>	<b>(139,632)</b>
Income taxes (current and deferred)	(88,081)	(108,347)	20,266
<b>Profit (loss) for the period</b>	<b>169,892</b>	<b>289,258</b>	<b>(119,366)</b>
▪ Profit assigned to Non-Controlling Interests	93,613	122,714	(29,101)
▪ <b>Profit assigned to the owners of the Parent Company</b>	<b>76,279</b>	<b>166,544</b>	<b>(90,265)</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 85.7 million in 2019 and EUR 83.8 million in 2018).

(2) With regard to licensees, the IFRIC 12 sets out full recognition in the income statement of costs and revenues for "construction activity" concerning non-compensated revertible assets. In order to provide a clearer representation in the table above, these components – amounting to EUR 283 million in 2019 and EUR 186 million in 2018 respectively – were reversed for the same amount from the corresponding revenue/cost items.

(3) Amounts net of cost/revenues reversals of EUR 5.6 million in 2019 (EUR 5.6 million in 2018).

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The item "motorway sector revenue" totalled EUR 1,155.4 million (EUR 1,135.1 million in 2018) and breaks down as follows:

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Net toll revenue	1,123,659	1,103,296	20,363
Rental income and other accessory revenues	31,721	31,853	(132)
<b>Total motorway sector revenue</b>	<b>1,155,380</b>	<b>1,135,149</b>	<b>20,231</b>

The increase in "net toll revenue" - equal to EUR 20.4 million (+1.85%) - is attributable (i) for EUR 9.9 million (+0.90%) to the higher revenues of the licensee Autovia Padana (whose concession took effect on 1 March 2018 and whose motorway

<sup>1</sup> It should be noted that the figures of Ativa S.p.A. and its subsidiaries, control of which was acquired at the end of 2019, have been consolidated only for the balance sheet components.

revenues, therefore, in 2018 were limited to the 1 March-31 December period), (ii) for EUR 5.9 million (+0.53%) to the growth in traffic volumes and (iii) for EUR 4.6 million (+0.42%) to the recognition as of 1 January 2019 of toll adjustments.

The *“rental income and other accessory revenues”* were substantially in line with the same period of the previous year.

The change in the EPC sector is mainly due to the considerable growth in the volume of business carried out abroad by ITINERA, while the *“technology”* sector also shows a growth, albeit more limited, in production for third parties.

The increase in the item *“other revenues”* was mainly due (i) for EUR 11 million to the higher values paid by the motorway companies to the service areas being returned by the previous sub-licensees, (ii) for EUR 5 million to the reversal into income of the provision for restoration of the A12 Stretch for the portion exceeding the maintenance projects carried out upon expiry of the concession for that stretch on 31 July 2019 and (iii) EUR 11.8 million for higher claims for damages.

The increase in *“operating costs”* was mainly due to higher production carried out by the companies operating in the EPC and technology sectors, as well as - with regard to the motorway sector - to higher costs for both the licensee company Autovia Padana<sup>1</sup> and the other licensee companies.

With regard to the above, the *“gross operating margin”* shows an **increase of EUR 31.5 million** and reflects the changes in the Group's business segments, as follows:

<i>(amounts in millions of EUR)</i>	<b>FY 2019</b>	<b>FY 2018</b>	<b>Changes</b>
· Motorway Sector	757.0	735.7	21.3
· EPC sector	45.2	32.0	13.2
· Technology Sector	12.6	12.8	(0.2)
· Services Sector ( <i>holding companies</i> )	(22.4)	(19.6)	(2.8)
<b>Total</b>	<b>792.4</b>	<b>760.9</b>	<b>31.5</b>

The *“Net amortisation/depreciation and provisions”* item is equal to EUR 403.7 million (EUR 323 million in 2018). The change compared to the previous year is due to: (i) lower net provisions in the *“provision for restoration and replacement”* of *“non-compensated revertible assets”* for EUR 16.7 million, (ii) higher amortisation and depreciation for EUR 6 million and, in particular, (iii) higher provisions for risks and charges and other write-downs for EUR 91.4 million. This last change was mainly due to the provisions made by some motorway companies with regard to the risk related to lawsuits in process or that might arise with the Granting Body including with reference to the management of motorway stretches that has expired for the period between the expiry date of the individual concessions and the reporting date (so-called *“concession risk”*).

*“Financial income”* is equal to EUR 38.9 million (EUR 43.4 million in 2018); the change compared to the first half of the previous year is due to (i) the recognition of the capital gain (+EUR 19.5 million) resulting from the fair value adjustment of the shares previously held in ATIVA S.p.A. (ii) higher interest income and other financial income (+EUR 3.6 million), (iii) lower dividends distributed by the investee companies (-EUR 2.7 million) and (iv) lower capital gains from the disposal of equity investments (-EUR 24.8 million). With regard to the latter, it should be underlined that 2018 benefited from the capital gain resulting from the sale of the equity investments held in Autostrade Lombarde S.p.A. and Bre.Be.Mi. S.p.A.

The item *“financial expenses”* – including the expenses for Interest Rate Swap contracts – decreased by EUR 5.5 million due to the process to streamline financial resources and funding sources. The change in *“capitalised financial expenses”* is mainly related to the performance of the investments made.

The item *“profit (loss) of companies accounted for by the equity method”* included the share of profits from jointly controlled entities and associated companies. The change compared to the previous financial year is substantially attributable to the worsening of the profit/loss of the Brazilian equity investments (EUR -91.5 million), essentially as a

<sup>1</sup> The concession granted to Autovia Padana S.p.A. became effective as of 1 March 2018. Consequently, in 2018, the costs pertaining to the management of the A21 Piacenza-Cremona-Brescia motorway stretch only related to ten months (March-December period).

consequence extraordinary expenses resulting from new contractual obligations and sanctions established as part of the agreements signed with the authorities of the States of Paraná and São Paulo which envision the closure of the investigations involving Ecorodovias Infraestrutura e Logística S.A. and its subsidiaries related to alleged offences committed before the entry of the ASTM Group into the share capital of the Brazilian company<sup>1</sup>.

The amount of the “*income taxes*” for the 2019 financial year includes both the positive outcome of an “ACE” tax clearance application in the financial years 2013-2018 (lower taxes for EUR 17.1 million) and the additional corporate income tax (IRES) of 3.5% on the income deriving from activities carried out on the basis of motorway concessions provided by Law No. 160 of 27 December 2019 (higher taxes for EUR 7.6 million).

In view of the above, the portion attributable to the Group of the “*profit for the period*” – net of taxes and the profit assigned to non-controlling interests – was equal to EUR 76.3 million (EUR 166.5 million in the 2018 financial year). This figure, normalised in the “*extraordinary*” components under “*provisions*” and “*financial income*”, would be equal to approximately **EUR 170.4 million<sup>2</sup>**, with an **increase of 2.3%** compared to the same figure of the previous period.

<sup>1</sup> For further information, reference is made to the section “Other information” in the Explanatory Notes.

<sup>2</sup> The following table shows the reconciliation between the result of the Parent Company for the period under review and the corresponding “normalised” value of the “extraordinary” entries.

	<i>(amounts in millions of EUR)</i>
<b>Result of the Parent Company for the period under review</b>	<b>76.3</b>
Higher provisions, “concession risk”	39.4
Issue of Provision for restoration and replacement of non-compensated revertible assets for concession end	(7.5)
Equity investments in Brazil – Agreements with the Brazilian authorities	71.5
Difference in financial income capital gains	(2.7)
Difference in taxes – ACE tax clearance application and higher rate	(6.6)
<b>“Normalised” result of the Parent Company for the period under review</b>	<b>170.4</b>

## GROUP EQUITY AND FINANCIAL DATA

The main components of the consolidated financial position at 31 December 2019, compared with the corresponding figures from the previous period, can be summarised as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
Net fixed assets	3,159,047	3,313,179	(154,132)
Equity investments and other financial assets	1,765,019	1,413,621	351,398
Working capital	(12,801)	30,021	(42,822)
<b>Invested capital</b>	<b>4,911,265</b>	<b>4,756,821</b>	<b>154,444</b>
Payable to ANAS – FCG	(180,726)	(192,626)	11,900
Employee benefits and other provisions	(418,432)	(214,397)	(204,035)
<b>Invested capital less provisions for medium- and long-term risks and</b>	<b>4,312,107</b>	<b>4,349,798</b>	<b>(37,691)</b>
Shareholders' equity and profit (loss) (including minority interests)	2,959,877	3,076,895	(117,018)
Net financial debt	1,352,230	1,272,903	79,327
<b>Equity and minority interests</b>	<b>4,312,107</b>	<b>4,349,798</b>	<b>(37,691)</b>

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### Net financial indebtedness

From 1 January 2019, the “IFRS 16 - Leases” international accounting standard has applied; 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 payables. When transitioning to the new standard, the Group choose to apply the “simplified retrospective method”, recognising in equity the cumulative effect of applying the standard at 1 January 2019<sup>1</sup> and, therefore, not amending the comparative data relating to the previous year. The application of this standard resulted in the recognition in Adjusted net financial indebtedness as at 1 January 2019 (under “Other current financial liabilities” and “Other long-term payables”) of financial debt increased by around EUR 22.8 million.

The net financial indebtedness of the ASTM Group, as at 31 December 2019, prepared according to the schedule included in ESMA Recommendation 2013/319, is composed as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash and cash equivalents	1,197,537	1,087,633	109,904
B) Securities held for trading	-	-	-
<b>C) Liquidity (A) + (B)</b>	<b>1,197,537</b>	<b>1,087,633</b>	<b>109,904</b>
<b>D) Financial receivables</b>	<b>574,161</b>	<b>510,362</b>	<b>63,799</b>
E) Bank short-term borrowings	(147,038)	(100,191)	(46,847)
F) Current portion of medium/long-term borrowings	(347,617)	(338,735)	(8,882)
G) Other current financial liabilities	(571,062)	(62,761)	(508,301)
<b>H) Short-term borrowings (E) + (F) + (G)</b>	<b>(1,065,717)</b>	<b>(501,687)</b>	<b>(564,030)</b>
<b>I) Current net cash (C) + (D) + (H)</b>	<b>705,981</b>	<b>1,096,308</b>	<b>(390,327)</b>
J) Bank long-term borrowings	(952,502)	(793,691)	(158,811)
K) Hedging derivatives	(20,729)	(35,730)	15,001
L) Bonds issued	(1,040,228)	(1,537,183)	496,955
M) Other long-term payables	(44,752)	(2,607)	(42,145)
<b>N) Long-term borrowings (J) + (K) + (L) + (M)</b>	<b>(2,058,211)</b>	<b>(2,369,211)</b>	<b>311,000</b>
<b>O) Net financial indebtedness (I) + (N)</b>	<b>(1,352,230)</b>	<b>(1,272,903)</b>	<b>(79,327)</b>

<sup>1</sup> In accordance with paragraphs C7-C13 of IFRS 16

As at 31 December 2019, the “*net financial indebtedness*” totalled EUR 1,352.2 million (EUR 1,272.9 million as at 31 December 2018). This amount does not include (i) the financial receivable related to the so-called “*takeover receivables*” totalling EUR 561.6 million, (ii) the fair value of the “*investment funds*” subscribed as a cash investment in previous financial years (EUR 19.4 million), (iii) the discounted value of the medium/long-term receivables for “*minimum guaranteed amounts*” (EUR 2.3 million) and (iv) the discounted value of the “*payable due to ANAS – Central Insurance Fund*” equal to EUR 129.2 million.

The increase in debt includes the effects deriving from the significant investments in financial fixed assets, and in particular the purchase of shares and the SIAS public tender offer (EUR 212.4 million) and net acquisition of equity investments, minorities and loans (for an overall EUR 41.8 million, including the purchase of ATIVA and SITAF shares); the net financial indebtedness adjusted for these effects would be equal to EUR 1,098 million, an improvement of around 14%.

In detail, the change during the year to the “*net financial indebtedness*” was mainly due to: (i) the purchase of shares in SIAS S.p.A. and the auxiliary costs of the merger by incorporation of that company (totalling EUR 212.4 million), (ii) acquisition of equity investments, the acquisition of minorities and loans (EUR 145 million), (iii) the payment of dividends by the Parent Company (EUR 27.6 million), (iv) the payment of dividends from subsidiaries to minority shareholders (EUR 68.3 million), (v) the purchase of treasury shares (EUR 5.3 million), (vi) the execution of enhancement works on the Group's motorway infrastructure (EUR 265.3 million), (vii) the payment of advances with reference to revertible assets and investments in other works net of contributions received (EUR 40.8 million), (viii) the aforementioned effect relating to the accounting of the lease contracts in accordance with IFRS 16 (EUR 22.8 million) and the related increases for the period (EUR 36.2 million), (ix) the payment of instalments with regard to the payable due to the ANAS – FCG (EUR 11.9 million). These outflows were offset by: (i) “*Operating Cash Flow*” (EUR 614.3 million), (ii) the sale of equity investments and related loans (EUR 25 million), (iii) the change in net working capital and other minor changes (EUR 18.3 million) and (iv) the net cash funds deriving from the consolidation of ATIVA S.p.A. and its subsidiaries (EUR 83.9 million).

“*Net financial indebtedness*” as at 31 December 2019 also includes the positive difference accrued during the year (EUR 15 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 the item “*cash and cash equivalents*” - in addition to the aforementioned changes - also refers to: (i) the payment of interest on bond loans for approximately EUR 48.3 million (corresponding to a decrease in “*other current financial liabilities*”), (ii) payment of instalments due for the “*current portion of medium/long-term borrowings*” (equal to EUR 335.3 million), (iii) early repayment of non-current loans (EUR 49.6 million), (iv) repayment of long-term financial liabilities (EUR 10.7 million) and (v) temporary investments of cash made and related income accrued during the period - net of repayments/pay-offs of insurance policies taken out in previous years - (EUR 65.6 million). These outlays were offset by (i) the outlay of new loans (EUR 552.4 million), (ii) the increased use of available credit lines (EUR 46.8 million), (iii) the collection of previously approved dividends (EUR 8.4 million) and (iv) the collection of the receivable from ANAS for contributions approved in previous periods (EUR 5.7 million);
- the growth in the item “*financial receivables*” (equal to EUR 63.8 million) is due to: (i) the increase in receivables from the interconnection system (EUR 12.3 million), (ii) temporary investments of cash made and related income accrued during the period - net of repayments/pay-offs of insurance policies taken out in previous years - (+EUR 65.6 million), which was partially offset (iii) by the collection of the aforementioned dividends (EUR 8.4 million) and the receivable from ANAS (EUR 5.7 million);

- the change in the item "*bank short-term borrowings*" (equal to EUR 46.8 million) was mainly attributable to the use of available credit lines by the subsidiaries Autostrada Asti-Cuneo S.p.A., SAV S.p.A., Società di Progetto Autovia Padana S.p.A., Halmar International LLC, Storstrøm Bridge JV I/S and Itinera S.p.A.;
- the change to the "*current portion of long-term borrowings*" item is the result of (i) the reimbursement of the instalments falling due in 2019 (-EUR 335.3 million), (ii) the reclassification to the "*bank long-term borrowings*" item of the loan granted by M&T Bank to Halmar International LLC (-EUR -2.1 million), (iii) the outlay of new loans (EUR 108.5 million), (iv) the reclassification - from the item "*bank long-term borrowings*" - of the instalments falling due in the next 12 months (EUR 237.9 million), and (v) the difference between the interest and the amortised cost (-EUR 0.1 million);
- the change in "*other current financial liabilities*" was mostly attributable to: (i) the reclassification of the "2010-2020 bond loan" - due in October 2020 - from the item "bonds issued" (+EUR 498.3 million), (ii) interest accrued in the period (EUR 49.3 million), (iii) higher payables for the interconnection system (+EUR 2.8 million), (iv) higher other short-term financial liabilities following the adoption of IFRS 16 (+EUR 16.9 million), (v) the aforementioned interest payments on bond loans (-EUR 48.3 million) and (vi) lower other current financial liabilities following repayment of the same (-EUR 10.7 million);
- the change in the item "*bank long-term borrowings*" was due to (i) the reclassification to the "*current portion of medium/long-term borrowings*" of the instalments in the next 12 months (-EUR 237.9 million), (ii) the advance reimbursements for refinancing a number of contracts (-EUR 49.6 million), (iii) the outlay of new loans (+EUR 443.9 million) as described in the Management Report and (iv) other minor changes (+EUR 2.4 million);
- "*hedging derivatives*" amount to EUR 20.7 million, due to the recognition of the negative difference concerning the fair value of IRS agreements. As at 31 December 2019, approximately 69% of medium-long term consolidated debt was "*fixed rate*"/"*hedged*";
- the change in the item "*bonds issued*" is the result of (i) the aforementioned short-term reclassification of the "2010-2020 bond loan" (-EUR 498.3 million) and (ii) the effects of amortised cost (EUR 1.3 million);
- the change to "*other long-term payables*" is attributable to higher long-term payables recognised following the adoption of the IFRS 16.

\* \* \*

The **financial resources available** as at 31 December 2019 are broken down as follows:

(amounts in millions of EUR)

• Cash and financial receivables		1,772
• Investment funds		19
• Loan from Cassa Depositi e Prestiti (in favour of SATAP S.p.A.)	290 <sup>1</sup>	
• Pool loan (in favour of ASTM S.p.A.) intended for the Capex of Autovia Padana	116 <sup>1</sup>	
• "Uncommitted" credit lines (in favour of ASTM S.p.A. and its consolidated companies)	506 <sup>1</sup>	
• Back up committed facilities (in favour of ASTM S.p.A.)	50 <sup>1</sup>	
	Subtotal	962
	<b>Total financial resources as at 31 December 2019</b>	<b>2,753</b>

<sup>1</sup> For the breakdown of the items refer to the note "Other information – (ii) Financial risk management"

## FINANCIAL INCOME

Starting from 2010, the ASTM Group (through the subsidiary SIAS S.p.A., now merged into ASTM S.p.A.) implemented a financial structure model that provides for **diversification of the financing sources** and **centralisation of funding activities**, with subsequent transfer of resources to companies operating in the motorway sector through specific intercompany loans. ASTM (following the incorporation of SIAS S.p.A.) therefore acts as the Group's interface with the debt market, limited to companies operating in the motorway sector, combined in its various forms: lending banks, national and supranational institutions and subscribers of bond issues.

The implementation of this structure makes it possible to find medium/long-term "committed" resources (i) between a variety of financial instruments (mainly bond loans and medium/long-term loans) and a variety of counterparties (international and national banks or other supranational institutions such as the European Investment Bank and national institutions such as Cassa Depositi e Prestiti S.p.A.), (ii) at uniform economic conditions and duration throughout the Group and (iii) avoiding, at the same time, any form of structural subordination between existing creditors at the level of investee companies and new ASTM S.p.A. creditors.

On the basis of this financial structure, the funds raised centrally are, from time to time, loaned to subsidiaries operating in the motorway sector in particular through specific intercompany loan agreements, in order to support their financial requirements for investments in line with the economic financial plans and/or in any case with the needs of the individual companies.

It should also be noted that the debt contracted by ASTM S.p.A. within this structure is supported by a special security package, based on the pledging or collateral assignment of receivables from intercompany loans, which guarantees ASTM S.p.A.'s creditors direct access to the financed operating companies in the event of certain pathological events, and makes it possible to prevent any structural subordination between the financial creditors of ASTM S.p.A. and the financial creditors of its subsidiaries.

### EMTN Programme

SIAS S.p.A. (now merged into ASTM S.p.A.) in 2010 had set up a Euro Medium Term Notes (EMTN) programme for EUR 2 billion. As part of this programme, the Company issued the following bond loans, governed by English law and traded on the Irish Stock Exchange:

- "2010-2020 bond loan" of EUR 500 million issued on 19 October 2010, with a term of 10 years and scheduled to be repaid at maturity (26 October 2020) in a lump sum, at par value.
- "2014-2024 bond loan" of EUR 500 million issued on 6 February 2014, with a term of 10 years and scheduled to be repaid at maturity (13 February 2024) in a lump sum, at par value.
- "2018-2028 bond loan" of EUR 550 million issued on 8 February 2018, with a term of 10 years and scheduled to be repaid at maturity (8 February 2028) in a lump sum, at par value.

It is also noted that on 20 January 2020, the Board of Directors of ASTM S.p.A. approved the establishment of a new medium/long-term bond issue programme (EMTN) for a total maximum amount of EUR 3,000,000,000, to be "registered" with the regulated market managed by the Irish Stock Exchange (Euronext Dublin), concerning the issue of senior non-convertible bonds.

### Credit Rating

The rating agencies Moody's and Fitch assigned ASTM, which starting from the date of the merger, took over all the equity, assets and liabilities of SIAS S.p.A., including those relating to bond issues, a credit rating of Baa2 (stable outlook) and BBB+ (negative outlook) respectively.

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Below are the **new loans** agreed/issued during **2019**:

#### ASTM - UniCredit S.p.A. loan

On 28 June 2019, ASTM signed a loan agreement with UniCredit S.p.A. for a total amount of EUR 300 million, aimed - among other things - at financing the voluntary partial public tender offer promoted by ASTM with regard to SIAS S.p.A. shares; in particular, the loan included two medium/long-term credit lines. The first credit line, for a maximum amount not exceeding EUR 265 million, to be used by the Company to meet both the payment obligations related to the takeover bid and to finance any outlay related to the exercise of the right of withdrawal granted to ASTM shareholders in relation to the amendments made to the Articles of Association as part of the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. The second credit line, of a maximum amount no greater than EUR 35 million, is intended for the refinancing of several credit lines previously granted to the Company by UniCredit S.p.A.

The outlay for the takeover bid was equal to EUR 199.1 million, while there was no outlay with regard to the exercise of the right of withdrawal by ASTM shareholders. Consequently, the Company took steps (i) to use the loan signed with Unicredit S.p.A. for a total amount of EUR 234.1 million (taking into account the EUR 35 million used to refinance several credit lines previously granted to the Company by UniCredit S.p.A.) and (ii) to waive the availability of the remaining EUR 65.9 million set aside to finance the payment of the shares of shareholders who may have decided to exercise their right of withdrawal.

#### ASTM - Mediobanca S.p.A. and Société Générale - Milan Branch loan

On 2 August 2019, ASTM signed a loan agreement for a total amount of EUR 100 million with Mediobanca S.p.A. and Société Générale - Milan Branch in order to finance any outlay related to the exercise of the right of withdrawal granted to ASTM shareholders in relation to the amendments made to the Articles of Association.

As previously reported, since no shareholder exercised its right of withdrawal, the Company waived - as provided for in the contract - the entire amount of the loan.

#### Autostrada Asti-Cuneo S.p.A. loan

During 2019, BNL S.p.A., Banco BPM S.p.A. and UBI Banca S.p.A. signed and disbursed to SIAS S.p.A. (later incorporated into ASTM) three new loans of EUR 50 million each, which were used to repay three loans falling due.

These new disbursements and outlays correspond to similar transactions with regard to intercompany loans granted to the subsidiary Autostrada Asti-Cuneo S.p.A.

#### Itinera S.p.A. loan

On 31 July 2019, Banco BPM signed and disbursed a loan of EUR 20 million to meet certain financial requirements of the company.



Furthermore, again in 2019, a loan of EUR 30 million was signed and disbursed by Banca UBI, which was used by Itinera S.p.A. to meet the company's operating needs.

Loan for the purchase of Ativa S.p.A. and SITAF S.p.A.

Following the agreement between the Mattioda Group and the ASTM Group, on 8 November 2019, ASTM S.p.A. and SIAS S.p.A. (later merged into ASTM) signed two loan agreements with Banco BPM for EUR 50 million each for the acquisition of the equity investments held by Mattioda Autostrade S.p.A. in ATIVA S.p.A. and SITAF S.p.A..

As a result of the aforementioned loan transactions, as at 31 December 2019 the **average maturity of the consolidated debt** of the ASTM Group was approximately **4 years and 5 months**.

## ANALYSIS OF THE PARENT COMPANY'S RESULTS FOR 2019

### ASTM S.p.A.

The economic and financial data of the Parent Company were affected by the merger by incorporation of SIAS S.p.A. taking legal effect on 31 December 2019, the accounting effects of which were applied retroactively to 1 January 2019.

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

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Income from equity investments	151,221	55,473	95,748
Other financial income	89,881	8	89,873
Interest and other financial expenses	(68,350)	(232)	(68,118)
<b>Financial income and expenses</b>	<b>172,752</b>	<b>55,249</b>	<b>117,503</b>
<b>Value adjustments of financial assets</b>	<b>(71)</b>	<b>-</b>	<b>(71)</b>
<b>Other operating income</b>	<b>8,925</b>	<b>3,028</b>	<b>5,897</b>
<b>Other operating costs</b>	<b>(27,670)</b>	<b>(10,600)</b>	<b>(17,070)</b>
<b>Pre-tax profit (loss)</b>	<b>153,936</b>	<b>47,677</b>	<b>106,259</b>
Income taxes	13,835	1,027	12,808
<b>Profit for the year</b>	<b>167,771</b>	<b>48,704</b>	<b>119,067</b>

The income statement of the Parent Company reflects - through the items contained therein - the industrial holding activity that it carries out. The changes compared to 2018 were due to the aforementioned merger by incorporation of SIAS S.p.A..

In particular, "*income from equity investments*" (totalling EUR 151.2 million) are attributable to the dividends paid, over the year, by the subsidiaries SATAP S.p.A. (EUR 57.8 million), SALT p.A. (EUR 53.9 million), Sinelec S.p.A. (EUR 15.6 million), ATIVA S.p.A. (EUR 11.1 million), SAV S.p.A. (EUR 9.1 million) and SINA S.p.A. (EUR 2.2 million), as well as the associated company Road Link Holdings Ltd (EUR 1 million) and the investee Assicurazioni Generali S.p.A. (EUR 0.5 million).

The items "*other financial income*" and "*interest and other financial charges*" reflect the centralisation function of the financial funding activities assumed by ASTM S.p.A. following the merger by incorporation of SIAS S.p.A., with subsequent transfer of resources to the operating companies through specific intercompany loans. More specifically, the item "*other financial income*" (EUR 89.9 million) mainly related to the interest accrued for the period on intercompany loans granted to subsidiaries and associated companies and was partially offset by financial expenses, mainly due to the funding raised by the merged company SIAS S.p.A. through the issue of bond loans and the opening of loans.

The item "*interest and other financial expenses*" mainly includes (i) interest from the year accrued on the short/medium/long-term loans taken out by the Company (EUR 8.4 million), (ii) interest paid on intercompany loans obtained by the subsidiaries SATAP S.p.A. (EUR 5.8 million) and Autostrada dei Fiori S.p.A. (EUR 1.9 million), (iii) interest expense on the three bond loans issued by the merged company SIAS S.p.A. in October 2010, February 2014 and February 2018 (EUR 50.6 million) and (iv) other bank expenses and fees (EUR 1.7 million).

The item "*other operating income*" reflects the accounting, administrative and financial consulting and assistance provided by ASTM S.p.A. and the merged company SIAS S.p.A. to Group companies, as well as the income related to the secondment of personnel. The aforementioned income was offset by "*Other operating costs*", mainly consisting of costs related to employees (EUR 8.9 million), costs for services (EUR 13.6 million) and other costs (EUR 4.7 million).

The amount of "*income taxes*" for 2019 includes the positive outcome of "ACE" tax clearance applications in the financial years 2013-2018 presented by both ASTM S.p.A. and the merged company SIAS S.p.A., which led to tax savings of approximately EUR 17.1 million.

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The main components relating to financial management at 31 December 2019, compared with those at 31 December 2018, can be summarised as follows:

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash and cash equivalents	38,057	531	37,526
B) Securities held for trading	-	-	-
<b>C) Liquidity (A) + (B)</b>	<b>38,057</b>	<b>531</b>	<b>37,526</b>
<b>D) Financial receivables</b>	<b>582,376</b>	-	<b>582,376</b>
E) Bank short-term borrowings	-	(20,569)	20,569
F) Current portion of medium/long-term borrowings	(191,557)	-	(191,557)
G) Other current financial liabilities	(751,406)	-	(751,406)
<b>H) Short-term borrowings (E) + (F) + (G)</b>	<b>(942,963)</b>	<b>(20,569)</b>	<b>(922,394)</b>
<b>I) Current net cash (C) + (D) + (H)</b>	<b>(322,530)</b>	<b>(20,038)</b>	<b>(302,492)</b>
J) Bank long-term borrowings	(673,069)	(34,991)	(638,078)
K) Hedging derivatives	-	-	-
L) Bonds issued	(1,040,228)	-	(1,040,228)
M) Other long-term payables	(1,042)	-	(1,042)
<b>N) Long-term borrowings (J) + (K) + (L) + (M)</b>	<b>(1,714,339)</b>	<b>(34,991)</b>	<b>(1,679,348)</b>
<b>O) Net financial indebtedness (I) + (N) <sup>(*)</sup></b>	<b>(2,036,869)</b>	<b>(55,029)</b>	<b>(1,981,840)</b>

(\*) Pursuant to ESMA Recommendation

The "net financial indebtedness" as at 31 December 2019 totalled EUR 2,036.9 million (EUR 55 million as at 31 December 2018). The change in the breakdown of net financial indebtedness was due to the aforementioned merger by incorporation of SIAS S.p.A. into ASTM S.p.A. for EUR 2,219.8 million, as well as to the effects resulting from: (i) dividend payments (EUR 74.2 million), (ii) purchase of treasury shares (EUR 5.3 million), (iii) purchase of shares of SIAS S.p.A. and costs connected with the merger by incorporation (for a total amount of EUR 212.4 million), (iv) acquisition of equity investments and loans (EUR 138 million) and (v) change in net working capital and other minor changes (Euro 49 million). These outlays are offset by (i) the "operating cash flow" (equal to EUR 167.6 million), (ii) the sale of equity investments (EUR 13.1 million) and (iii) current receivables related to intercompany loans granted to SALT p.A. and SATAP S.p.A. (EUR 535 million) due in 2020.

The item "net financial indebtedness" does not include the non-current receivables related to the "intercompany loans" granted – as part of the financial structure defined 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. totalling EUR 1,714<sup>1</sup> million (EUR 2,183 million as at 31 December 2018 from the acquiree SIAS 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" was due to, for an amount equal to EUR 44.6 million, the cash resulting from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. for an amount equal to EUR 44.6 million and - in addition to the changes mentioned above - also includes the following: (i) the payment of interest on bond loans for around EUR 48.3 million (corresponding to a reduction in "other current financial liabilities"), (ii) the payment of instalments due for the "current portion of medium/long-term borrowings" and "bank short-term

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

- borrowings*" (for a total amount of EUR 211.7 million), (iii) the early repayment of non-current loans (EUR 35 million). These outlays were offset (i) by the outlay of new loans (EUR 495.1 million), (ii) by the collection of maturing instalments of intercompany loans and accrued interest (approximately EUR 41.7 million);
- the change in "*financial receivables*" is due to: (i) EUR 83.1 million for receivables resulting from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. related to "*intercompany loans*" granted - within the financial structure defined at holding level - to several investee companies, (ii) the collection of instalments due for "intercompany" loans and accrued interest (approximately EUR 41.7 million), (iii) the reclassification of instalments coming due in the next 12 months for "intercompany" loans and related accrued interest (EUR 541.7 million);
  - "*current bank borrowings*" referred to account overdrafts as at 31 December 2018;
  - the change seen in the item "*current portion of medium/long-term borrowings*" is due to: (i) EUR 191.5 million for the indebtedness resulting from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A.; (ii) the repayment of instalments due within the period and associated accrued interest (EUR 191.7 million); (iii) the outlay of new loans (EUR 100 million); and (iv) the reclassification from the item "bank long-term borrowings" of the instalments due within the following 12 months (EUR 91.7 million);
  - the item "*other current financial liabilities*" mainly consists of payables resulting from the merger of SIAS S.p.A. into ASTM S.p.A. and in particular: (i) intercompany loans received by SATAP S.p.A. and Autostrada dei Fiori S.p.A. including the accrued interest (+EUR 224.9 million), (ii) the "*bond loan 2010-2020*" - due in October 2020 - (+EUR 498.3 million), (iii) the interest accrued for the period (EUR 49.3 million) net of (iv) the payment of interest on bond loans (-EUR 48.3 million) for the period;
  - the change in the "*bank long-term borrowings*" is due to: (i) EUR 369.6 million for the indebtedness resulting from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A.; (ii) the reclassification to the item "*current portion of medium/long-term borrowings*" of the instalments due in the next 12 months (-EUR 91.7 million); (iii) the early repayment of a loan (-EUR 35 million) and (iv) the outlay of new loans (EUR 395.11 million);
  - the item "*bonds issued*" is mainly related to the "*2014-2024 bond loan*" and the "*2018-2028 bond loan*" resulting from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A.

\* \* \*

The "Reconciliation statement of the shareholders' equity and the profit/loss for the period of ASTM S.p.A. and the corresponding values of the ASTM Group" required by CONSOB Notice No. DEM/6064293 of 28 July 2006 is included in the "Explanatory Notes" to the Consolidated Financial Statement.

## RESULTS OF OPERATIONS - Motorway sector

As at 31 December 2019, the Group was managing a motorway network of approx. 4,594 km; 1,423 km of this network is located in Italy, while 3,171 km is located abroad.

### Motorway Sector – Italy

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



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

Company	%	Managed stretch	kilometres in operation	kilometres in construction	kilometres total	
SATAP	99.87%	SOCIETÀ AUTOSTRADA TORINO ALESSANDRIA PIACENZA S.p.A.	A4 TORINO-MILANO	130.3	-	130.3
		A21 TORINO-PIACENZA	167.7	-	167.7	
SALT	95.23%	SOCIETÀ AUTOSTRADA LIGURE TOSCANA P.A.	A12 SESTRI LEVANTE-LIVORNO, VIAREGGIO-LUCCA AND FORNOLA-LA SPEZIA	154.9	-	154.9
			A15 LA SPEZIA-PARMA	101	81 <sup>(1)</sup>	182.0
SAV	71.28%	SOCIETÀ AUTOSTRADE VALDOSTANE S.P.A.	A5 QUINCINETTO-AOSTA	59.5	-	59.5
ADF	73.00%	AUTOSTRADA DEI FIORI S.P.A.	A10 SAVONA-VENTIMIGLIA	113.2	-	113.2
			A6 TORINO-SAVONA	130.9	-	130.9
AT-CN	65.00%	SOCIETÀ AUTOSTRADA ASTI-CUNEO S.P.A.	A33 ASTI-CUNEO	55.0	23.0	78.0
AUTOVIA PADANA	51.00%	Società di Progetto Autovia Padana S.p.A.	A21 Piacenza-Cremona-Brescia	100.1	11.5	111.6
ATIVA	72.34%	AUTOSTRADA TORINO-IVREA-VALLE D'AOSTA S.P.A. <sup>(2)</sup>	A55 TANGENZIALE DI TORINO (TURIN BYPASS), TORINO-QUINCINETTO, IVREA-SANTHÌA AND TORINO-PINEROLO	155.8	-	155.8
<b>TOTAL AMOUNT MANAGED BY SUBSIDIARIES (A)</b>			<b>1,168.4</b>	<b>115.5</b>	<b>1,283.9</b>	
SITAF	47.87%	SOCIETÀ ITALIANA TRAFORO AUTOSTRADALE DEL FREJUS S.P.A.	A32 TORINO-BARDONECCHIA, T4 FREJUS TUNNEL	94.0	-	94.0
SITRASB	36.50%	SOCIETÀ ITALIANA TRAFORO DEL GRAN SAN BERNARDO S.P.A.	T2 TRAFORO GRAN SAN BERNARDO (GREAT ST BERNARD TUNNEL)	12.8	-	12.8
TE	21.27% <sup>3</sup>	TANGENZIALE ESTERNA S.P.A.	A58 TANGENZIALE EST ESTERNA DI MILANO (MILAN OUTER RING ROAD)	32.0	-	32.0
<b>TOTAL AMOUNT MANAGED BY JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES (B)</b>			<b>138.8</b>	<b>-</b>	<b>138.8</b>	
<b>TOTAL (A+B)</b>			<b>1,307.2</b>	<b>115.5</b>	<b>1,422.7</b>	

(1) The current EFP does not provide for the completion of the motorway link to Nogarole Rocca (81 km), but only the construction of a first functional lot at Trecasali-Terre Verdiane of approximately 12 km.

(2) As a result of the agreement with Mattiotta Autostrade S.p.A., on 14 November 2019, the ASTM Group acquired control of ATIVA.

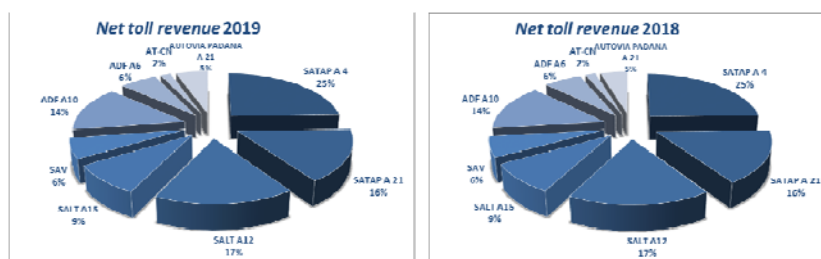
(3) Investee company of TEM S.p.A. (48.4% of the share capital), in which the Group holds 49.99% of the share capital.

The **net toll revenue** figure of the individual subsidiary licensees for 2019<sup>(\*)</sup> - compared with the same period of the previous year - is shown below:

amounts in thousands of EUR		2019	2018	Changes
SATAP S.p.A.	A4 Torino-Milano Stretch	275,526	270,541	4,985
SATAP S.p.A.	A21 Torino-Piacenza Stretch	178,107	177,783	324
SALT p.A.	A12 Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia Stretch	188,715	188,936	(221)
SALT p.A.	A15 La Spezia-Parma Stretch	102,826	100,138	2,688
SAV S.p.A.	A5 Quincinetto-Aosta Stretch	69,431	68,630	801
ADF S.p.A.	A10 Savona-Ventimiglia Stretch	157,866	156,622	1,244
ADF S.p.A.	A6 Torino-Savona Stretch	70,248	69,973	275
AT-CN S.p.A.	A33 Asti-Cuneo Stretch	19,871	19,498	373
AUTOVIA PADANA S.p.A.	A21 Piacenza-Cremona-Brescia Stretch (**)	61,069	51,175	9,894
<b>TOTAL</b>		<b>1,123,659</b>	<b>1,103,296</b>	<b>20,363</b>

(\*) The table does not include figures concerning ATIVA S.p.A. whose control was acquired by the ASTM Group at the end of 2019 as a result of the agreement signed with Mattiotta Autostrade S.p.A. on 14 November 2019.

(\*) The concession granted to the subsidiary Autovia Padana took effect as at 1 March 2018. As a result, the comparative data relating to 2018 includes revenues as of 1 March 2018.



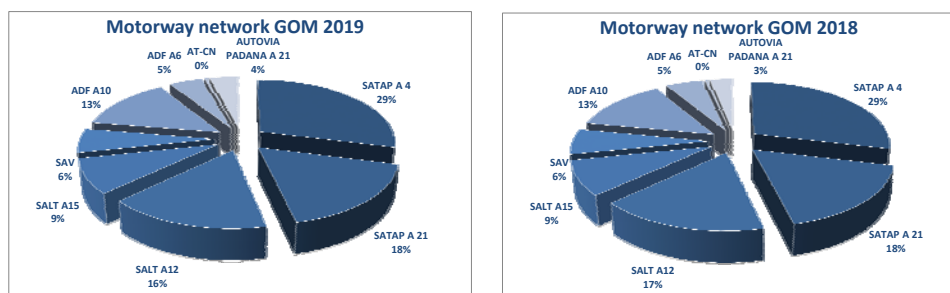
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The **gross operating margin** figure of the individual subsidiary concession holders for 2019 – compared with the same figure for the previous year – is shown below:

amounts in thousands of EUR		2019	2018	Changes
SATAP S.p.A.	A4 Torino-Milano Stretch	219,897	212,049	7,848
SATAP S.p.A.	A21 Torino-Piacenza Stretch	132,862	128,229	4,633
SALT p.A.	A12 Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia Stretch	123,329	123,271	58
SALT p.A.	A15 La Spezia-Parma Stretch	65,799	63,873	1,926
SAV S.p.A.	A5 Quincinetto-Aosta Stretch	45,906	47,124	(1,218)
ADF S.p.A.	A10 Savona-Ventimiglia Stretch	102,159	98,651	3,508
ADF S.p.A.	A6 Torino-Savona Stretch	34,642	37,399	(2,757)
AT-CN S.p.A.	A33 Asti-Cuneo Stretch	2,733	2,650	83
AUTOVIA PADANA S.p.A.	A21 Piacenza-Cremona-Brescia Stretch (**)	29,685	22,436	7,249
<b>TOTAL</b>		<b>757,012</b>	<b>735,682</b>	<b>21,330</b>

(\*) The table does not include figures concerning ATIVA whose control was acquired by the ASTM Group at the end of 2019 as a result of the agreement signed with Mattiotta Autostrade S.p.A. on 14 November 2019.

(\*\*) The gross operating margin of Società di Progetto Autovia Padana S.p.A. in 2018 benefited from the net revenues from the management of the motorway for the March-December period only, as the concession of the A21 Piacenza-Cremona-Brescia stretch took effect as of 1 March 2018.



## 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>	2019	2018	Changes
Net toll revenue <sup>(1)</sup>	453,633	448,323	5,310
Other motorway sector revenue <sup>(2)</sup>	15,208	15,241	(33)
Other revenues <sup>(3)</sup>	21,024	12,360	8,664
<b>Turnover (A)</b>	<b>489,865</b>	<b>475,924</b>	<b>13,941</b>
Operating costs <sup>(1) (2) (3)</sup> (B)	(137,106)	(135,646)	(1,460)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>352,759</b>	<b>340,278</b>	<b>12,481</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 36 million in 2019 and EUR 35.6 million in 2018).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated assets (EUR 29.7 million in 2019 and EUR 14.8 million in 2018)

(3) Amounts net of cost/revenues reversals of EUR 5.6 million in 2019 (EUR 5.6 million in 2018).

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>	2019	2018	Changes
Net toll revenue	178,107	177,783	324
Other motorway sector revenue	7,501	7,445	56
Other revenues	14,889	6,956	7,933
<b>Turnover (A)</b>	<b>200,497</b>	<b>192,184</b>	<b>8,313</b>
Operating costs (B)	(67,635)	(63,955)	(3,680)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>132,862</b>	<b>128,229</b>	<b>4,633</b>

The increase in "*net toll revenue*" – equal to EUR 0.3 million (+0.18%) – was driven entirely by higher traffic volumes and by the traffic mix, as toll rates were not raised over the period.

The increase in the "*other revenues*" item is mainly due to the higher value recognised to the service areas devolved by the previous sub-licensees.

"*Operating costs*" increased by approximately EUR 3.7 million, due to the increase in maintenance and other costs related to non-compensated revertible assets (+EUR 4.2 million), which was partially offset by the decrease in other operating costs (-EUR 0.5 million).

Based on the above, the "*gross operating margin*" (EBITDA) increased by EUR 4.6 million, reaching the amount of EUR 132.9 million.

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#### Turin – Milan (A4 stretch)

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Net toll revenue	275,526	270,541	4,985
Other motorway sector revenue	7,707	7,795	(88)
Other revenues	6,135	5,404	731
<b>Turnover (A)</b>	<b>289,368</b>	<b>283,740</b>	<b>5,628</b>
Operating costs (B)	(69,471)	(71,691)	2,220
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>219,897</b>	<b>212,049</b>	<b>7,848</b>

The increase in "*net toll revenue*" – equal to EUR 5 million (+1.84%) – was driven entirely by higher traffic volumes and by the traffic mix, as toll rates were not raised over the period.

The increase in the "other revenues" item is mainly due to the higher value recognised to the service areas devolved by the previous sub-licensees.

The decrease of EUR 2.2 million in "operating costs" was due to the reduction in operating costs.

The "gross operating margin" (EBITDA) totalled EUR 219.9 million (EUR 212 million in 2018).

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

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash	683,470	604,365	79,105
B) Financial receivables	283,708	287,986	(4,278)
C) Short-term borrowings	(248,017)	(187,587)	(60,430)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>719,161</b>	<b>704,764</b>	<b>14,397</b>
E) Long-term borrowings	(1,047,021)	(1,277,294)	230,273
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(327,860)</b>	<b>(572,530)</b>	<b>244,670</b>

The aforementioned net financial indebtedness does not include the financial receivable related to the so-called "terminal value" related to the A21 stretch amounting to EUR 146 million (EUR 117.5 million as at 31 December 2018).

In 2019, the company continued its investment programme in motorway assets (EUR 29.7 million) and distributed the dividend for 2018 (EUR 57.8 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>	2019	2018	Changes
Net toll revenue <sup>(1)</sup>	291,541	289,074	2,467
Other motorway sector revenue <sup>(2)</sup>	11,237	11,312	(75)
Other revenues	14,116	7,956	6,160
<b>Turnover (A)</b>	<b>316,894</b>	<b>308,342</b>	<b>8,552</b>
Operating costs <sup>(1)(2)</sup> (B)	(127,766)	(121,198)	(6,568)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>189,128</b>	<b>187,144</b>	<b>1,984</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 20.6 million in 2019 and EUR 20.5 million in 2018).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 105.4 million in 2019 and EUR 80.2 million in 2018).

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>	2019	2018	Changes
Net toll revenue	188,715	188,936	(221)
Other motorway sector revenue	6,653	6,730	(77)
Other revenues	9,471	3,585	5,886
<b>Turnover (A)</b>	<b>204,839</b>	<b>199,251</b>	<b>5,588</b>
Operating costs (B)	(81,510)	(75,980)	(5,530)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>123,329</b>	<b>123,271</b>	<b>58</b>

The decrease in "*net toll revenue*" – equal to EUR 0.2 million (-0.12%) – was driven entirely by lower traffic volumes and by the traffic mix, as toll rates were not raised over the period.

The change in the "*other revenues*" item was due, for EUR 4.9 million, to the reversal into income of the provision for restoration of the A12 Stretch for the portion exceeding the maintenance projects carried out upon expiry of the concession for that stretch on 31 July 2019 and 0.5 million euro for the higher value recognised to the service areas devolved by the previous sub-licensees.

The increase in "*operating costs*" (equal to EUR 5.5 million) was due to the increase in both maintenance and other costs related to non-compensated revertible assets (+EUR 3.3 million) and other operating costs (+EUR 2.2 million).

The "*gross operating margin*" (EBITDA) totalled EUR 123.3 million, in line with the previous period.

### La Spezia-Parma (A15 Stretch)

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Net toll revenue	102,826	100,138	2,688
Other motorway sector revenue	4,584	4,582	2
Other revenues	4,645	4,371	274
<b>Turnover (A)</b>	<b>112,055</b>	<b>109,091</b>	<b>2,964</b>
Operating costs (B)	(46,256)	(45,218)	(1,038)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>65,799</b>	<b>63,873</b>	<b>1,926</b>

The increase in "*net toll revenue*" equal to EUR 2.7 million (+2.68%) was due to (i) the increase in traffic volumes/mix (+0.77%) and (ii) the recognition as of 1 January 2019 of toll adjustments (+1.91%).

The increase in "operating costs" of 1 million is due to the increase in costs for the maintenance of non-compensated revertible assets and other operating costs.

The "gross operating margin" (EBITDA) totalled EUR 65.8 million (EUR 63.8 million in 2018).

\* \* \*

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

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash	139,810	176,435	(36,625)
B) Financial receivables	302,274	266,188	36,086
C) Short-term borrowings	(463,344)	(13,206)	(450,138)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>(21,260)</b>	<b>429,417</b>	<b>(450,677)</b>
E) Long-term borrowings	(150,880)	(598,930)	448,050
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(172,140)</b>	<b>(169,513)</b>	<b>(2,627)</b>

It is noted that the aforementioned 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), (ii) the financial receivable related to the so-called "terminal value" related to the A12 stretch for an amount of EUR 255.8 million, (iii) the investment funds' shares for EUR 5.2 million and (iv) the discounted value of the payable due to ANAS - FCG for EUR 53.8 million. During the period, the company continued its investment programme in motorway assets (EUR 105.4 million) and distributed the dividend for 2018 (EUR 56.6 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>	2019	2018	Changes
Net toll revenue <sup>(1)</sup>	69,431	68,630	801
Other motorway sector revenue <sup>(2)</sup>	852	808	44
Other revenues	6,526	6,883	(357)
<b>Turnover (A)</b>	<b>76,809</b>	<b>76,321</b>	<b>488</b>
Operating costs <sup>(1)(2)</sup> (B)	(30,903)	(29,197)	(1,706)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>45,906</b>	<b>47,124</b>	<b>(1,218)</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 2.7 million in 2019 and EUR 2.7 million in 2018).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 12.5 million in 2019 and EUR 4.6 million in 2018).

The increase in "*net toll revenue*" – equal to EUR 0.8 million (+1.17%) – was driven entirely by higher traffic volumes and by the traffic mix, as toll rates were not raised over the period.

The change in "*operating costs*" (equal to EUR 1.7 million) was due (i) to higher costs for maintenance and other costs related to revertible assets (+EUR 0.9 million), (ii) to higher payroll costs (+EUR 0.5 million) and (iii) to other operating costs (+EUR 0.3 million).

The "*gross operating margin*" (EBITDA) totalled EUR 45.9 million (EUR 47.1 million in 2018).

\* \* \*

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

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash	2,255	5,328	(3,073)
B) Financial receivables	12,354	15,157	(2,803)
C) Short-term borrowings	(16,843)	(12,211)	(4,632)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>(2,234)</b>	<b>8,274</b>	<b>(10,508)</b>
E) Long-term borrowings	(40,045)	(46,628)	6,583
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(42,279)</b>	<b>(38,354)</b>	<b>(3,925)</b>

The aforementioned net financial indebtedness does not include the discounted value of the payable due to ANAS-FCG equal to EUR 75.4 million (EUR 81.7 million as at 31 December 2018).

During the period, the company continued its investment programme in motorway assets (EUR 12.5 million) and distributed the dividend for 2018 (EUR 13.9 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>	2019	2018	Changes
Net toll revenue <sup>(1)</sup>	228,114	226,595	1,519
Other motorway sector revenue <sup>(2)</sup>	6,726	6,891	(165)
Other revenues	9,574	8,210	1,364
<b>Turnover (A)</b>	<b>244,414</b>	<b>241,696</b>	<b>2,718</b>
Operating costs <sup>(1)(2)</sup> (B)	(107,613)	(105,646)	(1,967)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>136,801</b>	<b>136,050</b>	<b>751</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 16.1 million in 2019 and EUR 16.2 million in 2018).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 84.1 million in 2019 and EUR 30.1 million in 2018).

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" (A10) and "Torino-Savona" (A6) stretches may be broken down as follows.

### Savona-Ventimiglia (A10 Stretch)

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Net toll revenue	157,866	156,622	1,244
Other motorway sector revenue	5,775	5,750	25
Other revenues	5,752	3,468	2,284
<b>Turnover (A)</b>	<b>169,393</b>	<b>165,840</b>	<b>3,553</b>
Operating costs (B)	(67,234)	(67,189)	(45)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>102,159</b>	<b>98,651</b>	<b>3,508</b>

The increase in "*net toll revenue*" equal to EUR 1.2 million (+0.79%) was due to (i) the increase in traffic volumes/mix (+0.07%) and (ii) the recognition as of 1 January 2019 of toll adjustments (+0.73%).

The change in the "*other revenues*" item was due for EUR 1.2 million to the higher value recognised to the service areas devolved by the previous sub-licensees and for the remaining part to contingent assets.

"Operating costs" amounted to EUR 67.2 million (EUR 67.2 million in 2018).

With regard to the above, the "*gross operating margin*" totalled EUR 102.2 million (EUR 98.7 million in 2018).

### Torino-Savona (A6 Stretch)

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Net toll revenue	70,248	69,973	275
Other motorway sector revenue	951	1,141	(190)
Other revenues	3,822	4,742	(920)
<b>Turnover (A)</b>	<b>75,021</b>	<b>75,856</b>	<b>(835)</b>
Operating costs (B)	(40,379)	(38,457)	(1,922)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>34,642</b>	<b>37,399</b>	<b>(2,757)</b>

The increase in "*net toll revenue*" equal to EUR 0.3 million (+0.39%) was due to (i) the recognition as of 1 January 2019 of toll adjustments (+2.17) and (ii) the decrease in traffic volumes/mix (-1.78%).

The decrease in the item "*other revenues*" is mainly due to lower contingent assets recorded during the period.

The increase in "*operating costs*" (EUR 1.9 million) was due to the increase in both maintenance of non-compensated revertible assets and costs for winter services (+EUR 1.2 million) and other operating costs (EUR 0.7 million).

With regard to the above, the "*gross operating margin*" totalled EUR 34.6 million (EUR 37.4 million in 2018).

\* \* \*

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

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash	64,206	84,613	(20,407)
B) Financial receivables	103,858	105,822	(1,964)
C) Short-term borrowings	(22,634)	(22,525)	(109)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>145,430</b>	<b>167,910</b>	<b>(22,480)</b>
E) Long-term borrowings	(189,727)	(189,462)	(265)
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(44,297)</b>	<b>(21,552)</b>	<b>(22,745)</b>

In 2019, the company continued its investment programme in motorway assets (EUR 84.1 million) and distributed the dividend for 2018 (EUR 45.6 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>	2019	2018	Changes
Net toll revenue <sup>(1)</sup>	19,871	19,498	373
Other motorway sector revenue <sup>(2)</sup>	51	36	15
Other revenues	1,214	1,164	50
<b>Turnover (A)</b>	<b>21,136</b>	<b>20,698</b>	<b>438</b>
Operating costs <sup>(1)(2)</sup> (B)	(18,403)	(18,048)	(355)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>2,733</b>	<b>2,650</b>	<b>83</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 1.2 million in 2019 and EUR 1.2 million in 2018).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 10.2 million in 2019 and EUR 4.7 million in 2018).

The increase in "*net toll revenue*" – equal to EUR 0.4 million (+1.91%) – 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*" (equal to EUR 0.4 million) was due to the increase in both maintenance and other costs related to non-compensated revertible assets (+EUR 0.2 million) and other operating costs (+EUR 0.2 million).

With regard to the above, the "*gross operating margin*" totalled EUR 2.7 million (equal to EUR 2.6 million in 2018).

\* \* \*

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

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash	951	957	(6)
B) Financial receivables	4,515	6,742	(2,227)
C) Short-term borrowings	(192,892)	(182,049)	(10,843)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>(187,426)</b>	<b>(174,350)</b>	<b>(13,076)</b>
E) Long-term borrowings	(50,060)	(50,000)	(60)
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(237,486)</b>	<b>(224,350)</b>	<b>(13,136)</b>

It is also noted that the aforementioned 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 2019, the company continued its investment programme in motorway assets (EUR 10.2 million).

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

The main revenue and expenditure items of the Company for 2019 compared with those for 2018<sup>1</sup> can be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Net toll revenue <sup>(1)</sup>	61,069	51,175	9,894
Other motorway sector revenue <sup>(2)</sup>	835	766	69
Other revenues	4,329	1,497	2,832
<b>Turnover (A)</b>	<b>66,233</b>	<b>53,438</b>	<b>12,795</b>
Operating costs <sup>(1)(2)</sup> (B)	(36,548)	(31,002)	(5,546)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>29,685</b>	<b>22,436</b>	<b>7,249</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 9.1 million in 2019 and EUR 7.6 million in 2018).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 23.4 million in 2019 and EUR 14.2 million in 2018).

The “*net toll revenue*” was equal to EUR 61.1 million (EUR 51.2 million in the period from 1 March-31 December 2018).

“*Operating costs*” related mainly to payroll costs (EUR 16.4 million), maintenance and other costs related to non-compensated revertible assets (EUR 11.4 million) and other costs for services (EUR 8.7 million).

With regard to the above, the “*gross operating margin*” totalled EUR 29.7 million (equal to EUR 22.5 million in 2018).

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

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash	7,686	8,453	(767)
B) Financial receivables	16,578	17,333	(755)
C) Short-term borrowings	(11,459)	(11,288)	(171)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>12,805</b>	<b>14,498</b>	<b>(1,693)</b>
E) Long-term borrowings	(152,696)	(141,423)	(11,273)
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(139,891)</b>	<b>(126,925)</b>	<b>(12,966)</b>

In 2019, the company (i) continued its investment programme in motorway assets (EUR 23.5 million) and (ii) paid a dividend for 2018 for an amount equal to approximately EUR 4.9 million and (iii) received a further loan from ASTM S.p.A. for an amount of EUR 11 million.

<sup>1</sup> The figures for 2018 reflect the effectiveness - as from 1 March 2018 - of the concession for the A21 Piacenza-Cremona-Brescia stretch, therefore revenues and operating costs of the motorway refer to the March-October period.

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

The economic data of ATIVA S.p.A., whose control was obtained at the end of the year, has been consolidated in these financial statements using the equity method<sup>1</sup>.

The main revenue and expenditure items of the Company are summarised below:

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Net toll revenue <sup>(1)</sup>	128,939	129,259	(320)
Other motorway sector revenue <sup>(2)</sup>	4,908	5,156	(248)
Other revenues	3,943	3,474	469
<b>Turnover (A)</b>	<b>137,790</b>	<b>137,889</b>	<b>(99)</b>
Operating costs <sup>(1)(2)</sup> (B)	(60,856)	(63,139)	2,283
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>76,934</b>	<b>74,750</b>	<b>2,184</b>

(1) Amounts net of the fee/additional fee payable to ANAS (EUR 13 million in 2019 and EUR 13 million in 2018).

(2) Amounts net of revenues and capitalised costs for construction activities of non-compensated revertible assets (EUR 26.4 million in 2019 and EUR 14.1 million in 2018)

The change in "net toll revenue" equal to EUR 0.3 million (-0.2%) was entirely due to a decrease in traffic volumes.

"Operating costs" totalled EUR 60.9 million (EUR 63.1 million in 2018).

The "gross operating margin" therefore totalled EUR 76.9 million (EUR 74.7 million in 2018).

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

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash	64,954	51,589	13,365
B) Financial receivables	26,603	28,220	(1,617)
C) Short-term borrowings	(6,035)	(6,257)	222
<b>D) Current net cash (A) + (B) + (C)</b>	<b>85,522</b>	<b>73,552</b>	<b>11,970</b>
E) Long-term borrowings	(3,292)	-	(3,292)
<b>F) Net financial position (D) + (E)</b>	<b>82,230</b>	<b>73,552</b>	<b>8,678</b>

The net financial position as at 31 December 2019 revealed net cash funds for a total amount of EUR 82.2 million; this amount does not include the financial receivable related to the so-called "takeover receivables" equal to EUR 159.8 million as at 31 December 2019 (EUR 130.9 million as at 31 December 2018).

In 2019, the company (i) continued its investment programme in motorway assets (EUR 26.4 million) and (ii) paid a dividend for 2018 for an amount equal to approximately EUR 27 million.

<sup>1</sup> The acquisition of control of ATIVA S.p.A. took place at the end of 2019. The company's financial statements were consolidated in 2019, limited to the balance sheet components only.



## Motorway Sector - Italy – Associated companies

### TANGENZIALE ESTERNA S.p.A.

The main *revenue and expenditure items*<sup>(1)</sup> of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Net toll revenue <sup>(2)</sup>	66,148	60,637	5,511
Other revenues	1,234	2,343	(1,109)
<b>Turnover (A)</b>	<b>67,382</b>	<b>62,980</b>	<b>4,402</b>
Operating costs <sup>(2)</sup> (B)	(23,159)	(23,363)	204
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>44,223</b>	<b>39,617</b>	<b>4,606</b>

(1) Data presented according to national/OIC accounting standards

(2) Amounts net of the fee/additional fee payable to ANAS (EUR 2.6 million in 2019 and EUR 2.5 million in 2018).

The increase in “*net toll revenue*” equal to EUR 5.5 million (+9.1%) was due (i) to the growth in traffic volumes/mix for EUR 4 million and (ii) to the toll adjustments as from 1 January 2019 for EUR 1.5 million.

“*Operating costs*” decreased by EUR 0.2 million, amounting to EUR 23.2 million (EUR 23.4 million in 2018). The “*gross operating margin*” increased by EUR 4.6 million, amounting to EUR 44.2 million (EUR 39.9 million in 2018).

As regards the *financial position*<sup>(1)</sup>, a summary of its components is provided below:

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash	38,734	67,005	(28,271)
B) Financial receivables	16,949	17,409	(460)
C) Short-term borrowings	(236)	(157)	(79)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>55,447</b>	<b>84,257</b>	<b>(28,810)</b>
E) Long-term borrowings	(1,099,621)	(1,107,631)	8,010
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(1,044,174)</b>	<b>(1,023,374)</b>	<b>(20,800)</b>

(1) Data presented according to national/OIC accounting standards

In 2019, the company continued its investment programme in motorway assets for an amount equal to EUR 14.3 million.

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

The main *revenue and expenditure items*<sup>(1)</sup> of the Company may be summarised as follows:

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
Net toll revenue <sup>(2)</sup>	146,707	141,562	5,145
Other motorway sector revenue	566	540	26
Other revenues	16,751	18,781	(2,030)
<b>Turnover (A)</b>	<b>164,024</b>	<b>160,883</b>	<b>3,141</b>
Operating costs <sup>(2)</sup> (B)	(71,888)	(74,669)	2,781
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>92,136</b>	<b>86,214</b>	<b>5,922</b>

(1) Data presented according to national/OIC accounting standards

(2) Amounts net of the fee/additional fee payable to ANAS (EUR 3 million in 2019 and EUR 3 million in 2018).

The increase in "*net toll revenue*" - equal to EUR 5.1 million (+3.51%) - was due to the following factors:

- for the T4 tunnel: the effect of the drop in traffic<sup>1</sup> (heavy -1.52% and light -0.86%) and the 2.73% tariff increase from 1 January 2019;
- for the A32 motorway: the combined effect of the change in traffic<sup>1</sup> (heavy +4.56% and light -1.04%) at the Avigliana barrier and the Salbertrand barrier and the 6.71% tariff increase from 1 January 2019.

This change, in the presence of a reduction in other revenues (-EUR 2 million) as well as operating expenses (-EUR 2.8 million), was reflected in the "*gross operating margin*", which increased by approximately EUR 5.9 million.

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

<i>(amounts in thousands of EUR)</i>	31/12/2019	31/12/2018	Changes
A) Cash	22,209	55,357	(33,148)
B) Financial receivables	-	-	-
C) Short-term borrowings	(11,813)	(15,350)	3,537
<b>D) Current net cash (A) + (B) + (C)</b>	<b>10,396</b>	<b>40,007</b>	<b>(29,611)</b>
E) Long-term borrowings	(257,729)	(269,542)	11,813
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(247,333)</b>	<b>(229,535)</b>	<b>(17,798)</b>

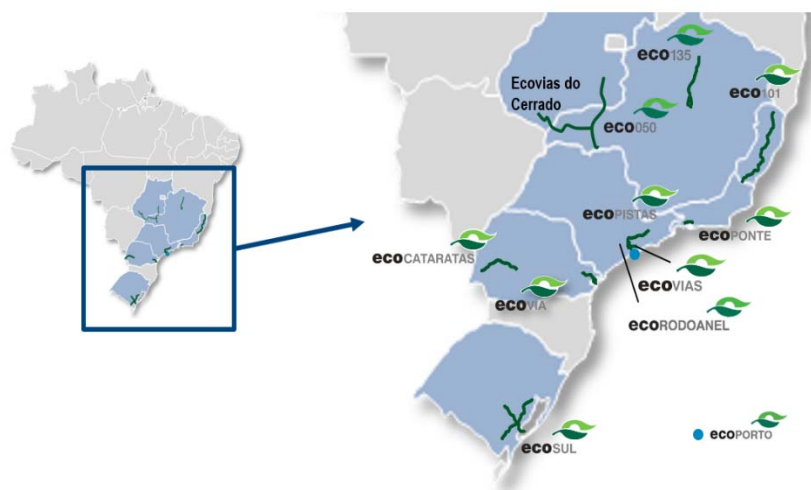
The "*net financial position*" as at 31 December 2019 revealed debt equal to EUR 247.3 million (debt equal to EUR 229.6 million as at 31 December 2018). This amount does not include the discounted value of the "*payable to ANAS (former Central Insurance Fund)*" equal to EUR 493.4 million.

<sup>1</sup> It should be noted that the variations in heavy traffic between the T4 and A32 are mainly due to local traffic and the different classification of vehicles. In the A32, vans (class B) are counted as heavy vehicles, while in the T4 they are counted as light vehicles.

## Motorway Sector – Outside Italy

### Brazil

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



The extension of the **motorway network** as at 31 December 2019, which is managed in Brazil through the subsidiaries of Ecorodovias, is described as follows:

Company	%	Managed stretch	km
Concessionária Ecovia CaMinho Do Mar S.A.	100%	Curitiba metropolitan area – Port of Paranagua	136.7
Rodovia das Cataratas S.A. – Ecocataratas	100%	Paraná – “triple border” (Brazil, Argentina and Paraguay)	387.1
Concessionária Ecovias dos Imigrantes S.A.	100%	Sao Paulo metropolitan area – Port of Santos	176.8
Concessionária das Rodovias Ayrton Senna e Carvalho Pinto S.A. - Ecopistas	100%	Metropolitan São Paulo – Vale do Rio Paraíba industrial area	143.8
Concessionária Ponte Rio-Niterói S.A. – Ecoponte	100%	Rio de Janeiro Niteroi – 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 <sup>(1)</sup>	100%	Sao Paulo Northern Ring Road	47.6
Concessionaria de Rodovias Minas Gerais Golas S.A. (MGO) <sup>(2)</sup>	100%	Cristalina (Goiás) - Delta (Minas Gerais)	436.6
Eco135 Concessionária de Rodovias S.A. <sup>(3)</sup>	100%	Montes Claros (Minas Gerais)	364.0
Ecovias do Cerrado <sup>(4)</sup>	100%	Jatai (Goiás) – Uberlândia (Minas Gerais)	437.0
<b>Total amount managed by subsidiaries</b>			<b>3,086.1</b>

<sup>(1)</sup> Company not yet operational as it is awaiting the signing of the concession agreement. On 6 June 2019, the granting body announced the suspension of the bidding procedure until 30 June 2020.

<sup>(2)</sup> On 30 May 2019 the transfer of the “Eco 050 (MGO)” concession to the Ecorodovias Group was completed; the figures of said licensee were therefore consolidated as of 1 June 2019.

<sup>(3)</sup> In June 2018, an agreement was signed with the authorities for the concession of the Montes Claros (Minas Gerais) stretch, which became operational on 1 July 2018 and tolled on 1 April 2019.

<sup>(4)</sup> On 27 September 2019, EcoRodovias won the tender for the 30-year management of the “BR-364/BR-365” motorway system, which links the states of Goiás and Minas Gerais. The concession contract was signed on 19 December 2019 and the assets were transferred on 20 January 2020. The 30-year concession will expire on 19 January 2050

<sup>1</sup> Primav Infraestrutura S.A. (investee company via the subsidiary IGLI S.p.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 2019, compared with 2018.

As regards the financial performance of the Ecorodovias Infraestrutura e Logistica Group, in 2019 the Company recorded:

- traffic volume growth of 18.9%;
- motorway management revenue growth of 15.9% to BRL 3,032.7million (EUR 671.6 million<sup>1</sup>);
- a pro-forma EBITDA equal to BRL 2,033.1 million (EUR 450.2 million<sup>1</sup>), up by 15.5%;
- a loss of BRL 185.5 million (EUR 41.1 million<sup>1</sup>); this amount adjusted for the effects of the so called “leniency agreement”<sup>2</sup> would show a profit of BRL 290.4 million (EUR 64.3 million<sup>1</sup>).

Detailed traffic volumes for each Brazilian licensee in 2019, compared with the corresponding previous period, are as follows:

(thousands of equivalent paying vehicles) <sup>(1)</sup>	2019			2018			Changes		
Company	Light	Heavy	Total	Light	Heavy	Total	Light	Heavy	Total
Ecovia Caminho Do Mar	4,752	11,495	16,247	4,658	12,206	16,864	2.0%	-5.8%	-3.7%
Ecocataratas	10,603	16,365	26,968	10,335	16,338	26,673	2.6%	0.2%	1.1%
Ecovias dos Imigrantes S.A.	35,924	25,064	60,988	35,340	25,831	61,171	1.7%	-3.0%	-0.3%
Ecopistas	61,582	25,874	87,457	58,694	25,328	84,022	4.9%	2.2%	4.1%
Ecoponte	25,129	4,260	29,389	25,239	4,212	29,452	-0.4%	1.1%	-0.2%
Ecosul	6,838	19,573	26,412	6,658	19,815	26,473	2.7%	-1.2%	-0.2%
Eco 101	15,831	31,158	46,989	15,527	31,449	46,975	2.0%	-0.9%	0.0%
Eco 135 <sup>(2)</sup>	5,090	20,196	25,286	-	-	-	0.0%	0.0%	0.0%
Eco 050 (MGO) <sup>(3)</sup>	7,874	18,994	26,868	-	-	-	0.0%	0.0%	0.0%
<b>Total</b>	<b>173,624</b>	<b>172,979</b>	<b>346,602</b>	<b>156,452</b>	<b>135,178</b>	<b>291,630</b>	<b>11.0%</b>	<b>28.0%</b>	<b>18.9%</b>
<b>Adjusted total</b>	<b>155,305</b>	<b>128,541</b>	<b>283,846</b>	<b>152,450</b>	<b>130,206</b>	<b>282,656</b>	<b>1.9%</b>	<b>-1.3%</b>	<b>0.4%</b>

<sup>(1)</sup> Traffic volumes are expressed in "equivalent paying vehicles", the basic reference unit in toll statistics on the Brazilian market. Light vehicles (such as cars) correspond to an equivalent vehicle unit. Heavy vehicles (such as lorries and buses) are converted into equivalent vehicles by a multiplier applied to the number of axles per vehicle, established in the terms of each concession contract.

<sup>(2)</sup> 1 April – 31 December

<sup>(3)</sup> 1 June – 31 December

In 2019 the traffic showed a 18.9% increase compared to the same period of the previous year; if the effects relating to the exemptions for “suspended axles” with reference to the licensees Ecovia Caminho do Mar and Ecocataratas (as of 29 May 2018) and Ecovias dos Imigrantes and Ecopistas (as of 31 May 2018) are excluded, as well as the traffic of Eco135 and Eco050 (MGO), subject to tolls since 1 April 2019 and 1 June 2019 respectively, traffic in 2019 increased by 0.4% compared to 2018.

With particular reference to heavy vehicles, the traffic in 2019 increased by 28% compared to 2018; if the aforementioned effects are excluded, the traffic decreased by 1.3%. In particular, the Ecovia Caminho Do Mar licensee companies recorded a decrease in traffic in the first nine months of 2019 due to the drop in shipments of corn and soya, offset by an increase from October 2019 due both to higher shipments of these products and the effects of the reduction in tolls. Ecocataratas registers an increase in traffic due to the increased shipments in the region and, from October 2019, the effects of toll reductions. Eco101 recorded a decrease in traffic due to lower industrial production in the region. Ecovias dos Imigrantes S.A. recorded an overall decrease in traffic following the drop in shipments of corn and soya crops.

With particular reference to light vehicles, traffic in 2019 increased by 11% compared to the previous year; excluding the aforementioned effects, linked to the Eco135 and Eco050 motorways, traffic increased by 1.9%. In particular, the

<sup>1</sup> Based on the EUR/BRL exchange rate of 4.5157 as at 31 December 2019.

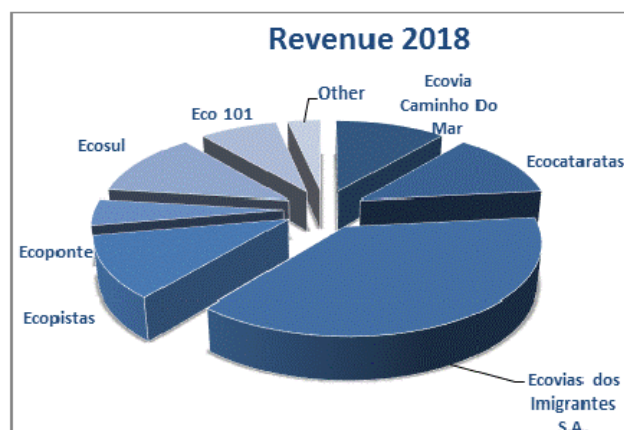
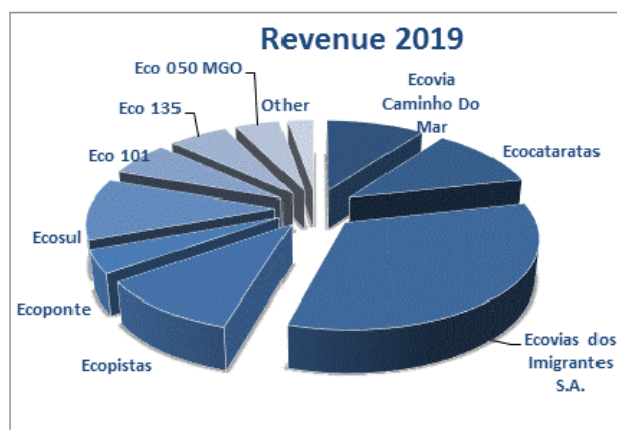
<sup>2</sup> This is the agreement (as illustrated below) signed with the Public Federal Ministry of the State of Paraná, which envisions the closure of the investigations involving Ecorodovias and its subsidiaries following the payment by the companies of an overall indemnity equal to BRL 400 million, of which BRL 30 million is to be paid as a penalty and the remaining amount of BRL 370 million in the form of works and a toll reduction.

Ecocataratas and Ecovia Caminho do Mar licensee companies recorded an increase in traffic due to both favourable weather conditions and the effects of lower tolls. Ecovias dos Imigrantes, Ecopistas and Ecosul recorded an increase in traffic due to favourable weather conditions. Eco ponte, recorded a decrease in traffic due to both the economic situation of the State of Rio de Janeiro and the construction work in progress.

Motorway sector revenues for 2019 (compared to 2018) are as follows:

<i>(amounts in BRL millions)</i>	2019	2018	Changes
Ecovia Caminho Do Mar	302.9	290.9	4.1%
Ecocataratas	348.0	320.2	8.7%
Ecovias dos Imigrantes S.A.	1,002.9	983.6	2.0%
Ecopistas	321.8	294.9	9.1%
Ecoponte	126.5	124.2	1.8%
Ecosul	337.8	311.8	8.3%
Eco 101	192.2	203.1	-5.4%
Eco 135	182.3	-	0.0%
Eco 050 MGO	138.0	-	0.0%
Other motorway sector revenue	80.5	88.2	-8.7%
<b>TOTAL MOTORWAY SECTOR REVENUE</b>	<b>3,032.7</b>	<b>2,616.8</b>	<b>15.9%</b>
<b>Total in EUR<sup>(*)</sup></b>	<b>671.6</b>	<b>579.5</b>	<b>15.9%</b>

(\*) Based on the EUR/BRL exchange rate of 4.5157 as at 31 December 2019



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As reported in previous communications with reference to the Ecorodovias group in 2019, the following should be noted:

- on 1 April 2019, the Licensee “Eco 135” (which has managed, for thirty years, 364 km of the network in the State of Minas Gerais), subsidiary of Ecorodovias, has officially opened all six toll stations, all with manual payment, transponders and debit card payments.
- On 1 May 2019, the “ECO 050” (MGO) licensee company, controlled by Ecorodovias, officially opened the toll stations.
- In September 2019, Ecorodovias Infraestrutura e Logística S.A. won the tender for the management of stretches of the “BR-364/GO” and “BR-365/MG” motorways, for a length of 437 km from the city of Jataí to the city of Uberlândia, connecting the states of Goiás and Minas Gerais. In particular, the “BR 364/GO” motorway stretch runs for 193 km from the city of Jataí (in the state of Goiás) to the interconnection with the “BR 365/MG” motorway, the concession for which is 244 km long and goes to the city of Uberlândia (in the state of Minas Gerais). The two arteries represent one of the most important routes for the transport of grain from the large agricultural areas of the centre-west part of the country to the Port of Santos and for the supply of food and industrial products for the States of Goiás and Minas Gerais. In December 2019 Ecovias do Cerrado and the National Ground Transportation Agency (ANTT) signed the agreement for the concession of the BR-364/365 motorway for a duration of 30 years. The new award strengthens the role of Ecorodovias in the motorway sector and will bring the network managed in Brazil to a total of 3,087 km, allowing the Group to implement its strategic plan, which focuses on core motorway infrastructure management activities and on extending the duration of its own concessions in the backlog.
- Leniency agreement - With respect to the police investigation No. 5002963-29.2015.404.7013, incorporated into criminal case No. 5003165-06.2019.4.04.7000 at the 23rd Federal Lower Court of Curitiba - regarding offences committed before the entry of the ASTM Group into the share capital of the Brazilian investee company by some former managers and executives of Ecorodovias and of its subsidiaries Ecovia Caminho do Mar and Rodovia das Cataratas – Ecocataratas - it is noted that Ecorodovias has informed the market and its shareholders of the successful signing of a leniency agreement (“acordo de leniência”) with the Public Federal Ministry of the State of Paraná negotiated with the support of a leading Brazilian law firm, which envisages the closure of the investigations involving Ecorodovias and its subsidiaries following the payment by the companies of an overall indemnity equal to BRL 400 million<sup>1</sup>, of which BRL 30 million<sup>2</sup> is to be paid as a penalty and the remaining amount of BRL 370 million<sup>3</sup> in the form of works and a toll reduction.
- State of São Paulo – On 6 April 2020, and after the approval of the 2019 financial statements by the governing bodies of Ecorodovias, the company published a Material Fact with which it informed the market and its shareholders that, on the same date, Ecorodovias, ECS and the subsidiary Concessionária Ecovias dos Imigrantes S.A. (“Ecovias”) had signed a civil Non-Prosecution Agreement (“*acordo de não persecução cível*”), also referred to as an NPA, with the MP-SP, which envisages the closures of the investigations involving Ecovias and other Ecorodovias group companies following the payment by Ecovias of an overall amount equal to BRL 638 million<sup>4</sup>. Following negotiations between the MP-SP, the São Paulo State Secretariat of Logistics and Transportation and Ecovias, the overall amount shall be paid as follows: (a) BRL 450 million<sup>5</sup> will be invested in public utility works not originally planned in the Ecovias concession agreement which will involve the construction, within eight years, possibly reduced to five, of a 2-km avenue near the Mackenzie Engineering School Road Complex in São Paulo and

<sup>1</sup> EUR 88.6 million at the exchange rate as at 31 December 2019: 4.5157 EUR/BRL.

<sup>2</sup> EUR 6.6 million at the exchange rate as at 31 December 2019: 4.5157 EUR/BRL.

<sup>3</sup> EUR 81.9 million at the exchange rate as at 31 December 2019: 4.5157 EUR/BRL.

<sup>4</sup> EUR 141.3 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

<sup>5</sup> EUR 99.7 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

improvement works on the *Anchieta* motorway; (b) BRL 150million<sup>1</sup> through rate reductions equal to 10% in favour of users of the *Anchieta* and *Imigrantes* motorways, which will be applied to the toll booths managed by Ecovias situated in Riacho Grande and Piratininga between 21:00 and 05:00; (c) BRL 36 million<sup>2</sup>, divided into six instalments, will be paid to the São Paulo Treasury; (d) BRL 2 million<sup>3</sup> will be paid to the FID. These amounts will also include BRL 12 million<sup>4</sup> deriving from other commitments. Ecorodovias has estimated that the average annual outlay for Ecovias to pay off the obligations assumed pursuant to the NPA will be BRL 48 million<sup>5</sup> – net of taxes. In order to allow for the continuation of the activities of Ecovias and support the public's interest, pursuant to the NPA, the MP-SP undertakes to suspend all administrative or criminal proceedings and investigations – including proceedings pursuant to the Administrative Improbability Act – involving Ecovias and the other Ecorodovias Group companies, in order to avoid imposing further sanctions on those companies in relation to the same illegal events based on the NPA and other information received from the MP-SP. The estimate of the effects of the above agreements has been reflected – for the relevant pro-rata share – in the 2019 financial statements of the ASTM Group on the basis of an assessment prepared by Ecorodovias.

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<sup>1</sup> EUR 33.2 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 8 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

<sup>3</sup> EUR 0.4 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

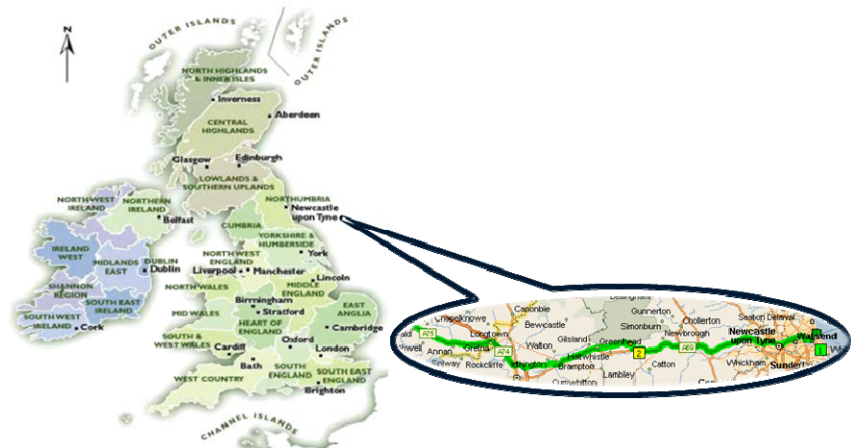
<sup>4</sup> EUR 2.7 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

<sup>5</sup> EUR 10.6 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

## 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 year, it contributed approximately EUR 1.1 million to the Group's profit.





## RESULTS OF OPERATIONS – EPC Sector

As part of the process of reorganisation and efficiency improvement of the operating units of the ASTM Group (which involved - among other things - the merger of SIAS into ASTM), the companies operating in the sectors previously defined as "construction", "engineering" and Euroimpianti S.p.A., the latter previously included among the companies in the "technology" sector, were concentrated into one single "Engineering, procurement and construction" (EPC) sector. This structure of operating segments reflects the method of representing information used by Management in its decision-making processes. The data related to 2018 was consequently reclassified to allow for better comparison.

The Group operates in the EPC sector mainly through Itinera S.p.A. (investee company with 100% of the share capital) and their respective subsidiaries, namely:

- SEA Segnaletica Stradale S.p.A. (investee with 100% of the share capital held)
- Argo Costruzioni Infrastrutture S.c.p.A. (investee with 100% of the share capital held)
- Halmar International LLC (50% of the share capital) and its subsidiaries - active in the USA - held through the US holding company Itinera USA Corp (100% of the share capital)
- Itinera Construcoes Ltda (100% owned) active in Brazil.

In addition to the aforementioned companies in the "Construction" sector:

- SINA S.p.A. (100% owned) operating in engineering, design, works management and monitoring services.
- Euroimpianti S.p.A. (100% owned) active in the production of electrical and electromechanical systems.

### Itinera Group

The companies in the Itinera Group operate in the construction sector and their main activities are the construction and maintenance of road, motorway and railway infrastructures, building works (hospitals and shopping centres), maritime works, as well as works related to underground works such as tunnels and railways.

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

	2019	2018	Changes
EPC sector revenue	958,960	620,427	338,533
Other revenues	26,266	12,369	13,897
<b>Turnover (A)</b>	<b>985,226</b>	<b>632,796</b>	<b>352,430</b>
Operating costs (B)	(951,270)	(599,182)	(352,088)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>33,956</b>	<b>33,614</b>	<b>342</b>

The parent company Itinera S.p.A., during 2019, continuing its growth path and, in line with the strategic plan, has now achieved its target of becoming a player among the leaders in international markets, in contrast to the contraction of the domestic market; 2019 was characterised by a considerable increase in business volumes, more than 55% higher than the previous year, and now around 60% of production is carried out abroad.

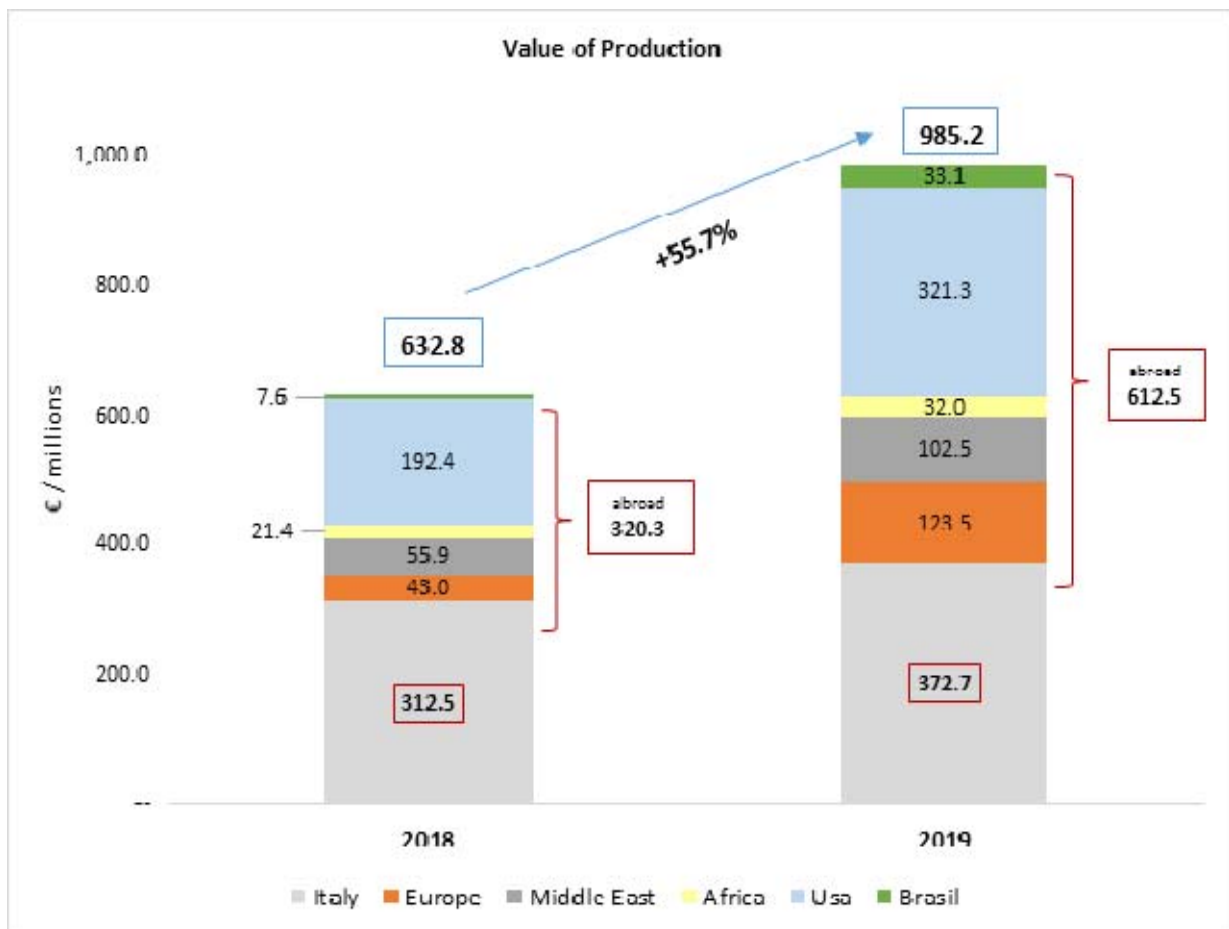
Among the most significant projects carried out during the period were, in Italy, the renovation of Venice Airport and the construction of the new surgical and emergency hospital complex at the *Ospedale San Raffaele di Milano* (San Raffaele Hospital in Milan), while foreign contracts included the construction of the Reem Mall in the United Arab Emirates, the Okavango river bridge in Botswana, the Satu Mare variant in Romania and, in addition, the construction of the hospitals in

Odense, Koge and the construction of the Storstroem Bridge in Denmark, the construction of the Pfons-Brenner lot of the Brenner tunnel base in Austria, and various projects on the US market, through the subsidiary Halmar.

In a context of increasing complexity, Itinera has continued its plan of organisational strengthening, investing in the commercial sector for further international development, implementing staff dedicated to following potential initiatives in the various geographical areas of interest and developing new offers and strengthening the management and audit structures of the projects underway. In particular, in this regard, additional quality individuals have been identified and included in the operational field (operational area managers, project managers, site managers) and in the administrative-financial area (administrative managers, cost controllers), both on projects abroad and at Italian sites as well as at headquarters.

The Group's main operating areas, besides Italy, where the Itinera Group operates, in line with ASTM Group policy, cover central and northern Europe (Denmark, Romania and Austria), the USA, Brazil, Gulf nations (UAE, Kuwait, Oman and Saudi Arabia) and Southern Africa (Kenya and Botswana).

In 2019, the Itinera Group posted a **"value of production"** equal to approximately EUR 985.2 million with a 55.7% growth (EUR 632.8 million in 2018); overseas production totalled EUR 612.5 million (of which EUR 321.3 million related to the Halmar Group, up by 67% compared to 2018), compared to the figure of EUR 320.3 million in 2018, while an amount of EUR 372.7 million was made in Italy (EUR 312.5 million in 2018).



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

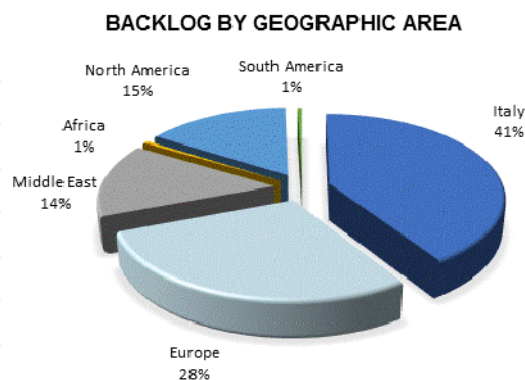
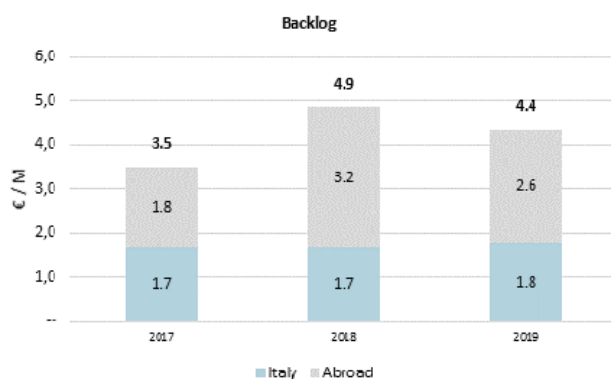
(amounts in thousands of EUR)	31/12/2019	31/12/2018	Changes
A) Cash	137,289	110,184	27,105
B) Financial receivables	36,648	16,449	20,199
C) Short-term borrowings	(147,150)	(89,008)	(58,142)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>26,787</b>	<b>37,625</b>	<b>(10,838)</b>
E) Long-term borrowings	(91,755)	(39,040)	(52,715)
<b>F) Net financial indebtedness (D) + (E)</b>	<b>(64,968)</b>	<b>(1,415)</b>	<b>(63,553)</b>

The net financial indebtedness totalled EUR 64.9 million (EUR 1.4 million as at 31 December 2018); the change is essentially due to the resources absorbed by operating activity and investment activity. It is worth mentioning the absorption of financial resources related to (i) the development of production and investment activities in particular in Denmark, with reference to the Storstrøm Bridge initiative, in Botswana, Romania and the United Arab Emirates and (ii) outlays related to the payment of suppliers, banks and operating costs of the subsidiary Letimbro S.c.ar.l. related to the non-payment of receivables of the other consortium member (for a total of EUR 18.3 million), partially offset by the proceeds from the sale of the equity investments in Bre.be.mi. and Argentea Gestioni S.c.p.A. (EUR 11.4 million). It should also be noted that the net financial indebtedness as at 31 December 2019, includes a higher debt of EUR 13.1 million attributable to the effects of the first-time application of IFRS 16.

The “**backlog**” of the Itinera Group as at 31 December 2019, resulting from the update of investment plans which individual works refer to, amounted to approximately EUR 4.4 billion<sup>1</sup>. In particular, during the year, new orders were acquired for EUR 0.7 billion - of which EUR 0.3 billion in Italy and EUR 0.4 billion abroad - and orders cancelled for EUR 0.3 billion. The breakdown of the current total amount of the backlog among the companies of the Itinera Group sees an amount of EUR 3.6 billion for the parent company Itinera S.p.A., EUR 0.7 billion for Halmar International LLC and EUR 0.1 billion for Itinera Construcoes Ltda and Sea Segnaletica S.p.A. As regards the breakdown of the backlog by geographical area, Italy's share represents 41% of the total, for a total value of EUR 1.8 billion, while its share abroad, equal to 59% of the total, is equal to EUR 2.6 billion.

The breakdown of the backlog by categories of work to be carried out is as follows:

- road and rail infrastructure and hydraulic works: EUR 2.9 billion;
- civil construction works: EUR 0.8 billion;
- motorway maintenance and others: EUR 0.6 billion;
- maritime works: EUR 0.1 million.



<sup>1</sup> Data resulting from the conversion exchange rates as at 31 December 2019 for contracts in currencies other than the euro

The company's overall "**pipeline**" of activities, covering pre-qualifications carried out and tenders under preparation or awaiting completion, totalled approximately EUR 4.7 billion, of which around 33% in the United States, 16% in Europe, 47% in Italy and 4% in Africa.

The main economic and financial ratios of the HALMAR Group for 2019 (compared with second half of 2018) and included in the consolidated data of the Group are reported below:

- Value of production: EUR 321.3 million (EUR 192.4 million in 2018)
- Gross operating margin (EBITDA): EUR 23.7 million (EUR 11 million in 2018)
- Profit/loss for the period of the group: EUR 13.6 million (EUR 1.2 million in 2018)
- Financial position: positive for EUR 27.5 million (positive for EUR 23.2 million at 31 December 2018).

## SINA S.p.A.

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

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

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
EPC revenue	51,183	36,875	14,308
Other revenues	143	238	(95)
<b>Turnover (A)</b>	<b>51,326</b>	<b>37,113</b>	<b>14,213</b>
Operating costs (B)	(41,013)	(34,320)	(6,693)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>10,313</b>	<b>2,793</b>	<b>7,520</b>

In 2019, the company increased its production mainly with regard to Group companies. "EPC Revenues", therefore, increased by EUR 14.3 million, amounting to EUR 51.2 million (EUR 36.9 million in 2018).

Following the growth in turnover, the "operating costs" showed a more modest increase of around EUR 6.7 million, amounting to EUR 41 million (EUR 34.3 million in 2018). Therefore, as a result of these figures, the "gross operating margin" totalled EUR 10.3 million (EUR 2.8 million in 2018).

The "financial position" as at 31 December 2019 showed "net cash funds" equal to EUR 15.2 million (EUR 12.8 million as at 31 December 2018). During 2019, the company paid the dividend relating to 2018 for an amount equal to EUR 2.2 million. It should also be noted that the net financial position as at 31 December 2019, includes a higher debt of EUR 4.8 million attributable to the effects of the first-time application of IFRS 16.

SINA holds 100% of the share capital of [Siteco Informatica S.r.l.](#), a company operating in the development of technological software (in particular, application software managing road databases) and in the engineering and integration of technologies and instruments to carry out high-performance tools for photographic, geometric and topographic surveys of infrastructures. In 2019, revenues totalled EUR 1.2 million (EUR 0.7 million in 2018), while operating costs amounted to EUR 1.3 million (EUR 1.2 million in 2018) and the gross operating margin (EBITDA) amounted to negative EUR 0.1 million (EUR 0.5 million in 2018).

The "financial position" as at 31 December 2019 showed net cash funds equal to EUR 9,000 (EUR 57,000 as at 31 December 2018).

## EUROIMPIANTI S.p.A.

The company operates in the area of design and production of electrical, electronic and electromechanical systems.

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

<i>(amounts in thousands of EUR)</i>	2019	2018	Changes
EPC revenue	73,677	33,072	40,605
Other revenues	381	926	(545)
<b>Turnover (A)</b>	<b>74,058</b>	<b>33,998</b>	<b>40,060</b>
Operating costs (B)	(69,800)	(31,651)	(38,149)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>4,258</b>	<b>2,347</b>	<b>1,911</b>

In 2019, the Company posted a significant increase in revenue, which more than doubled, thanks in particular to production with regard to Group companies in the motorway and construction sectors; "*EPC revenue*" increased by approximately EUR 40.6 million, amounting to EUR 73.7 million (EUR 33.1 million in 2018).

Following the growth in turnover, the "*operating costs*" showed an increase of EUR 38.1 million, totalling an amount equal to approximately EUR 69.8 million. The "*gross operating margin*" totalled EUR 4.3 million (EUR 2.3 million in 2018).

It should be noted that the Company is reorganising, from an operational and administrative point of view, in order to also start operating in foreign markets, working alongside Itinera S.p.A., as part of the "One Company" project at the basis of the Group reorganisation operation, in implementing projects underway, with particular reference to civil construction works (hospitals and shopping centres); this includes the opening, in February 2020, of a branch in Denmark required to carry out plant works in hospitals that Itinera is constructing in that country.

The "*net financial position*" as at 31 December 2019 showed net cash funds equal to EUR 6.6 million (cash funds equal to EUR 0.5 million as at 31 December 2018). During the period, the company paid dividends for approximately EUR 1.5 million.

## RESULTS OF OPERATIONS – Technology Sector

As previously indicated, the activities in the technology sector are carried out by the Group through Sinelec S.p.A. (investee company with 98.914% of the share capital).

### Sinelec S.p.A.

This 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>	2019	2018	Changes
Technology sector revenue	73,557	55,805	17,752
Other revenues	1,129	493	636
<b>Turnover (A)</b>	<b>74,686</b>	<b>56,298</b>	<b>18,388</b>
Operating costs <sup>(1)</sup> (B)	(61,965)	(43,513)	(18,452)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>12,721</b>	<b>12,785</b>	<b>(64)</b>

*In 2019, the Company increased production for both third parties and for companies of the Group; "Technology sector revenue" showed a growth of around EUR 17.8 million, totalling an amount equal to EUR 73.5 million (EUR 55.8 million in 2018).*

Following the growth in turnover, the "operating costs" showed an increase equal to EUR 18.4 million, amounting to EUR 62 million (EUR 43.5 million in 2018). The "gross operating margin" was therefore in line with the previous period, amounting to EUR 12.7 million.

The "net financial position" as at 31 December 2019 showed net cash funds of around EUR 11 million (EUR 29.9 million as at 31 December 2018). During 2019, the company distributed dividends and reserves for an overall amount equal to EUR 18 million. It should also be noted that the net financial position as at 31 December 2019, includes a higher debt of EUR 3.7 million attributable to the effects of the first-time application of IFRS 16.

## RISK FACTORS AND UNCERTAINTIES

The main risks<sup>1</sup> 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, relations with the granting body and toll rates*".

### *Lapsed motorway concessions*

With reference to motorway concessions which had expired as at 31 December 2019, there is a risk connected with existing and potential disputes with the Granting Body in relation to the management of the motorway stretch between the expiry of the Concession and the reporting date.

As at 31 December 2019, in the wake of the identification of a new licensee and at the request of the Granting Body, the following subsidiaries continue to manage their concessions under an extension (continuing to apply the concession agreements): ATIVA S.p.A. (whose concession expired on 31 August 2016), SATAP S.p.A. - A21 Stretch (of which the concession expired on 30 June 2017) and SALT p.A. - A12 Stretch (of which the concession expired on 31 July 2019).

As already highlighted in the commentary section of the "*Regulatory framework, relations with the granting body and toll rates*", the aforementioned companies reacted negatively to the MIT requests to prepare the Transitional Financial Plan provided for by CIPE Resolution No. 38/2019 and appealed before the Regional Administrative Court of Lazio, as regards SATAP S.p.A. and SALT p.A., and before the Regional Administrative Court of Piedmont, as regards ATIVA S.p.A., both Resolution 38 - and the consequent acts -, claiming that the adoption of the new regime established by the CIPE resolution was unlawful from several points of view, essentially resulting in the unilateral imposition on the outgoing licensee company of conditions other than those set out in agreements and by law.

The aforementioned subsidiaries therefore assessed, with support from their legal, administrative and technical consultants, and taking into account the contractual obligations in force, the risks related to said current and potential lawsuits with the Granting Body. Having assessed these risks as "probable", the companies in question then quantified them and allocated specific provisions in their respective financial statements. The total amount of the funds allocated in the financial statements as at 31 December 2019 relating to the so-called "concession risk" totalled EUR 216.5 million, of which an amount of EUR 83.4 million was allocated during 2019.

In addition, given that this is an assessment made by the individual companies with support from their own consultants and with no cross-examination with the counterparty, and considering the estimate as adequate for the existing risk, there is still a possibility of incurring additional charges on top of the amounts of the provisions posted.

For further details, please refer to the notes to the consolidated financial statements under "Provisions for risks and charges and Employee benefits".

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



#### *Future traffic performance*

The Group's motorway company operators are subject to the risk that accidents, weather and catastrophic events may result in the temporary closure of the motorway stretches managed.

#### *Ecorodovias Infrastruttura e Logistica S.A.*

With reference to the potential risks associated with civil actions and criminal investigations involving certain companies of the Ecorodovias Group, please refer to the section "*Other information*" in the Notes.

#### *Claims*

Specific disputes are pending for several companies operating in the "EPC sector" with buyers which have given rise to claims by such buyers and, in some cases, lawsuits initiated by said buyers to protect their interests.

It should be noted, however, that specific adjusting provisions have been recognised for the portion of the amounts recognised in the financial statements, which are deemed to be at "risk" as a result of pronouncements, sentences, judgments handed down in arbitration or judicial proceedings called to decide on the lawsuit.

#### *Disputes with the Revenue Office*

As at 31 December 2019, 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.

For a more detailed discussion of these issues, please refer to the "*Other Information*" section of the Explanatory Notes to the consolidated financial statements.

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

#### *COVID-19 pandemic*

With reference to the main factors of uncertainty that can be detected at the date of preparation of this Financial Report, we highlight those related to the events that have occurred in recent months, particularly since February, linked to the

growing and progressive spread of the COVID-19 pandemic health emergency at international and national level.

In relation to this emergency and the consequent increasing restrictive measures adopted by central and local government authorities, in order to prevent and contain the spread of the epidemic throughout the country, the Group has promptly adopted measures and provisions in line with its current protocols and policies on "crisis management".

In particular, as from 21 February, ASTM's Crisis Committee was activated, which, with the help of external consultants, issued instructions to all its subsidiaries, coordinating communications and actions aimed at ensuring both the safety of its employees and collaborators - implemented in an initial phase through the distribution of information material, PPE and sanitising products, and sanitisation of work environments, operational and behavioural provisions within the offices, and subsequently through interventions aimed at reducing the presence of office staff (moving towards smart working and use of holidays) - and, at the same time, the continuation of corporate activities and essential services, through the adoption of the aforementioned smart working methods by all group companies, ensuring their effective implementation through the necessary interventions and technical support.

As regards the Group's operating activities, the various government measures aimed at curbing the spread of the virus, in particular the Ministerial Decrees of 9 March, 11 March and 22 March 2020, which initially classified the entire national territory as a "protected area" and increasingly have accentuated the limitations and restrictions on the movement of individuals, have had an impact on mobility with negative consequences on traffic trends along the relevant motorways, as has been the case throughout the national motorway network.

Negative repercussions also emerged in the EPC sector, with the suspension of the activities of the main construction sites underway in Italy, due to multiple causes, from the detention ordered by the clients themselves, both public and private, for safety reasons, to the absence of subcontractors and suppliers from the sites, as well as difficulties in organising the activities of the workers (board, lodging, transport, etc.) and operations in compliance with the rules contained in the safety protocols issued at national level (see the "*Shared protocol for the regulation of measures to combat and contain the spread of the Covid-19 virus in the workplace*").

To date, sites used for urgent motorway maintenance and safety work remain operational throughout Italy, as provided for by central and local authorities.

These difficulties, which are common to all contractors, will inevitably also affect the investment plans of motorway companies, with the consequent likely rescheduling of the plans themselves.

The gradual expansion of the epidemic worldwide means that a standstill has already developed in some areas (Europe) or is currently taking hold in other countries (USA) where companies in the EPC sector operate.

The situation is constantly monitored in order to identify and implement all possible measures, operational and economic-financial, to try to contain the impact of the health crisis on the Group's economic and financial results, safeguarding in particular its financial soundness and cash funds so that they are adequate and consistent with existing commitments and foreseeable needs.

The financial markets have reacted negatively to the uncertainties and fears surrounding the possible social and economic repercussions of the current emergency situation, with drastic downward corrections to global growth estimates, particularly in the Eurozone and Italy. The prevailing expectations foresee a scenario of economic slowdown at least for the first half of the year, the quantification, duration and intensity of which, however, is difficult to determine, as this scenario is also influenced by the monetary and fiscal policy decisions to be taken within the EU and by individual national governments.

Considering that the spread of the virus and its consequent economic impacts are to be considered "non-adjusting events" for the accounts closed as at 31 December 2019, since there was no evidence at that date that the epidemic was already taking place - the World Health Organisation declared the existence of an "international emergency phenomenon" only in the first months of 2020 - ASTM has however revised its economic and financial estimates and forecasts for the current year in order to assess the effects of the Covid-19 epidemic on the fundamentals of each company and of the Group as a whole.

In light of the evidence accrued and measurable to date, various scenarios have therefore been outlined for the Group's business segments, based on various quantitative assumptions of the impact of the crisis, the reliability of which, however, remains uncertain, given the high uncertainty regarding the intensity and - above all - the duration of the current epidemic, factors that do not make it possible to identify a precise and reliable scenario among the various potential situations that may arise.

However, it can be stated at this stage that the effects of the COVID-19 epidemic on the Group's activities will presumably be significant at least in the first two quarters of this year, but not such as to constitute particularly critical financial situations in light of the measures that Group companies have already taken to contain the impact, primarily in relation to the financial position.

It should also be duly taken into account that the clear majority of the Group's operating margins and cash generation comes from the regulated motorway sector, for which the current Agreements provide for contractual mechanisms to rebalance the economic and financial equilibrium in the face of events such as the one under examination, and that the long-term operating prospects, linked to the duration of concessions, financial plans and the stability of revenues and related cash flows remain unchanged.

However, as already mentioned, the Company constantly monitors the evolution of the situation in order to promptly adopt the most appropriate measures to contain the impact of the crisis on its business areas.

For the sake of completeness of information, with regard to traffic volumes in the first quarter of 2020, it should be noted that, in the period 1 January / 31 March, there was an average decrease of approximately 20.4%, while in the period 1 to 31 March there was an average decrease of approximately 61.0% compared to the same period last year.

It should also be noted that traffic volumes on the Group's motorways should benefit from the possible changes in mobility dynamics in favour of individual means of transport, which make it easier to implement social distancing measures versus mass transit.

## SEGMENT INFORMATION

Pursuant to CONSOB Communication No. 98084143 of 27 October 1998, it should be underlined that – as already pointed out in the previous section “Business segments and Group composition” – the Group’s main areas of activity are the management of motorway networks under concession, and the design and construction of major infrastructure works, as well as technology applied to transport mobility. As a consequence, the economic-financial components of the consolidated financial statements are mainly attributable to these types 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 INFORMATION PURSUANT TO CURRENT REGULATIONS

### Information on the Environment and Personnel

With regards to environmental information, note that the Companies of the Group carry out their activities in full compliance with the provisions in effect relative to the environment and workplace safety. Additionally, the motorway companies have adopted a series of measures aimed at limiting its environmental impact. Among these, note the following:

- the preparation of noise level and agglomerate maps, action plans and noise reduction and elimination plans, fundamental activities in terms of managing issues of noise pollution and its effects;
- continuation of projects to install noise reduction barriers, included in the noise reduction and elimination plans;
- the use of special draining asphalt, which helps to decrease noise pollution;
- the use of photocatalytic paints capable of reducing pollutants;
- recycling of pavement scarifying materials and bituminous mixtures;
- treatment and purification of black water in services areas;
- treatment and purification of waste water in toll collection buildings;
- adapting the organisation, management and disposal of waste produced during motorway accidents, with the help of specialised companies;

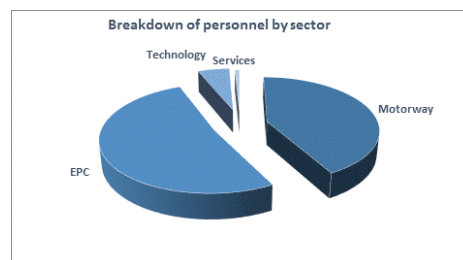
With regard to information concerning **employees**, the Group companies have adopted the following principles:

- acting in compliance with the regulations in force;
- ensuring the health and safety of workers in all areas and sectors of work;
- involving and motivating all personnel through information, training and eventual training on safety issues at work sites;
- involving the companies operating on site through coordination meetings;
- cooperating and resolving "work interference".

With regard to information concerning the **employees** of the ASTM Group, it should be underlined that in 2019, the Group Companies continued to pursue the human resources enhancement policy aimed at improving the organisational model, in order to achieve greater operational flexibility.

The following table shows the existing staff at 31 December 2019, compared with the figure at 31 December 2018:

	31/12/2018	Change in the scope of consolidation	Other changes	31/12/2019
Executives	168	11	(1)	178
Middle managers	255	15	40	310
Office workers	2,867	254	235	3,356
Workers	1,287	47	531	1,865
<b>Total</b>	<b>4,577</b>	<b>327</b>	<b>805</b>	<b>5,709</b>



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

On 16 May 2019, the Ordinary Shareholders' Meeting approved the request to authorise the purchase and disposal of treasury shares; it will be possible to purchase shares, up to a maximum of 19,799,720 ordinary shares, up until the approval date of the 2019 financial statements and, in any case, for no more than 18 months from the resolution date.

As part of the aforementioned shareholders' resolution, on 2 August 2019 the Board of Directors approved the initiation of the treasury share purchase plan, authorising the acquisition of up to a maximum of a further 3,960,000 ASTM shares. In execution of this plan and of that previously approved by the Board of Directors on 15 May 2018 (as part of the resolution of the Ordinary Shareholders' Meeting of 20 April 2018), during 2019 a total of 203,325 treasury shares were purchased, of which 40,625 during the first half of 2019, in execution of the plan approved by the Board of Directors on 15 May 2018 and 162,700 after 30 June 2019, in execution of the plan approved by the Board of Directors on 2 August 2019.

As of today, the Parent Company holds 10,605,295 treasury shares (corresponding to about 7.547% of the share capital), of which directly 8,434,387 and indirectly 2,170,908 shares (2,149,408 through the subsidiary SINA S.p.A. and 21,500 through the subsidiary ATIVA S.p.A.).

### Secondary offices

The Company does not have any secondary offices. The Board of Directors resolved to grant - to the local unit located in Tortona (AL), Strada Statale per Novi Ligure 3/13, Località San Guglielmo - the title of "administrative headquarters" of the Company.

## **Relationships with subsidiaries, associated companies and joint ventures, parent companies and with companies subject to control of these latter companies**

The economic and financial relationships with subsidiaries, associated companies, parent companies and companies subject to the control of the latter are provided separately, for individual items, in a specific paragraph in the Notes, "*Other information - "Information about related-party transactions"*", both in the annual and consolidated financial statements.

As from 1 January 2011, the "Procedure for transactions with related parties", approved by the Board of Directors - subject to the favourable opinion of the Audit and Risk Committee - and adopted in implementation of Consob Resolution No. 17221 of 12 March 2010 as amended by Consob Resolution No. 17389 of 23 June 2010, became operational.

This procedure sets out the rules governing the approval, management and public disclosure of related-party transactions carried out by the ASTM S.p.A., directly or through Subsidiaries, in order to guarantee the transparency and procedural and substantive fairness of transactions.

The Company periodically reviews procedures for transactions with related parties, taking into account, among other things, any changes in the ownership structure and the effectiveness demonstrated by the procedures in practice.

## **Report on corporate governance and ownership structure**

With regard to the "Report on corporate governance and ownership structure", please refer to the "Governance" section of the corporate website [www.astm.it](http://www.astm.it).

## **Certifications pursuant to Articles 15 and 16 of CONSOB Resolution No. 16191/07 ("Market Regulations")**

With reference to the actions required by Art. 15 of the Consob Market Regulations, containing conditions for the listing of shares in parent companies of companies incorporated and regulated by the law of non-EU countries, it should be noted that - if the conditions are met - the regulatory requirements are applied to the investee company Halmar International LLC and its subsidiaries and, therefore, procedures have been adopted to ensure compliance with the aforementioned regulations.

As provided for by the relevant regulations, information concerning the aforementioned company is made available to the public at the registered office of the parent company ASTM.

Pursuant to Article 16 of the aforementioned CONSOB Resolution, it is specified that the Company meets the requirements, listed in paragraph 1 of the same article, for the listing of its shares on the Italian regulated market.

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

Pursuant to Art. 3 of CONSOB Resolution No. 18079 of 20 January 2012, on 06 December 2012 the Board of Directors of ASTM S.p.A. – with reference to the provisions set out in Article 70, paragraph 8, and Article 71, paragraph 1-*bis* of CONSOB Regulation No. 11971/99 – approved to make use of the power to derogate from the obligations concerning publication of the information documents set out in the said CONSOB Regulation in case of significant merger, split-off, share capital increase through contribution in kind, acquisition and disposal transactions.

## Measures pursuant to Article 2364, paragraph 2 of the Italian Civil Code

On 18 March 2020, the Board of Directors expressed a favourable opinion regarding the potential to make use of the power - provided for by Article 2364, paragraph 2 of the Italian Civil Code and Article 11 of the Articles of Association - to call the annual Shareholders' Meeting (concerning the approval of the financial statements) within one hundred and eighty days from the end of the financial year. It was considered appropriate to make use of this option, also in view of the recent ESMA recommendations on reporting to the market on the Covid-19 epidemiological emergency.

## CONSOLIDATED NON-FINANCIAL DISCLOSURE

The ASTM Group has prepared a consolidated non-financial disclosure which, as provided for in Article 5 of Legislative Decree No. 254/2016, constitutes a separate report to which reference should be made.

With reference to the consolidated non-financial disclosure, it should be noted that Standard Ethics (an independent sustainability rating agency) has awarded its sustainability rating (Standard Ethics Rating) to ASTM and SIAS (merged into ASTM in 2019). The two companies received a rating of EE- (Adequate), a full investment grade for investors, recognising that in recent years the two companies have adopted "ESG reporting models and sustainability strategies in line with the international guidelines issued by the UN, the OECD and the European Union." Furthermore, according to Standard Ethics, ASTM and SIAS "have adequately dealt with environmental, social and safety topics". In light of the merger by incorporation of SIAS into ASTM, Standard Ethics has also assigned a positive outlook to ASTM, forecasting a *Long Term Expected SER over 3-5 years of EE+ (Very strong)*. Standard Ethics analysts have recognised that the merger will further contribute to the improvement of the governance model and the more effective management of ESG risks as part of an integrated model.

## SIGNIFICANT SUBSEQUENT EVENTS

In addition to the information provided in the preceding paragraphs, reference should also be made to the events that occurred in February of this year in connection with the global emergency related to the Covid-19 pandemic, which are referred to in the section entitled "Risk Factors and Uncertainties" and are discussed in the "Business Outlook" section below.

## BUSINESS OUTLOOK

In line with its identified strategic objectives, ASTM intends to continue to strengthen its leadership in the area of motorway concessions both in the domestic market – where it seeks to become a benchmark in terms of management expertise – as well as in international markets, particularly in Brazil, where it shall participate in significant envisaged motorway tenders, through its jointly held subsidiary Ecorodovias Infraestrutura e Logistica S.A. It is also aiming at the USA, an area where the group is tracking the development of important concessions in green field projects.

In Italy, as already highlighted in the previous paragraphs of the Report, ASTM - through its subsidiaries, both licensee companies and operators in the EPC sector - is participating in the tenders issued by the Ministry of Transport for new concessions for motorway stretches, which are still managed by the Group and which have expired or are about to expire.

In Brazil, Ecorodovias, after having been awarded three important concessions in 2018 and 2019 by three different awarding authorities, is carefully evaluating the important programmes for new motorway concessions that the states of Sao Paulo and Minas Gerais, where it mainly operates, intend to implement in the short to medium term through numerous tenders.

In the USA, through the subsidiaries Itinera Infrastructure & Concessions and Halmar International LLC, participation in a number of specific initiatives is being assessed, such as the prequalification for the tender for the "Maryland Capital Beltway" project - I-495 & I-270 P3 Programme - consisting of the expansion and modernisation of the I-495 (Capital Beltway) which, from around the George Washington Memorial Parkway in Virginia, across the American Legion Bridge and up to the Woodrow Wilson Memorial Bridge, joins the intersection with I-270 (Dwight D. Eisenhower Memorial Highway) and the I-270 to the intersection with the I-70.

As regards the other areas of activity, the Group intends to continue its pursuit of growth and development in the EPC sector, by consolidating its backlog in Italy and overseas, nevertheless maintaining constant focus on the balance of the financial structure and further reinforcing its supportive role and operating and organisational assistance in favour of the licensee companies' sector.

In the technology sector, it is pursuing the objective of market diversification, and the US market, where Sinelec USA was established, and the development of innovative projects related to the digitalisation of road transport infrastructure (Smart Roads, dynamic weighing and V2X) and new technologies (Artificial Intelligence and Edge Computing).

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

These processes may be more effective during the year, especially now that the industrial and financial synergies have been reinforced by the successful merger of SIAS S.p.A. into ASTM S.p.A. The merger created an integrated Group that operates according to the "One Company" model, capable of expressing specific expertise in the motorway concession, EPC and technological innovation sectors.

Nevertheless, these operating scenarios will undoubtedly be affected by the effects of the COVID-19 epidemiological crisis on the markets and on national and international production (see the "Risk Factors and Uncertainties" paragraph). This emergency has greatly reduced the visibility of the 2020 operational scenarios for all economic operators, leading many to rethink their short-term strategies, also in light of the current difficulty in assessing the consequences of the epidemiological crisis on the expected results for 2020, linked to the duration and magnitude of its impact, which cannot be reliably predicted at present.

As regards ASTM, the repercussions related to the Covid-19 health crisis on traffic volumes will be presumably significant at least in the first two quarters of the year; the Group has therefore undertaken actions to reduce the effects of the consequent decrease expected in the revenues in economic and financial terms, paying particular attention to costs, with a view to guarantee nevertheless the same levels of absolute efficiency of the service provided to users and the safety of the infrastructure managed, and to reschedule the investments programme as a result of the operating difficulties of the contractors.

The financial stability of the ASTM Group, alongside the possibility for the motorway companies of the ASTM Group to initiate rebalancing mechanisms envisioned by the concession contracts in place, lead to careful optimism even in the short



to medium term, considering that the long-term forecasts, for the same kind of considerations, i.e. the stability of the revenues and related cash flows of the assets under concession – which gives rise to most of the Group's operating margins and cash generation – certainly remain positive.

In this regard, it should be noted that a further strengthening of the financial structure was achieved in the first months of the year thanks to the funding and refinancing actions already carried out at the date of preparation of this report. In particular, from the beginning of the 2020 financial year until today, ASTM:

- signed a new bank line for EUR 150 million (3-year bullet);
- obtained approval from the competent primary lending bank authorities for the concession of (i) a new EUR 350 million loan (with 7-year amortisation) and (ii) two new EUR 50 million loans (12-month bullet) to replace the pre-existing lines;
- has a 200 mln RCF back-up line (3-year bullet) under development;
- received a support letter from six of the main Italian and French banks for the overall financing of the concession tender for the A21-A4/5 stretches.

These actions, together with the Group's already prudent and disciplined financial strategy, make it possible, between cash and bank lines, to meet its maturities on payables for the next 3/4 years or so.

Confirmation of the Group's financial stability is also provided by the recent decisions adopted by Fitch Ratings and Moody's to maintain ASTM's rating.

Fitch, on 26 March 2020, announced that it had maintained the ASTM's Long-Term Issuer Default Rating (IDR) at BBB+ level as well as the prospective outlook, noting that, despite the cash generation and results of the ASTM Group in 2020 inevitably being impacted by a significant drop in traffic volumes due to the recent mobility restrictions introduced in Italy in order to contain the spread of Covid-19, the credit metrics of the Group itself are at present, and according to the short and medium-term analyses and assumptions made, compatible with the rating assigned to the company.

On 6 April, Moody's also noted that the senior secured and senior unsecured MTN rating of ASTM remained unchanged at Baa2, also maintaining its stable-outlook status.

Specifically, Moody's highlights how, despite a predictable, significant reduction in 2020 in operating cash flow, determined by the restrictions introduced by Italian Authorities as a tool for prevention and containment of the Covid-19 pandemic, ASTM remains one of the leading Italian operators in the context of transport infrastructure with clear potential to recover performance once the pandemic and its effects are contained.

Holding and maintaining a stable financial position in the current national and international economic scenario in sharp recession, are necessary prerequisites to overcoming the current crisis phase and making it possible to seize business investment and development opportunities that will presumably arise within the current difficult international context.

## PROPOSAL FOR DESTINATION OF PROFITS

Dear Shareholders,

The Board of Directors proposes that you:

- approve the financial statements at 31 December 2019, which closed with a profit of EUR 167,771,412.49;
- in consideration of the economic scenario created by the COVID-19 epidemiological crisis, allocate the entire profit for the year of EUR 167,771,412.49 to reinforcing the equity structure, distributing it as follows:
  - EUR 3,513,640.96 to the “Legal reserve” pursuant to Article 29 of the Articles of Association and Article 2430 of the Italian Civil Code, equal to the quota corresponding to the limit of one fifth of the share capital as set out by law;
  - EUR 164,257,771.53, equal to the amount that remains following the distribution proposed above, to the “Retained earnings” reserve.

The Board of Directors reserves the right to assess the possible call a Shareholders' Meeting, to be held by the end of the year, to propose any distribution of reserves in light of changes in the economic scenario due to the COVID-19 emergency.

## APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

Dear Shareholders,

As of the Shareholders' Meeting called to approve the financial statements at 31 December 2019, the three-year term of office conferred on the Board of Statutory Auditors by the Shareholders' Meeting of 28 April 2017 expires.

The Shareholders' Meeting will therefore be asked to appoint the Board of Statutory Auditors and its Chairman for the three-year period from 2020-2022.

Tortona, 14 April 2020

for the Board of Directors  
The Chairman  
(Mr Alberto Rubegni)

**Separate Financial Statements**  
**as at 31 December 2019**

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# Financial Statements of the Parent Company

## Balance Sheet

<i>(amounts in thousands of EUR)</i>	Note	31 December 2019	31 December 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1	-	5
Tangible assets	2		
property, plant, machinery and other assets		6,052	6,194
rights of use		1,249	-
Non-current financial assets	3		
equity investments in subsidiaries		2,537,631	1,815,196
equity investments in jointly controlled entities and associated companies		336,545	9,547
equity investments in other businesses		58,940	3,804
Other non-current financial assets		1,578,597	43,006
<b>Total non-current financial assets</b>		<b>4,511,713</b>	<b>1,871,553</b>
Deferred tax credits	4	5,900	3,226
<b>Total non-current assets</b>		<b>4,524,914</b>	<b>1,880,978</b>
<b>Current assets</b>			
Inventories		-	-
Trade receivables	5	3,532	2,187
Current tax assets	6	10,441	225
Other receivables	7	16,717	1,449
Other current financial assets	8	733,380	-
<b>Total current assets</b>		<b>764,070</b>	<b>3,861</b>
Cash and cash equivalents	9	38,057	531
<b>Total current assets</b>		<b>802,127</b>	<b>4,392</b>
<b>Total assets</b>		<b>5,327,041</b>	<b>1,885,370</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Shareholders' equity	10		
share capital		66,360	45,704
reserves and earnings		2,568,395	1,778,595
<b>Total shareholders' equity</b>		<b>2,634,755</b>	<b>1,824,299</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions for risks and charges and employee benefits	11	2,693	1,576
Trade payables		-	-
Other payables		-	-
Bank debt	12	673,069	34,991
Hedging derivatives		-	-
Other financial liabilities	13	1,041,270	-
Deferred tax liabilities	14	2	2
<b>Total non-current liabilities</b>		<b>1,717,034</b>	<b>36,569</b>
<b>Current liabilities</b>			
Trade payables	15	11,486	1,673
Other payables	16	19,379	1,525
Bank debt	17	191,557	20,569
Other financial liabilities	18	751,406	-
Current tax liabilities	19	1,424	735
<b>Total current liabilities</b>		<b>975,252</b>	<b>24,502</b>
<b>Total liabilities</b>		<b>2,692,286</b>	<b>61,071</b>
<b>Total shareholders' equity and liabilities</b>		<b>5,327,041</b>	<b>1,885,370</b>

## Income Statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2019	FY 2018
<b>Financial income and expenses</b>	20		
Income from equity investments:			
from subsidiaries		149,682	55,294
from associated companies		1,043	-
from other businesses		496	179
Total income from equity investments		<b>151,221</b>	<b>55,473</b>
Other financial income		89,881	8
Interest and other financial expenses		(68,350)	(232)
<b>Total financial income and expenses (A)</b>		<b>172,752</b>	<b>55,249</b>
<b>Value adjustments of financial assets</b>	21		
Revaluations		-	-
Write-downs		(71)	-
<b>Total value adjustments of financial assets (B)</b>		<b>(71)</b>	<b>-</b>
<b>Other operating income (C)</b>	22	<b>8,925</b>	<b>3,028</b>
<b>Other operating costs</b>	23		
payroll costs		(8,885)	(2,809)
costs for services		(13,639)	(6,545)
costs for raw materials		(18)	(3)
other costs		(4,655)	(975)
amortisation, depreciation and write-downs		(473)	(268)
other provisions for risks and charges		-	-
<b>Total other operating costs (D)</b>		<b>(27,670)</b>	<b>(10,600)</b>
<b>Profit (loss) before taxes (A+B+C+D)</b>		<b>153,936</b>	<b>47,677</b>
Taxes	24	13,835	1,027
<b>Profit for the year</b>		<b>167,771</b>	<b>48,704</b>

Note: in consideration of the industrial holding activity undertaken by ASTM S.p.A., the schedule included in Consob Communication no. 94001437 of 23 February 1994 for this type of Company was used. For these reasons, it differs from the one used for the ASTM Group.

## Statement of comprehensive income

<i>(amounts in thousands of EUR)</i>	FY 2019	FY 2018
<b>Profit (loss) for the period (a)</b>	<b>167,771</b>	<b>48,704</b>
Actuarial profit (loss) on employee benefits	(77)	26
Profit (loss) allocated to "reserves for revaluation at fair value"	700	52
Tax effect on profit (loss) that will not be subsequently reclassified in the Income Statement	-	2
<b>Profit (loss) that will not be subsequently reclassified in the Income Statement (b)</b>	<b>623</b>	<b>80</b>
<b>Comprehensive income (a) + (b)</b>	<b>168,394</b>	<b>48,784</b>

## Cash flow statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2019	FY 2018
<b>Cash and cash equivalents – opening balance</b>		<b>531</b>	<b>6,255</b>
Merger contribution	25.1	44,609	-
<b>Cash and cash equivalents – opening balance (a)</b>		<b>45,140</b>	<b>6,255</b>
<b>Business operations:</b>			
<b>Profit</b>		<b>167,771</b>	<b>48,704</b>
<b>Adjustments</b>			
Amortisation and depreciation		473	268
Provisions		1,988	1,236
Financial expenses (income)		(2,583)	-
	<i>Operating Cash Flow (I)</i>	<i>167,649</i>	<i>50,208</i>
Net change in deferred tax credits and liabilities		(2,254)	(471)
Change in net working capital	25.2	(40,229)	(403)
Other changes from operating activities	25.3	(2,355)	(456)
	<i>Change in net working capital and other changes (II)</i>	<i>(44,838)</i>	<i>(1,330)</i>
<b>Cash generated (absorbed) by operating activities (I+II) (b)</b>		<b>122,811</b>	<b>48,878</b>
<b>Investment activity:</b>			
Investments in intangible assets		-	(9)
Investments in property, plant, machinery and other assets		(273)	(5)
Net (Investments)/Divestiture in non-current financial assets - equity investments		(308,382)	5,508
Net (Investments)/Divestiture in non-current financial assets		(20,913)	(15,000)
Net divestiture of property, plant, machinery and other assets		-	-
Divestiture of non-current financial assets		-	-
<b>Cash generated (absorbed) by investment activity (c)</b>		<b>(329,568)</b>	<b>(9,506)</b>
<b>Financial activity:</b>			
Change in bank debt		247,864	20,566
Change in other financial liabilities		(2,779)	(192)
Net (Investments)/Divestiture in current financial assets		41,425	-
Expenses related to capital increase		(7,342)	-
Purchase of treasury shares		(5,268)	(20,836)
Dividend distribution		(74,226)	(44,634)
<b>Cash generated (absorbed) by financial activity (d)</b>		<b>199,674</b>	<b>(45,096)</b>
<b>Cash and cash equivalents – closing balance (a+b+c+d)</b>		<b>38,057</b>	<b>531</b>

## Additional information:

Taxes paid during the period	85,981	-
Taxes collected during the period	159	361
Financial expenses paid during the period	57,875	356
Financial income collected during the period	80,706	3,073
Dividends collected	151,221	55,473

The Company's "net financial position" as at 31 December 2019 is described in the related paragraph in the Management Report.



## Statement of changes in shareholders' equity

<i>Amounts in thousands of EUR</i>	Share capital	Share premium reserve	Revaluat. Reserves	Legal reserve	Reserve for purchase of treasury shares	Purchased treasury shares	Reserve for revaluat. at fair value	Capital reserves	Merger excess	Reserve for discounting Employee Severance Indemnity	Retained earnings (losses)	Profit (loss) for the year	Total
<b>31 December 2017</b>	<b>46,250</b>	<b>147,361</b>	<b>9,325</b>	<b>10,538</b>	<b>70,240</b>	<b>(66,991)</b>	<b>3,776</b>	<b>34,059</b>	<b>-</b>	<b>(16)</b>	<b>1,562,823</b>	<b>23,620</b>	<b>1,840,985</b>
Allocation of 2017 profits											31	(31)	-
Distribution of 2017 final dividend (0.255 euro per share)											-	(23,589)	(23,589)
Distribution of 2018 interim dividend (0.23 euro per share)												(21,045)	(21,045)
Purchase of treasury shares	(546)				20,836	(20,290)					(20,836)		(20,836)
Other changes (IFRS 9 effect)							(2,873)				2,873		-
Total profit for the period							(123)			26	177	48,704	48,784
<b>31 December 2018</b>	<b>45,704</b>	<b>147,361</b>	<b>9,325</b>	<b>10,538</b>	<b>91,076</b>	<b>(87,281)</b>	<b>780</b>	<b>34,059</b>	<b>-</b>	<b>10</b>	<b>1,545,068</b>	<b>27,659</b>	<b>1,824,299</b>
Allocation of 2018 profits											66	(66)	-
2018 dividend distribution												(27,593)	(27,593)
2018 dividend distribution - SIAS incorporated											(46,633)		(46,633)
Purchase of treasury shares	(102)				5,268	(5,166)					(5,268)		(5,268)
ASTM shares issued in the share swap	20,758								1,107,236				1,127,994
Difference from share swap									(393,275)				(393,275)
Difference from cancellation									(7,122)				(7,122)
Merger accessory charges									(7,342)				(7,342)
Other changes							1				1,300		1,301
Total profit for the period							700			(77)		167,771	168,394
<b>31 December 2019</b>	<b>66,360</b>	<b>147,361</b>	<b>9,325</b>	<b>10,538</b>	<b>96,344</b>	<b>(92,447)</b>	<b>1,481</b>	<b>34,059</b>	<b>699,497</b>	<b>(67)</b>	<b>1,494,533</b>	<b>167,771</b>	<b>2,634,755</b>

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## Valuation criteria and explanatory notes

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## General information

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

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

The Company's registered office is at Corso Regina Margherita 165 – Turin, Italy. Pursuant to the Articles of Association, the duration of the Company is established to 31 December 2050.

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 annual financial statements of ASTM S.p.A. are prepared in euro, which is the current currency in the economy in which the Company operates.

The financial statements were reviewed and approved by the Board of Directors on 14 April 2020.

Based on the provisions of Article 4, paragraph 1 of Italian Legislative Decree no. 38 of 28/2/2005, these annual financial statements were prepared in accordance with the **main 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, the comparative data referring to the previous period also comply with the cited accounting standards.

The financial statements comprise the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in shareholders' equity and these notes and apply the provisions contained in IAS 1 "Presentation of Financial Statements", as well as the general cost method. 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 2019 annual financial statements have been prepared on a going concern basis since there is reasonable expectation that the Company will continue its business operations in the foreseeable future and, in any case, for a time period greater than 12 months.

## Merger of SIAS S.p.A. into ASTM S.p.A.

### Introduction

With reference to the Management Report for further details about the transaction and its objectives, on 13 June 2019 the Boards of Directors of ASTM S.p.A. and SIAS S.p.A. approved, pursuant to Art. 2501-ter of the Italian Civil Code, within their respective remit, the merger by incorporation project of SIAS S.p.A. into ASTM S.p.A.; the latter, on that date, held an equity investment equal to 61.7% of the share capital of SIAS S.p.A.

Again on 13 June 2019, the Board of Directors of ASTM S.p.A. agreed, pursuant to Art. 102 of the Consolidated Law on Finance, to promote a voluntary partial public tender offer regarding 11,377,108 SIAS shares, equal to 5% of the share capital of the acquiree, for a cash amount of EUR 17.50 per share tendered to the offer. The tender acceptance period, agreed with Borsa Italiana S.p.A., began on 8 July and ended on 26 July 2019. On 2 August 2019, ASTM withdrew a total of 11,376,796 SIAS shares, equal to 5% of the share capital of SIAS, for an overall value of around EUR 199.1 million, thereby holding 66.7% of the capital. These were joined by 303,000 shares purchased before the launch of the partial public tender offer.

The merger was then approved with resolutions made by the Extraordinary Shareholders' Meetings of ASTM and SIAS held on 16 October 2019.

On 17 December 2019 the deed for the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. was signed—with subsequent acknowledgement deed to verify the condition precedent on 19 December 2019—which established the legal effect of the transaction as 31 December 2019. For accounting purposes, the transactions of the acquiree SIAS S.p.A. have been recognised in the financial statements of the acquirer ASTM S.p.A. with effect as of 1 January 2019, and the same date was also assigned for tax purposes (direct taxes).

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### Accounting aspects

Given its economic nature of reorganising existing companies which does not give rise to transfers of control and which led to the acquisition of the stakes held by the minority shareholders of the acquiree company, the merger of SIAS S.p.A. (subsidiary) into ASTM S.p.A. (parent company) is excluded from the scope of application of IFRS 3 – Business Combinations. In the absence of references to specific IFRS standards or interpretations, it has been taken into account that paragraph 13 of IAS 1 requires in general terms that the financial statements provide a reliable and faithful presentation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, costs and revenues set out by the IFRS Framework and that paragraph 15 of IAS 1 establishes the obligation to choose, in accordance with the hierarchy established by IAS 8, the appropriate accounting standards to achieve the general objective of a reliable and faithful representation.

In this context, the ASSIREVI Preliminary Guidelines on IFRS (“OPI”) N. 2 (Revised) – Accounting treatment of mergers in the annual financial statements were also taken into account. Given that the Merger transaction is (i) characterised by the absence of economic exchange with third parties and continuing control over the acquired entity and (ii) naturally free of significant impact on the cash flows of the companies involved in the merger, suitable accounting standards were therefore chosen to ensure the continuity of the values.

Applying the continuity principle of the merger transaction values meant highlighting the pre-existence of the controlling relationship between the companies involved in the transaction. In other words, the restructuring merger led to

convergence between the separated financial statements of ASTM and the consolidated financial statements of the acquirer company post merger, implementing the “legal consolidation”.

Therefore, the inclusion in the annual financial statements of the acquirer of the assets and liabilities deriving from the acquiree company did not lead to current values of those assets higher than those expressed in the consolidated financial statements, nor to increased goodwill.

The cancellation difference between the carrying value of the equity investment held in SIAS and the corresponding stake of shareholders' equity of SIAS has been allocated to the assets within the limit of the values expressed in the consolidated financial statements. The excess compared to the values of the consolidated financial statements has been recognised in the annual financial statements of the acquirer deducted directly from the shareholders' equity (in the item “Merger excess”), as shown below:

*(in millions of EUR)*

Book value of SIAS S.p.A. in ASTM S.p.A. as at 1 January 2019	1,607.4
Stake of shareholders' equity of SIAS S.p.A. held by ASTM S.p.A. as at 1 January 2019	<u>1,461.2</u>
<b>Theoretical difference given by cancellation</b>	<b><u>146.2</u></b>

<b><i>Difference given by cancellation attributed to “Equity investments”</i></b>	<b>139.1</b>
<i>Unattributed difference recognised in Shareholders' equity - Merger excess -</i>	<i>7.1</i>

As regards the accounting treatment of the share swap, a capital increase was undertaken for the acquirer entity in order to attribute an adequate number of shares to the minority shareholders of the acquiree entity. There was in fact an increase in the stake of equity investment held in the acquiree against a capital increase of the acquirer.

At the date of effect, ASTM therefore issued 41,516,295 shares without indication of the nominal value to service the exchange<sup>1</sup> (0.55 ASTM shares for one SIAS share of a nominal value of EUR 0.50). The capital increase of ASTM was recognised at the fair value of the 41,516,295 shares issued, equal to EUR 27.17 per share<sup>2</sup>.

The overall amount of EUR 1,128.0 million was recognised for EUR 20.8 million to the share capital and for EUR 1,107.2 million to the shareholders' equity reserve named “Merger excess”. The difference between the fair value of the capital increase as determined (EUR 1,128.0 million) and the fraction of the shareholders' equity of SIAS relating to the minority Shareholders of SIAS (EUR 734.7 million) was deducted from the reserves of ASTM in the item “Difference from share swap” (EUR 393.3 million).

The expenses incurred in the period by ASTM and by the acquiree SIAS for the transaction (in total equal to EUR 7.1 million, net of the tax effect) have been deducted from the “Merger excess”.

The following table summarises the aforesaid effects of the Merger transaction recognised in Shareholders' equity:

	Share capital	Merger excess	Total effects to SE	
ASTM shares issued in the share swap	20.8	1,107.2	1,128.0	} 734.7
Difference from share swap	-	(393.3)	(393.3)	
Difference from cancellation	-	(7.1)	(7.1)	
Merger accessory charges	-	(7.3)	(7.3)	
<b>Total</b>	<b>20.8</b>	<b>699.5</b>	<b>720.3</b>	

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<sup>1</sup> The report on the suitability of the Exchange Ratio pursuant to Art. 2501-*sexies* of the Italian Civil Code – issued on 13 September 2019 – is available on the Company website.

<sup>2</sup> Official listing of 30 December 2019, the final day of stock exchange trading of the ASTM shares.

In these separate financial statements of ASTM S.p.A. the comparative data relating to the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement and the shareholders' equity are those related to the separate financial statements of ASTM as at 31 December 2018. In order to provide information that is on the one hand coherent with the financial statement preparation criteria governed by the IFRS and on the other allows for a like-for-like comparison for an adequate analysis of the performance, the **individual Notes** highlight the effects of the merger for the equity, economic and financial items. In order to highlight the composition of the equity taken on by the acquirer, the statement of financial position and income statement schedules of ASTM S.p.A. (acquirer) and SIAS S.p.A. (acquiree) as at 31 December 2018 compared with the balances as at 31 December 2019 of ASTM S.p.A. are shown below.

### Statement of Financial Position

<i>(in thousands of EUR)</i>	ASTM 31.12.2019	ASTM 31.12.2018	SIAS 31.12.2018
<b>Assets</b>			
Intangible assets	-	5	5
Tangible assets	7,301	6,194	3
Equity investments	2,933,116	1,828,547	2,260,093
Other non-current financial assets	1,578,597	43,006	2,067,038
Deferred tax credits	5,900	3,226	420
<b>Total non-current assets</b>	<b>4,524,914</b>	<b>1,880,978</b>	<b>4,327,559</b>
Trade receivables	3,532	2,187	768
Current tax assets	10,441	225	11,529
Other receivables	16,717	1,449	8,385
Other current financial assets	733,380	-	233,197
Cash and cash equivalents	38,057	531	44,609
<b>Total current assets</b>	<b>802,127</b>	<b>4,392</b>	<b>298,488</b>
<b>Total assets</b>	<b>5,327,041</b>	<b>1,885,370</b>	<b>4,626,047</b>
<b>Shareholders' equity and liabilities</b>			
<b>Total shareholders' equity</b>	<b>2,634,755</b>	<b>1,824,299</b>	<b>2,195,929</b>
Provisions for risks and charges and employee benefits	2,693	1,576	1,407
Bank debt	673,069	34,991	369,602
Other financial liabilities	1,041,270	-	1,537,183
Other financial liabilities	2	2	-
<b>Total non-current liabilities</b>	<b>1,717,034</b>	<b>36,569</b>	<b>1,908,192</b>
Trade payables	11,486	1,673	7,233
Other payables	19,379	1,525	73,228
Bank debt	191,557	20,569	191,525
Other financial liabilities	751,406	-	249,314
Current tax liabilities	1,424	735	626
<b>Total current liabilities</b>	<b>975,252</b>	<b>24,502</b>	<b>521,926</b>
<b>Total liabilities</b>	<b>2,692,286</b>	<b>61,071</b>	<b>2,430,118</b>
<b>Total shareholders' equity and liabilities</b>	<b>5,327,041</b>	<b>1,885,370</b>	<b>4,626,047</b>

### Income Statement

<i>(in thousands of EUR)</i>	ASTM 2019	ASTM 2018	SIAS 2018
Income from equity investments	151,221	55,473	221,715
Other income	89,881	8	83,740
Interest and other financial expenses	(68,350)	(232)	(67,759)
<b>Total financial income (A)</b>	<b>172,752</b>	<b>55,249</b>	<b>237,696</b>
Value adjustments of assets (B)	(71)	-	(31,854)
Other operating income (C)	8,925	3,028	7,328
Other operating costs (D)	(27,670)	(10,600)	(18,610)
<b>Profit before tax (A+B+C+D)</b>	<b>153,936</b>	<b>47,677</b>	<b>194,560</b>
Taxes	13,835	1,027	(4,012)
<b>Profit (loss) for the year</b>	<b>167,771</b>	<b>48,704</b>	<b>190,548</b>



## Valuation criteria and accounting standards

The valuation criteria applied to the preparation of the annual financial statements as at 31 December 2019 are the same as those used to draw up the financial statements as at 31 December 2018, with the exception of the application from 1 January 2019 of the new IFRS 16 international accounting standard.

### Accounting standards adopted as of 1 January 2019

Published in January 2016 and endorsed by Regulation (EU) No. 1986/2017, **IFRS 16 – Leases** replaced IAS 17 – *Leasing*, 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 Company has chosen to apply the standard retrospectively, recognising the cumulative effect of applying the standard as at 1 January 2019 in shareholders' equity, in accordance with paragraphs IFRS 16:C7-C13 (Simplified Retrospective Method). In particular, with regard to the lease contracts previously classified as operating leases, the Company recorded:

- 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.

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

Similarly, the Company made 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 of the lease contract that do not exceed the value of EUR 5,000, 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 (short-term lease, low-value asset), the introduction of IFRS 16 does not result in the recognition of the financial liability of the lease and the related right of use, but the lease payments are 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 made use of the following practical expedients available in the event of the choice of the simplified retrospective method of transition:

- Classification of contracts that mature within 12 months of the transition date; for these contracts the lease payments will also be recognised in the income statement on a straight-line basis.
- Exclusion of initial direct costs from the measurement of the right of use as at 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 introduced some elements of professional judgement that involved 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 operational leasing contracts entered into by the Company do not include an implicit interest rate, the discounting 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, increased by the Company's credit spread.

The effects of the first-time adoption of IFRS 16, also taking into account the practical expedients listed above, resulted in an increase as at 1 January 2019 in Financial Liabilities of around EUR 1.3 million (of which EUR 0.9 million relating to the acquiree SIAS S.p.A.) and the recording of a Right of Use of the same amount. The impact on the Company's shareholders' equity, net of the related tax effect, is therefore null.

The following table contains the impact deriving from the adoption of IFRS 16 on the statement of financial position of the annual financial statements of ASTM S.p.A. and SIAS S.p.A.:

#### **ASTM – IFRS 16 Effects**

<i>(amounts in thousands of EUR)</i>	<b>31 December 2018</b>	<b>IMPACT OF ADOPTION OF IFRS 16</b>	<b>1 January 2019</b>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	5		5
Tangible assets			
<i>property, plant, machinery and other assets</i>	6,194		6,194
<i>financial lease assets/rights of use</i>	-	402	402
Total tangible assets	6,194	402	6,596
Non-current financial assets	1,871,553		1,871,553
Deferred tax credits	3,226		3,226
<b>Total non-current assets</b>	<b>1,880,978</b>	<b>402</b>	<b>1,881,380</b>
<b>Total current assets</b>	<b>4,392</b>		<b>4,392</b>
<b>TOTAL ASSETS</b>	<b>1,885,370</b>	<b>402</b>	<b>1,885,772</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,824,299</b>		<b>1,824,299</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other non-current liabilities	1,578		1,578
Financial liabilities	34,991	333	35,324
<b>Total non-current liabilities</b>	<b>36,569</b>	<b>333</b>	<b>36,902</b>
<b>Current liabilities</b>			
Other current liabilities	3,933		3,933
Financial liabilities	20,569	69	20,638
<b>Total current liabilities</b>	<b>24,502</b>	<b>69</b>	<b>24,571</b>
<b>TOTAL LIABILITIES</b>	<b>61,071</b>	<b>402</b>	<b>61,473</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,885,370</b>	<b>402</b>	<b>1,885,772</b>

The impact deriving from the adoption of IFRS 16 on the statement of financial position of SIAS S.p.A. as at 31 December 2018 is also shown, which, as described in the section "Merger of SIAS S.p.A. into ASTM S.p.A.", was incorporated by ASTM S.p.A. with effect as of 1 January 2019.

**SIAS – IFRS 16 Effects**

<i>(amounts in thousands of EUR)</i>	<b>31 December 2018</b>	<b>IMPACT OF ADOPTION OF IFRS 16</b>	<b>1 January 2019</b>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	5		5
Tangible assets			
<i>property, plant, machinery and other assets</i>	3		3
<i>financial lease assets/rights of use</i>	-	892	892
Total tangible assets	3	892	895
Non-current financial assets	4,327,131		4,327,131
Deferred tax credits	420		420
<b>Total non-current assets</b>	<b>4,327,559</b>	<b>892</b>	<b>4,328,451</b>
<b>Total current assets</b>	<b>298,488</b>		<b>298,488</b>
<b>TOTAL ASSETS</b>	<b>4,626,047</b>	<b>892</b>	<b>4,626,939</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,195,929</b>		<b>2,195,929</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other non-current liabilities	1,407		1,407
Financial liabilities	1,906,785	779	1,907,564
<b>Total non-current liabilities</b>	<b>1,908,192</b>	<b>779</b>	<b>1,908,971</b>
<b>Current liabilities</b>			
Other current liabilities	81,087		81,087
Financial liabilities	440,839	113	440,952
<b>Total current liabilities</b>	<b>521,926</b>	<b>113</b>	<b>522,039</b>
<b>TOTAL LIABILITIES</b>	<b>2,430,118</b>	<b>892</b>	<b>2,431,010</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>4,626,047</b>	<b>892</b>	<b>4,626,939</b>

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Intangible assets

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

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

Tangible assets

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

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

<u>Category</u>	<u>Rate</u>
Land	not depreciated
Non-industrial and industrial buildings	3%
Electromechanical and electronic machines	10%-20%

Rights of use

On the basis of the provisions of IFRS 16, the lease contracts payable (which do not constitute the provision of services) are accounted for by posted a financial liability to the equity-financial position, represented by the present value of future lease payments, against the posting of the right of use of the leased asset to the assets.

IFRS 16 introduces the “right of use” concept, which determines—independently of the contractual form—the obligation to post the right of use to the balance sheet assets with the corresponding payable at the present value of future lease payments as a contra-item in the liabilities.

The assets and liabilities are posted at the current value of the contractually due lease payments, taking account of any option for extension/resolution where there is reasonable certainty to exercise/not exercise it.

The portion of amortisation and depreciation of the right of use posted to the assets and the interest expense originating from the financial liabilities of the lease are recognised in the income statement at amortised cost.

For contracts expiring within 12 months (short-term leases) and the contracts for which the underlying assets are configured as low-value assets (i.e. the assets of the leasing that do not exceed the value of EUR 5,000 when new (USD 5,000), the introduction of IFRS 16 does not result in the recognition of the financial liability of the lease and the related right of use, but the lease payments are posted to the income statement on a straight-line basis for the duration of the respective contracts.

Equity investments in subsidiaries, jointly controlled entities and associated companies

Pursuant to paragraph 10 of IAS 27 – Consolidated and Separate Financial Statements, equity investments in subsidiaries, jointly controlled entities and associated companies are valued at cost. Where signs of impairment are highlighted by appropriate valuation tests, the value posted is adjusted to the recoverable value. The original cost is restored in subsequent years if the reasons for the previous adjustments no longer exist.

Financial assets

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

- Financial assets measured at amortised cost (“AC”) using the effective interest method: these assets fall under a “hold to collect” business model and generate contractual cash flows of a principal and interest nature. This category includes financial assets other than derivatives such as loans and receivables with payments that are fixed or can be determined, and that are not listed in an active market. Discounting is omitted when the effect is insignificant. This category includes cash, trade receivables and loans granted.
- Financial assets measured at fair value with changes in fair value recognised in the statement of 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 minority interests, contrary to what generally happens with financial assets at FVOCI, the gains and losses recognised in the statement of comprehensive income are not subsequently transferred to the income statement, although the cumulative profit or loss may be transferred to shareholders’ 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 valuation at cost of a minority interest is permitted in the few cases in which 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 with changes in fair value recognised in the statement of 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

Pursuant to IFRS 9, financial liabilities are divided into two categories: 1) financial liabilities measured at amortised cost using the effective interest rate upon expiry (“AC”); 2) financial liabilities measured at fair value with changes in fair value recognised in profit and loss (“FVPL”), which are in turn divided into the two sub-categories “held for trading” and “FVPL at inception”.

Financial liabilities include loans, bond loans, lease liabilities, trade payables, other liabilities and financial derivatives. These instruments are recorded at fair value when opened, net of any costs that can be ascribed to them. Subsequently, the financial liabilities in question 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 any 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 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 business; (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 no. 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 profit/(loss) is recognised in other components of the Statement of Comprehensive Income. The cost of labour, as well as the interest expense relating to the "time value" component in actuarial calculations, continue to be recognised in the income statement. The portion of employee severance indemnities paid to supplementary pension funds and the INPS treasury fund is considered a defined-contribution fund because the company's obligation to the employee ceases with the payment of the accrued contributions to the pension funds.

#### Treasury shares

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

#### Revenue

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

Revenue is recognised at a specific point in time or over time, when the Company meets its performance obligations by transferring the goods and services to its customers; the process underlying the recognition of 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. In particular, revenues 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 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.

#### Financial expenses

Financial expenses are recorded, on an accrual basis, in the accounting period in which they are incurred.

Income taxes

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

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

In accordance with IAS 12, "deferred tax liabilities" and "deferred tax credits" are calculated based on the temporal differences between the recognised value for tax purposes of an asset or a liability and its value in the statement of financial position, when it is probable that these differences will cancel themselves out in the foreseeable future. The amount of the "deferred tax liabilities" or "deferred tax credits" is determined based on tax rates that are expected to apply to the period in which the tax credit is realised or the tax liability is extinguished. The tax rates are those established in current fiscal legislation as at the reference date of the individual accounting entries.

Deferred tax credits are posted when their recovery is likely.

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

Following the merger by incorporation of SIAS S.p.A. into ASTM S.p.A., the national tax consolidation pursuant to Articles 117-129 of the Income Tax Act is relevant to ASTM S.p.A. as a consolidating company. It determines a single taxable base for the group of companies adhering to the tax consolidation, benefiting from the possibility to offset taxable income with tax losses in a single declaration. Each company adhering to the tax consolidation wholly contributes its taxable income to the parent company by determining a payable to the consolidating company equal to the corporate income tax (IRES) to be paid. The companies that contribute tax losses can post a receivable from the consolidating company, equal to corporate income tax (IRES), for the part of loss effectively offset at Group level.

Impairment test

The book values of the Company's assets are measured at each date of reference of the financial statements (or in the presence of impairment indicators) in order to determine whether there are indications of a reduction in value, in which case 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 cash 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. This write-back is not applicable to goodwill, since its write-down is never reversible.

As regards equity investments in motorway companies, in line with the provisions of IAS 36, the Company determines the "useful life" of each individual "Cash Generating Unit" (CGU) by discounting the future cash flows (Discounted Cash Flows - DCFs) deriving from the motorway activities. Each licensee company constitutes an autonomous CGU, to which the financial plans of the individual managed stretches refer. The data contained in the financial plans attached to the current Standard Agreements or those being updated were used as the basis for calculation. The economic and financial plan (PEF) of each

motorway concession highlights the results expected for the entire duration of the concession and, though some are prepared over an average time frame of longer than five financial years, constitute the representative document for the purposes of identifying the prospective cash flows. In addition, given that these are concessions with a pre-defined useful life, no calculation was made of the terminal value. At the end of the concession, if an indemnity was required by the company taking over for works undertaken and not depreciated (“takeover”), this value has been included in the operating flow of the final year of the concession.

The data contained in the aforementioned plans have been adjusted where necessary to reflect the changes made following the date of preparation of those financial plans (traffic, tolls, completion of the investment programme, etc.). In particular, the traffic forecasts reflect the results of the traffic studies produced by an independent expert.

The cash flows as determined above have been discounted at a *post-tax nominal WACC* rate. The following parameters were used when determining the discounting rate:

Risk-free rate equal to the 10-year BTP benchmark return – 12-month average	2.59%
Market risk premium	6.30%
Beta of the Italian motorway sector (SIAS/Atlantia) redetermined using the financial structure of the individual company/concession at the audit date	0.551
Cost of debt in line with the average cost of debt of the Group	2.55%

The discounting rates (calculated in a specific way for each licensee company in order to reflect its financial structure) vary between 4.88% and 5.39%.

With reference to investments in Brazil held through IGLI S.p.A., that company’s impairment has been determined by considering the equity investment in the Brazilian company Primav Infraestrutura S.A. as an autonomous CGU and the impairment test has also been determined by taking into account the stock exchange listings as at 31 December 2019 of its listed asset Ecorodovias Infraestrutura e Logística S.A.

As regards the equity investments in companies operating in EPC (Engineering, Procurement and Construction) and technology sectors, their recoverable value was determined using the useful life method.

To determine the useful life of the individual CGU, the Discounted Cash Flows (DCF) method was used as an estimate of the future cash flows made on the basis of the PEFs prepared by the Companies, to which the calculation of the terminal value was added, in addition to the explicit period of discounting the flows.

The cash flows as determined above have been discounted at a *post-tax nominal WACC* rate.

The following parameters were used when determining the discounting rate:

Risk-free rate equal to the return of the 10-year Government Bond (of the country in which the individual CGU operates) – 12-month average
The Market Risk Premium: as recorded for the markets of reference of the various countries, Italy, United States, Brazil (source: Fernandez 2019)
The Small-Size Risk Premium: in order to consider the smaller size of the Group companies operating in the EPC and technology sectors compared to the comparable companies listed (source: Duff & Phelps)
The Country Risk Premium: as recorded for the markets of reference of the various countries - Italy, United States, Brazil
Unlevered Beta: obtained by using the beta of a panel of companies listed on the European market—operating in the EPC sector—and relevered using the financial structure of the companies operating in the EPC and technology sectors and the tax rate of the country in which the individual CGU operates.
The Cost of Debt: in line with the average cost of debt of the Group



The discounting rates (calculated in a specific way for each company in order to reflect its financial structure) vary between 8.14% and 13.23%.

Companies	ITINERA GROUP			SINA - EUROIMPIANTI	SINELEC
CGU / Country	Italy	USA	Brazil	Italy	Italy
WACC	8.49%	8.14%	13.23%	9.08%	9.08%

With regard to the CGUs for which the useful life was estimated, a sensitivity analysis of the results was also carried out by varying the discounting rates applied between +0.5%/-0.5%. This analysis did not show any significant differences compared to the original useful life values that would make asset write-downs necessary.

The impairment procedure was approved by the Board of Directors autonomously and in advance of the approval of the draft financial statements.

#### Translation of foreign currency items

Transactions in different currencies other than the euro are recorded at the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a currency other than the euro are subsequently adjusted to the exchange rate at the reporting date with any exchange differences recognised through the income statement. Any non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost or at fair value are translated using the exchange rate at the time the transaction was first recognised.

The exchange rates applied during the period to translate the assets, liabilities and economic transactions are as follows:

Currency	2019		2018	
	Spot exchange rate as at 31 December	Average annual exchange rate	Spot exchange rate as at 31 December	Average annual exchange rate
EUR/GBP	0.8508	0.8777	0.89453	0.88471
EUR/USD	1.1234	1.1195	1.145	1.181
EUR/Danish Krone	7.4715	7.4661	7.4673	7.4532

**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 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 and 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 in the income statement.

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The aforementioned valuation criteria were applied on a like-for-like and coherent basis in the preparation of these financial statements.

Any reclassifications of annual financial statement items made previously in order to allow for comparison with the final values in the current period are not significant.

Pursuant to art. 5, paragraph 2 of Italian Legislative Decree no. 38 of 28 February 2005 and in accordance with paragraph 46 of IAS 1, note that these financial statements have been prepared in thousands of euro. For ASTM S.p.A., the euro is the “operating currency” and coincides with the “presentation currency”.

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**New accounting standards and interpretation adopted by the EU and effective from 1 January 2019**

In addition to the above with reference to IFRS 16, please note the following:

- **IFRIC 23 - Uncertainty over income tax treatments.** The interpretation addresses the issue of uncertainties over the treatment of income taxes. In particular, the interpretation requires that an entity analyse uncertain tax treatments (individually or as a whole, depending on the characteristics) by always assuming that the taxation authority will examine the tax position in question and will have full knowledge of all relevant information when doing so. If the entity concludes that it is unlikely that the taxation authority will accept the tax treatment followed, the entity must reflect the effect of the uncertainty in the measurement of its current and deferred income taxes. 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.
- **Amendments to IFRS 9 - Prepayment features with negative compensation.** Regulation (EU) No. 498/2018 on prepayment features with negative compensation was published on 26 March 2018. This document specifies that the instruments requiring an early reimbursement could respect the Solely Payments of Principal and Interest (SPPI) test including in the event in which the “reasonable additional compensation” to be paid in the event of early reimbursement is a “negative compensation” for the lending party.
- **Amendments to IAS 28 - Investments In Associates And Joint Ventures,** with Regulation (EU) No. 237/2019, issued on 8 February 2019, the document “Investments In Associates And Joint Ventures” was approved. 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.

- **Improvements to IFRS (2015-2017 cycle)**, with Regulation EU No. 412/2019, issued on 14 March 2019, the document “annual cycle of improvements to IFRS 2015-2017” was approved; the amendments contained therein are as follows: i) *IFRS 3 - Business Combinations*, an entity remeasures the interest previously held in a joint operation when it obtains control of the business; ii) *IFRS 11 - Joint Arrangements - Remeasurement of previously held interest in a joint operation*, an entity does not remeasure the interest previously held in a joint operation when it obtains joint control of the business; iii) *IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity*, an entity must report the tax effects of the dividends for income tax purposes when it reports the liability relating to the dividend; the entity must report the related tax effects in the profit/loss for the year, in the other components of the statement of comprehensive income or within the shareholders’ equity, according to where the entity previously reported these transactions; iv) *IAS 23 - Borrowing costs - Disclosure of Interests in Other Entities - Borrowing costs eligible for capitalisation*, provided an entity borrows generically and uses the loans obtained to purchase a good to be recorded as an asset in the balance sheet, the entity must determine the amount of the capitalised financial expenses by applying a capitalisation rate to the costs incurred for that good equal to the weighted average of the financial expenses applicable to all loans of the entity existing during the financial year.
- **Amendments to IAS 19 - Plan amendment, curtailment or settlement**, with Regulation (EU) No. 402/2019, issued on 13 March 2019, the document “plan amendment, curtailment or settlement” was approved as part of IAS 19 - Employee benefits. The document clarifies how an entity should recognise a change (i.e. a curtailment or settlement) of a defined benefit plan. The amendments 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 must use updated assumptions to measure the current service cost and interest for the remainder of the reporting period following the event.

The above had no effect on the annual financial statements of the Company.

**IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet compulsorily applicable and not adopted in advance by the company as at 31 December 2019.**

- **Amendments to IAS 1 and IAS 8 - Definition of materiality.** The document, published by the IASB on 1 October 2018, implemented through Commission Regulation (EU) no. 2104/2019 and applicable as of 1 January 2020, introduced a change to the definition of “material” contained in IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. 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.
- On 29 March 2018, the IASB published an amendment to the “*References to the Conceptual Framework in IFRS Standards*”. The amendment, implemented through Commission Regulation (EU) no. 2075/2019, is effective for the periods beginning 1 January 2020 or thereafter, but an early application is permitted. The amendments are intended to update the existing references to the previous “Systematic Framework” in various international standards and their interpretations, replacing them with references to the revised “Conceptual Framework”.

## IFRS and IFRIC accounting standards, amendments and interpretations not yet approved by the European Union

At the reporting date of this document, the competent bodies of the European Union had not yet concluded the approval process required for the adoption of the amendments and principles described above.

- On 22 October 2018 the IASB published the document “**Definition of a Business (Amendments to IFRS 3)**”. The document provides some clarifications regarding the definition of “business” for the purposes of applying IFRS 3 correctly. In particular, the amendment clarifies that, while a business usually produces an “output”, the presence of an output is not strictly necessary in order to identify a business where there is a set of activities/processes and assets. However, in order to satisfy the definition of “business”, a set of activities/processes and assets must include, at a minimum, an input and a substantive process that together contribute significantly to the ability to create an output. To this end, the IASB replaced the term “ability to create outputs” with “ability to contribute to the creation of outputs” in order to clarify that a business can exist even without the presence of all the inputs and processes necessary to create outputs.

The amendment also introduced an optional test (“concentration test”) that makes it possible to exclude the presence of a business if the price paid is substantially attributable to an individual asset or group of assets. The changes apply to all business combinations and acquisitions of assets after 1 January 2020, but early application is permitted.
- On 11 September 2014 the IASB published an amendment to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The document was published to resolve the current conflict between IAS 28 and IFRS 10.

According to the provisions of IAS 28, the profit or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associated company in exchange for a stake in the latter’s capital is limited to the stake held in the joint venture or associated company by the other investors not involved in the transaction. On the other hand, IFRS 10 provides for the recognition of the entire profit or loss in the case of loss of control of a subsidiary, even if the entity continues to hold a non-controlling stake in it. This specific case also includes the sale or contribution of a subsidiary to a joint venture or associated company. The changes introduced provide that in a sale/contribution of an asset or subsidiary to a joint venture or associated company, the amount of the profit or loss to be recognised in the financial statements of the seller/contributor depends on whether the assets or subsidiary sold/contributed do or do not constitute a business, as defined by IFRS 3. In the event in which the assets or subsidiary sold/contributed represent a business, the entity must recognise the profit or loss on the entire stake previously held. Otherwise, the share of profit or loss relating to the stake still held by the entity must be eliminated. At present, the IASB has suspended the application of this amendment.
- On 18 May 2017 the IASB issued IFRS 17 - Insurance Contracts. The new standard, applicable as of annual reporting periods beginning on or after 1 January 2021, governs the accounting treatment of insurance contracts issued and reinsurance contracts held.
- On 26 September 2019 the IASB issued the document “Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform*”. The objective of the amendments is to avoid interruption to hedging relations caused by uncertainties connected to the IBOR rate transition as a result of the reform process introduced by the European

Financial Benchmark Regulation, in particular due to the inability to meet the specific accounting requirements of hedging transactions in the periods preceding the transition. These changes are applicable for annual reporting periods beginning on or after 1 January 2020.

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

The figures as at 31 December 2019 reflect the balances deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. As a result, these equity figures cannot be directly compared to those of 31 December 2018.

In order to allow the effects of this change to be assessed, specific notes have been added below.

### Note 1 – Intangible assets

This item refers to expenses for software licences. Over the period, it was increased by EUR 5,000 following the merger by incorporation of SIAS S.p.A. and, as at 31 December 2019, was completely amortised.

### Note 2 – Tangible assets

#### 2.a Property, plant, machinery and other assets

This item breaks down as follows:

	2018		
	Land and buildings	Other assets	Total
<b>Cost:</b>			
<b>as at 1 January 2018</b>	<b>9,788</b>	<b>865</b>	<b>10,653</b>
Investments	-	5	5
Reclassifications	-	-	-
Divestitures	-	-	-
<b>as at 31 December 2018</b>	<b>9,788</b>	<b>870</b>	<b>10,658</b>
<b>Accumulated depreciation:</b>			
<b>as at 1 January 2018</b>	<b>(3,377)</b>	<b>(864)</b>	<b>(4,241)</b>
2018 amortisation and depreciation	(221)	(2)	(222)
Reclassifications/other changes	-	-	-
Reversals	-	-	-
<b>as at 31 December 2018</b>	<b>(3,598)</b>	<b>(866)</b>	<b>(4,464)</b>
<b>Net book value:</b>			
<b>as at 1 January 2018</b>	<b>6,411</b>	<b>1</b>	<b>6,412</b>
<b>as at 31 December 2018</b>	<b>6,190</b>	<b>4</b>	<b>6,194</b>

	2019		
	Land and buildings	Other assets	Total
<b>Cost:</b>			
<b>as at 1 January 2019</b>	<b>9,788</b>	<b>870</b>	<b>10,658</b>
Investments	-	86	86
Reclassifications	-	-	-
Increase from merger	-	20	20
Divestitures	-	-	-
<b>as at 31 December 2019</b>	<b>9,788</b>	<b>976</b>	<b>10,764</b>
<b>Accumulated depreciation:</b>			
<b>as at 1 January 2019</b>	<b>(3,598)</b>	<b>(866)</b>	<b>(4,464)</b>
2019 amortisation and depreciation	(220)	(12)	(232)
Reclassifications/other changes	-	1	1
Increases from merger	-	(17)	(17)
<b>as at 31 December 2019</b>	<b>(3,818)</b>	<b>(894)</b>	<b>(4,712)</b>
<b>Net book value:</b>			
<b>as at 1 January 2019</b>	<b>6,190</b>	<b>4</b>	<b>6,194</b>
<b>as at 31 December 2019</b>	<b>5,970</b>	<b>82</b>	<b>6,052</b>

The item “*land and buildings*” is mainly attributable for EUR 3.6 million to the property in Turin (Italy) used as the registered office of the Company and for EUR 1.8 million to a building complex of architectural value (located in the municipality of Tortona, Italy).

The item “*other assets*” relates to furniture, electronic office machines, equipment and alarm systems.

## 2.b Rights of use

	2019		
	Rights of use - Property	Rights of use - Machinery	Total
<b>Cost:</b>			
<b>as at 1 January 2019</b>	-	-	-
Effect of first-time adoption	1,204	90	1,294
Investments	2	186	188
Reclassifications	-	-	-
Divestitures	-	-	-
<b>as at 31 December 2019</b>	<b>1,206</b>	<b>276</b>	<b>1,482</b>
<b>Accumulated depreciation:</b>			
<b>as at 1 January 2019</b>	-	-	-
Effect of first-time adoption	-	-	-
2019 amortisation and depreciation	(154)	(78)	(232)
Reclassifications/other changes	-	(1)	(1)
<b>as at 31 December 2019</b>	<b>(154)</b>	<b>(79)</b>	<b>(233)</b>
<b>Net book value:</b>			
<b>as at 1 January 2019</b>	-	-	-
<b>as at 31 December 2019</b>	<b>1,052</b>	<b>197</b>	<b>1,249</b>

In accordance with IFRS 16, the item “*rights of use*” contains the lease contracts payable that do not constitute the provision of services.

## Note 3 – Non-current financial assets

### 3.a – Equity investments in subsidiaries

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

	31/12/2018	Changes during the period				31/12/2019
		Merger	Purchases/Increases	Sales/Decreases	Other changes	
<b>Equity investments:</b>						
SIAS S.p.A.	1,402,911	(1,607,434)	204,523	-	-	-
IGLI S.p.A.	233,475	208,292	-	-	-	441,767
Itinera S.p.A.	158,022	-	-	-	-	158,022
Sina S.p.A.	20,774	-	-	-	-	20,774
Itinera Infrastructure and Concessions Inc.	-	-	2,208	-	-	2,208
SAV S.p.A.	-	95,740	-	-	-	95,740
SALT p.A.	-	674,872	1	-	-	674,873
ATIVA S.p.A. <sup>(1)</sup>	-	-	49,155	-	57,241	106,396
SATAP S.p.A.	-	1,006,982	-	-	-	1,006,982
SIAS Parking S.r.l., in liquidation	-	5,881	-	-	(67)	5,814
Sinelec S.p.A.	-	25,031	-	-	-	25,031
Sistemi e Servizi S.c.ar.l. <sup>(2)</sup>	14	14	-	-	(4)	24
<b>Total subsidiaries</b>	<b>1,815,196</b>	<b>409,378</b>	<b>255,887</b>	<b>-</b>	<b>57,170</b>	<b>2,537,631</b>

<sup>(1)</sup> Subsidiary with an overall stake equal to 72.34% of which 41.17% of the shares held directly by ASTM and the remaining 31.17% of the shares—purchased in 2019—held by the fiduciary company SPAFID S.p.A. On 3 February 2020, the endorsement of the shares from SPAFID S.p.A. to ASTM S.p.A. took place.

<sup>(2)</sup> Company “controlled” by virtue of the stakes held by the subsidiaries.

The item “merger” summarises the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A., in particular:

	Increases from merger	Elimination of Equity investments	Allocation of difference given by cancellation	Total “Merger” effects
SIAS S.p.A.	-	(1,607,434)	-	(1,607,434)
IGLI S.p.A.	208,292	-	-	208,292
SAV S.p.A.	95,740	-	-	95,740
SALT p.A.	535,769	-	139,103	674,872
SATAP S.p.A.	1,006,982	-	-	1,006,982
SIAS Parking S.r.l., in liquidation	5,881	-	-	5,881
Sinelec S.p.A.	25,031	-	-	25,031
Sistemi e Servizi S.c.a r.l.	14	-	-	14
<b>Total</b>	<b>1,877,709</b>	<b>(1,607,434)</b>	<b>139,103</b>	<b>409,378</b>

The item “purchases/increases” refers to:

- the purchase of a total of 11,679,796 shares of the acquiree SIAS S.p.A. (of which 11,376,796 during the *Public Tender Offer* and 303,000 shares made before the *Public Tender Offer*) for a total value equal to EUR 204.5 million (of which EUR 0.6 million relating to incurred expenses);
- the subscription of the entire share capital of the newly incorporated Itinera Infrastructure and Concessions Inc for a total amount equal to EUR 2.2 million;
- the purchase of an additional 2,000,724 shares of ATIVA S.p.A. for a total value equal to EUR 49.2 million (of which EUR 0.3 million relating to incurred expenses). As a result of this additional purchase the company is controlled by ASTM S.p.A..

The item “other changes” refers to:

- the reclassifications from the item “Equity investments in associated companies” of the shares held in ATIVA S.p.A. (directly by ASTM S.p.A. and indirectly through the fiduciary company SPAFID S.p.A.) as a result of the acquisition of control;
- the write-down of Sistemi e Servizi S.c.ar.l. and SIAS Parking S.r.l. in liquidation following the liquidation process.

The main figures relating to the subsidiary companies are shown below:

Investee Company	Registered office	Share capital	No. of Shares (Stakes)	Shareholders' Equity	Profit/(loss)	Financial statements data as at	% of equity investment
IGLI S.p.A. <sup>(1)</sup>	Milan – Via Isonzo 14/1	37,130	37,130,000	583,095	(132)	31/12/2019	100.00%
ITINERA S.p.A. <sup>(1)</sup>	Tortona – Via M. Balustra 15	86,837	86,836,594	197,930	(18,872)	31/12/2019	66.12%
SINA S.p.A. <sup>(2)</sup>	Milan – Viale Isonzo 14/1	10,141	4,056,250	72,079	7,011	31/12/2019	100.00%
Itinera Infrastructure and Concessions Inc. <sup>(3) (5)</sup>	1 Blue Hill Plaza, 16th Floor, Pearl River, NY (USA)	-	-	(1,766)	(1,766)	31/12/2019	100.00%
SAV S.p.A. <sup>(2)</sup>	Châtillon (AO) – Strada Barat 13	24,000	24,000,000	172,087	11,230	31/12/2019	65.09%
SALT p.A. <sup>(2)</sup>	Lido di Camaiore (LU) – Via Don Tazzoli 9	160,301	160,300,938	732,234	57,494	31/12/2019	95.23%
A.T.I.V.A. S.p.A. <sup>(2)</sup>	Turin, Strada della Cebrosa 86	44,931	6,418,750	92,471	6,821	31/12/2019	72.34% <sup>(4)</sup>
SATAP S.p.A. <sup>(2)</sup>	Turin, Via Bonzanigo 22	158,400	158,400,000	960,542	98,471	31/12/2019	99.87%
SIAS Parking S.r.l. in liquidation <sup>(2)</sup>	Turin – Via Bonzanigo 22	5,000	5,000,000	5,814	(67)	31/12/2019	100.00%
SINELEC S.p.A. <sup>(2)</sup>	Tortona (AL) S.S.211 Loc. San Guglielmo 3/13	7,383	1,476,687	43,699	6,657	31/12/2019	86.79%
Sistemi e Servizi S.c.ar.l. <sup>(2)</sup>	Tortona (AL) S.S.211 Loc. San Guglielmo 3/13	100	100,000	84	(16)	31/12/2019	28.00%

(1) Annual financial statements prepared in accordance with international accounting standards.

(2) Annual financial statements prepared in accordance with national/OIC accounting standards.

(3) Data presented according to the IFRS accounting standards adopted by the Group through the preparation of a specific reporting package.

(4) Of which 31.70% through fiduciary as at 31 December 2019.

(5) The figures of Itinera Infrastructure and Concessions Inc are expressed in USD.



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

Changes to equity investments in associated companies during the period were as follows:

	31/12/2018	Changes during the period			31/12/2019
		Merger	Purchases/ Increases	Sales/Decreases	
<b>Equity investments:</b>					
<b>a) jointly controlled entities</b>					
ATIVA S.p.A.	-	57,241	-	-	(57,241)
<b>b) associated companies</b>					
Baglietto S.p.A.	9,547	-	-	(9,547)	-
Edilrovaccio 2 S.r.l.	-	-	-	-	-
Ativa Immobiliare S.p.A.	-	2,122	-	-	2,122
Road Link Holdings Ltd	-	6,257	-	-	6,257
SITAF S.p.A.	-	136,746	53,609	-	190,355
Tangenziale Esterna S.p.A.	-	95,793	13,051	-	108,844
Tangenziali Esterne di Milano S.p.A.	-	27,405	1,562	-	28,967
<b>Total</b>	<b>9,547</b>	<b>325,564</b>	<b>68,222</b>	<b>(9,547)</b>	<b>(57,241)</b>
					<b>336,545</b>

The item “merger” summarises the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A.

The item “purchases” refers to:

- the purchase of 1,284,157 shares of SITAF S.p.A. (equal to 10.19% of the share capital) for an overall value equal to EUR 53.6 million;
- the purchase of 13,010,750 shares in Tangenziale Esterna S.p.A. (equal to 2.8% of the share capital) for an overall amount equal to EUR 13 million;
- the purchase of 2,071,707 shares of Tangenziali Esterne di Milano S.p.A. (equal to 0.7% of the share capital) for an overall amount equal to EUR 1.6 million;

With reference to the item “sales/decreases”, it is noted that on 9 May 2019, the Company sold all the shares held in Baglietto S.p.A. equal to 10,817,280 shares (equal to 30.996% of the capital) for a value equal to EUR 9.5 million, creating a capital loss equal to EUR 46,000.

The item “other changes” refers to the aforesaid reclassification to the item “Equity investments in subsidiaries” of the shares held in ATIVA S.p.A. (directly by ASTM S.p.A. and indirectly through the fiduciary company SPAFID S.p.A.) as a result of the acquisition of control.

As at 31 December 2019, 105,710,757 shares of the investee company Tangenziale Esterna S.p.A. were pledged in favour of the lending banks as part of a project financing transaction.

The main figures relating to the aforementioned equity investments are shown below:

Company	Registered office	Share capital	No. of Shares (Stakes)	Shareholders' Equity	Profit/(loss)	Financial statements data as at	% of equity investment
Edilrovaccio 2 S.r.l. in liquidation <sup>(1)</sup>	Turin – Via Schina 5	46	45,900	(560)	(274)	31/12/2018	20.00%
Ativa Immobiliare S.p.A. <sup>(1)</sup>	Turin, Strada della Cebrosa, 86	1,100	6,418,750	2,047	38	31/12/2018	41.17% <sup>(4)</sup>
Road Link Holdings Ltd <sup>(3)</sup>	Northumberland NE43 7TN UK	1	1,000	1	5,000	31/03/2019	20.00%
SITAF S.p.A. <sup>(1)</sup>	Turin, Fraz. San Giuliano, 2	65,016	12,600,000	393,226	32,835	31/12/2019	46.72%
Tangenziale Esterna S.p.A. <sup>(2)</sup>	Milan - Fabio Filzi, 25	464,945	464,945,000	298,254	(16,946)	31/12/2019	22.74%
Tangenziali Esterne di Milano S.p.A. <sup>(2)</sup>	Milan - Fabio Filzi, 25	220,345	293,792,811	231,476	(510)	31/12/2019	12.95%

<sup>(1)</sup> Annual financial statements prepared in accordance with national/OIC accounting standards.

<sup>(2)</sup> Data presented according to the IFRS accounting standards adopted by the Group through the preparation of a specific reporting package.

<sup>(3)</sup> The data relating to Road Link are shown in thousands of GBP.

<sup>(4)</sup> Net of treasury shares held by the company ATIVA Immobiliare S.p.A.

**3.c – Other equity investments**

The changes made during the period to “other equity investments” are shown below:

	31 December 2018			Changes during the year			31 December 2019		
	Original value	Adj. to Fair Value	Total	Merger	Sales/other	Adj. to Fair Value	Original value	Adj. to Fair Value	Total
Assicurazioni Generali	2,384	611	2,995	5,037	(2,384)	699	5,037	1,310	6,347
<b>Total Level 1</b>	<b>2,384</b>	<b>611</b>	<b>2,995</b>	<b>5,037</b>	<b>(2,384)</b>	<b>699</b>	<b>5,037</b>	<b>1,310</b>	<b>6,347</b>
Interporto di Rivalta Scrivia	575	-	575	-	-	-	575	-	575
Milano - Serravalle	60	174	234	51,784	-	-	51,844	174	52,018
<b>Total Level 3</b>	<b>635</b>	<b>174</b>	<b>809</b>	<b>51,784</b>	<b>-</b>	<b>-</b>	<b>52,419</b>	<b>174</b>	<b>52,593</b>
<b>Total</b>	<b>3,019</b>	<b>785</b>	<b>3,804</b>	<b>56,821</b>	<b>(2,384)</b>	<b>699</b>	<b>57,456</b>	<b>1,484</b>	<b>58,940</b>

**Fair value measurement hierarchy**

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

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

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

The changes made during the period are attributable to:

- the increases deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A.;
- the sale of 205,000 shares of Assicurazioni Generali S.p.A. for an overall amount equal to EUR 3.7 million, leading to a capital gain<sup>1</sup> equal to EUR 1.3 million;
- the adjustment of the equity investments at fair value (based on the market listings) with contra-item “shareholders' equity” for EUR 0.7 thousand.

As shown by the above table, as at 31 December 2019 the value of “other equity investments” included an amount equal to EUR 1.5 million pertaining to their positive adjustment to fair value (EUR 0.8 million as at 31 December 2018).

The main figures relating to equity investments in other businesses are shown below:

Investee Company	Registered office	Share capital	No. of Shares (Stakes)	Shareholders' Equity	Profit/(loss)	Financial statements data as at	% of equity investment
Assicurazioni Generali S.p.A.	Trieste – Piazza Duca degli Abruzzi 2	1,569,773	1,569,773,403	15,078,904	1,514,628	31/12/2019	0.02%
Interporto Rivalta Scrivia S.p.A. <sup>(1)</sup>	Rivalta Scrivia (AL) - Strada Savonesa 12/16	11,848	22,785,000	82,957	977	31/12/2018	4.34%
Milano Serravalle-Milano Tangenziali S.p.A. <sup>(1)</sup>	Assago Milanofiori (MI) - Via del Bosco Rinnovato 4/A	93,600	180,000,000	541,599	57,833	31/12/2018	10.70%

<sup>(1)</sup> Annual financial statements prepared in accordance with national/OIC accounting standards.

Information about the performance of the subsidiaries, associated companies and the main income and financial data of those companies is shown in the Management Report and in the Explanatory Notes to the Consolidated Financial Statements.

<sup>1</sup> This capital gain complies with the provisions of IFRS 9 and is recognised in the shareholders' equity, in the “retained earnings”.

**3.d – Other non-current financial assets**

This item, equal to EUR 1,578,597 thousand (EUR 43,006 thousand as at 31 December 2018) is formed as follows:

	31 December 2019	31 December 2018
Loans	1,563,417	43,006
Other financial assets	15,180	-
<b>Total</b>	<b>1,578,597</b>	<b>43,006</b>

The item “*loans*” - equal to a total of EUR 1,563,417 thousand (EUR 43,006 thousand as at 31 December 2018) - includes the financial receivables that ASTM S.p.A. is owed, essentially due to the merger by incorporation of SIAS S.p.A., by some subsidiaries and associated companies following the transfer to them—through specific intercompany loan agreements—of the cash from the funding collected by the acquiree SIAS S.p.A. through (i) the issue of bond loans relative to the EMTN programme and (ii) the subscription of short and medium- and long-term loan agreements (Note 12).

The changes in the period, with evidence of the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. in the “*merger*” column, were as follows:

	31 December 2018	Merger	Disbursements/Increases	Reclassification	Transfers to current portion	Interest/Other changes	31 December 2019
SALT p.A.	-	598,930	-	-	(450,000)	722	149,652
SATAP S.p.A.	-	890,709	-	-	(85,000)	820	806,529
SAV S.p.A.	-	46,530	-	-	(6,667)	44	39,907
Autostrada dei Fiori S.p.A.	-	189,462	-	-	-	97	189,559
Tangenziale Esterna S.p.A.	-	87,001	-	9,915	-	6,870	103,786
Autostrada Asti-Cuneo S.p.A.	-	49,988	50,000	-	(50,000)	(22)	49,966
IGLI S.p.A.	42,900	28,600	-	-	-	-	71,500
Società di Progetto Autovia Padana S.p.A.	-	141,424	11,000	-	-	(12)	152,412
Edilrovaccio S.r.l. in liquidation	106	-	-	-	-	-	106
<b>Total loans</b>	<b>43,006</b>	<b>2,032,644</b>	<b>61,000</b>	<b>9,915</b>	<b>(591,667)</b>	<b>8,519</b>	<b>1,563,417</b>

In particular:

- Receivable due from SALT p.A.: this refers solely to the loan disbursed in 2014 relative to the “2014-2024 bond loan”. This loan will mature on 11 February 2024, at the same time as said bond loan.
- Receivables due from SATAP S.p.A.: these refer (i) for EUR 547.8 million to the loan, disbursed in 2018, relative to the “2018-2028 bond loan”. This loan will mature on 8 February 2028, at the same time as said bond loan; (ii) for EUR 119.7 million to the loan, disbursed in 2014, relative to the “2014-2024 bond loan”. This loan will mature on 11 February 2024, at the same time as said bond loan and (iii) for EUR 139 million to loans disbursed relative to BEI, Mediobanca, Unicredit and UBI funding; the latter are reimbursed according to an amortisation plan with continual six-monthly instalments between 15 June 2015 and 15 December 2024.
- Receivable due from SAV p.A.: this refers solely to the loan, disbursed in 2014, relative to the “2014-2024 bond loan”. This loan will mature on 11 February 2024, at the same time as said bond loan.
- Receivable due from Autostrada dei Fiori S.p.A.: this refers solely to the loan, disbursed in 2014, relative to the “2014-2024 bond loan”. This loan will mature on 11 February 2024, at the same time as said bond loan.
- Receivable due from Tangenziale Esterna S.p.A: this refers to the interest-bearing loan granted to Tangenziale Esterna S.p.A, inclusive of interest accrued as at 31 December 2019 (for a total of EUR 33.6 million). The changes made during the period are attributable to the aforementioned effects deriving from the merger, to the reclassification from the item “*other financial assets*” following the completion—in January 2019—of the

additional purchases of parts of the Tangenziale Esterna S.p.A. loan (EUR 9.9 million) by Autostrade Lombarde S.p.A. and, for the remainder, partly to the interest accrued in the period and partly to the effect of application of amortised cost (EUR 6.9 million).

- Receivables due from Asti Cuneo S.p.A.: this refers to two loans disbursed during the period for a total EUR 50 million relative to two loan contracts signed by ASTM S.p.A. with Banca Popolare di Milano (EUR 30 million disbursed on 30 April 2019 and EUR 20 million disbursed on 5 June 2019).
- Receivable due from IGLI S.p.A.: this refers to the loan equal to EUR 71.5 million disbursed during previous financial years.
- Receivables due from Società di Progetto Autovia Padana S.p.A.: this refers to the loan equal to EUR 152.4 million, of which EUR 11 million disbursed during the 2019 financial year.
- Receivables due from Edilrovaccio S.r.l. in liquidation: this refers to the loan for EUR 0.1 million disbursed during previous financial years.

The financial receivables for 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., in addition to the related interest, were pledged in favour of the respective lending parties that provided the funding to ASTM S.p.A.

The above-mentioned loans are interest-bearing, on the basis of the contractual conditions agreed by the parties, with the exception of those disbursed to the subsidiary IGLI S.p.A. and to the associated company Edilrovaccio S.r.l. in liquidation, which are not interest-bearing.

The item *“other financial assets”* amounted to EUR 15.2 million as at 31 December 2019 (EUR zero thousand as at 31 December 2018) and includes (i) the asset recognised in light of the purchase of shares in Tangenziale Esterna S.p.A. (EUR 3.6 million) from Itinera S.p.A. with a payable recognised for the same amount as a contra-entry and (ii) the Pharus Sicav investment fund, subscribed in previous years as a cash investment (EUR 11.6 million).

The changes in the period, with evidence of the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. in the *“merger”* column, were as follows:

	31 December 2018	Merger	Increases	Reclassification	Adjustment to fair value	31 December 2019
Investment funds	-	9,914	-	-	1,645	11,559
Assets for TE and TEM shares purchase	-	14,565	-	(14,565)	-	-
Assets for TE loan portion purchase	-	9,915	-	(9,915)	-	-
Assets for TE shares purchases	-	-	3,621	-	-	3,621
<b>Other financial assets</b>	-	<b>34,394</b>	<b>3,621</b>	<b>(24,480)</b>	<b>1,645</b>	<b>15,180</b>

In particular:

- the reclassification to the item *“equity investments in associated companies”* of the additional shares of Tangenziale Esterna S.p.A. (EUR -13 million) and of Tangenziali Esterne di Milano (EUR -1.6 million) following the completion of the purchase in January 2019 by Autostrade Lombarde S.p.A.,
- the reclassification to the item *“loans”* of the portion of the Tangenziale Esterna S.p.A. loan (EUR -9.9 million) following the completion of the purchase in January 2019 by Autostrade Lombarde S.p.A.,
- the ascertainment of the purchase of Tangenziale Esterna S.p.A. shares by Itinera S.p.A. (EUR +3.6 million),
- the adjustment to fair value as at 31 December 2019 of the Pharus Sicav investment fund (EUR 1.6 million).

#### Note 4 – Deferred tax credits

This item totalled EUR 5,900 thousand (EUR 3,226 thousand as at 31 December 2018). For the breakdown and changes to this item, please refer to Note 24 – Income taxes.

#### Note 5 – Trade receivables

This item, equal to EUR 3,532 thousand (EUR 2,187 thousand as at 31 December 2018), mainly relates to recharges of costs for consulting services to Itinera S.p.A. (EUR 1.8 million), to Società Autostrada Ligure Toscana p.A. (EUR 0.3 million), to SINA S.p.A. (EUR 0.3 million) and to IGLI S.p.A. (EUR 0.3 million).

#### Note 6 – Current tax assets

This item, equal to EUR 10,441 thousand (EUR 225,000 as at 31 December 2018) relates (i) for EUR 5.5 million to the corporate income tax (IRES) receivable (relating to the request for reimbursement presented by the acquiree SIAS S.p.A. as consolidating company pursuant to art. 2, paragraph 1-*quater* of Decree Law no. 201 of 6 December 2011), (ii) for EUR 4 million, to receivables due from advance corporate income tax (IRES) and regional production tax (IRAP) payments and (iii) for EUR 0.8 million to the receivable due from the treasury for VAT.

#### Note 7 – Other receivables

This item can be broken down as follows:

	31 December 2019	31 December 2018
receivables from parent companies	1,512	859
receivables from subsidiaries	12,965	513
receivables from subsidiaries of the parent company from others	47	-
	2,193	77
<b>Total</b>	<b>16,717</b>	<b>1,449</b>

The changes to other receivables is mainly attributable to the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A.

“*Receivables due from parent companies*”, equal to EUR 1.5 million, essentially refer to the receivable due from the parent company Aurelia S.r.l. arising from the tax consolidation procedure by that parent company (EUR 0.9 million as at 31 December 2018); the procedure was interrupted by the Company in September 2018, with effect as of 1 January 2018. The increase during the period is essentially attributable to the higher receivable identified with reference to 2014 following the presentation of the specific supplementary declaration.

“*Receivables from subsidiaries*” mainly refer to the receivables deriving from the previous tax consolidation by the acquiree SIAS S.p.A. and continued without interruption by the acquirer ASTM S.p.A. following the favourable outcome of the tax clearance application submitted to the Financial Administration (EUR 6.9 million from Società Autostrada Ligure Toscana p.A., EUR 3.5 million from SATAP S.p.A. and EUR 0.7 million from Società di Progetto Autovia Padana S.p.A.).

**Note 8 – Other current financial assets**

This item amounts to EUR 733,380 thousand (EUR zero thousand as at 31 December 2018). The breakdown and changes during the period are shown below, with the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. shown in the column “merger”:

	31 December 2018	Changes					31 December 2019
		Merger	New disbursements	Reimbursements	Transfers from non- current portion	Amortised cost and other changes	
SALT p.A.	-	9,246	-	-	450,000	(303)	458,943
SATAP S.p.A.	-	58,847	-	(35,000)	85,000	(17)	108,830
SAV S.p.A.	-	7,988	-	(6,667)	6,667	3	7,991
Autostrada dei Fiori S.p.A.	-	6,325	-	-	-	1	6,326
Autostrada Asti-Cuneo S.p.A. Società di Progetto Autovia Padana S.p.A.	-	150,008	100,000	(150,000)	50,000	498	150,506
ATIVA Immobiliare S.p.A.	-	281	-	-	-	1	282
ATIVA Immobiliare S.p.A.	-	502	-	-	-	-	502
<b>Total</b>	-	<b>233,197</b>	<b>100,000</b>	<b>(191,667)</b>	<b>591,667</b>	<b>183</b>	<b>733,380</b>

The above-mentioned loans are interest-bearing, on the basis of the contractual conditions agreed by the parties.

**Note 9 – Cash and cash equivalents**

These consist of:

	31 December 2019	31 December 2018
Bank and postal deposits	38,052	529
Cash and cash equivalents on hand	5	2
<b>Total</b>	<b>38,057</b>	<b>531</b>

The contribution deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. with reference to “Cash and cash equivalents” is attributable, for EUR 44,609 thousand, to the cash funds deriving from the acquiree SIAS S.p.A. For details of the changes, please see the cash flow statement.

## Note 10 – Shareholders' equity

### 10.1 – Share capital

As at 31 December 2019, the share capital consisted of 140,514,895 ordinary shares (98,998,600 ordinary shares as at 31 December 2018) without nominal value, for a total amount of EUR 70,257 thousand (EUR 49,499 thousand as at 31 December 2018), entirely subscribed and paid in. Following the completion of the merger by incorporation of SIAS S.p.A. into ASTM S.p.A., approved by the extraordinary shareholders' meetings of those companies on 16 October 2019 (resolutions recorded on 17 October 2019 at the Turin Register of Companies) and taking effect on 31 December 2019, a total 41,516,295 ASTM shares were issued - in favour of SIAS shareholders other than ASTM - to service the exchange, for a capital increase equal to EUR 20,758 thousand. As a result of the aforementioned increase, the share capital of ASTM amounts to EUR 70,257 thousand.

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

Pursuant to IAS 1 and IAS 32, the nominal value of treasury shares is posted as an adjustment to the share capital. The balance as at 31 December 2019 is provided in the table below:

	No. of shares	Nominal value (in EUR)	% of the share capital	Average unit value (in EUR)	Total countervalue (thousands of EUR)
<b>31 December 2018</b>	<b>7,590,703</b>	<b>3,795,352</b>	<b>7.67%</b> <sup>(1)</sup>	<b>12.00</b>	<b>91,076</b>
Purchases	203,325	101,663	0.145% <sup>(2)</sup>	25.91	5,268
<b>31 December 2019</b>	<b>7,794,028</b>	<b>3,897,014</b>	<b>5.547%</b>	<b>12.36</b>	<b>96,344</b>

<sup>(1)</sup> Percentage on the capital before increase

<sup>(2)</sup> Percentage on the capital after increase

With regard to the above-mentioned aspects, the share capital as at 31 December 2019 is as follows (amounts in thousands of EUR):

<b>Share capital</b>	<b>70,257</b>
Treasury shares held	(3,897)
<b>"Adjusted" share capital</b>	<b>66,360</b>

### 10.2 – Reserves

#### 10.2.1 – Share premium reserve

This item totalled EUR 147,361 thousand and was unchanged from 31 December 2018.

#### 10.2.2 – Revaluation reserves

This item totalled EUR 9,325 thousand (EUR 9,325 thousand as at 31 December 2018).

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

#### 10.2.3 – Legal reserve

This item totalled EUR 10,538 thousand (EUR 10,538 thousand as at 31 December 2018).

10.2.4 – Merger excess

As at 31 December 2019, this item totalled EUR 699,497 thousand and includes the effects of said merger transaction and related capital increase. See the section “Merger of SIAS S.p.A. into ASTM S.p.A.” for details. This item includes, for EUR 5,434 thousand, the revaluation reserve present in the shareholders' equity of the acquiree SIAS and reconstituted pursuant to art. 172, paragraph 5 of the Consolidated Law on Income Tax (TUIR). The revaluation reserve, in the event of distribution, will constitute income for the Company and the Shareholders.

10.2.5 – Reserve for the purchase of treasury shares

This “unavailable” reserve was created to purchase treasury shares, in execution of Shareholders’ Meetings resolutions. It totalled EUR 96,344 thousand (EUR 91,076 thousand as at 31 December 2018). This reserve was constituted by reclassifying the item “Retained earnings”. The change during the year refers to the purchase of additional treasury shares.

10.2.6 – Purchased treasury shares

This item represents the contra-item paid to purchase treasury shares. As illustrated in the “Valuation criteria”, this amount, totalling EUR 92,447 thousand, adjusts the shareholders’ equity reserves (net of the nominal value of treasury shares, amounting to EUR 3,897 thousand, which is deducted directly from the “share capital”).

10.2.7 – Reserve for revaluation at fair value

This item was established and moved as a direct contra-entry to the fair value measurement of the financial assets classed as “Equity investments in other businesses”. As at 31 December 2019 the reserve was positive for EUR 1,481 thousand (positive for EUR 780,000 as at 31 December 2018). For the changes to this item, refer above to Note 3.c. “Equity investments in other businesses”.

10.2.8 – Capital reserves

This item totalled EUR 34,059 thousand and was unchanged from 31 December 2018.

10.2.9 – Reserve for discounting Employee Severance Indemnity

This item includes the actuarial profit and loss relating to the Employee Severance Indemnity. As at 31 December 2019, this item showed a negative balance equal to EUR 67,000 (positive balance of EUR 10,000 as at 31 December 2018).

10.2.10 – Retained earnings

As at 31 December 2019, this item amounted to EUR 1,494,533 thousand (EUR 1,545,068 thousand as at 31 December 2018). The changes during the year—decrease of EUR 50.5 million—are the result of (i) the dividend distribution by the acquiree SIAS (EUR -46.6 million), (ii) the capital gain, made following the sale of the equity investments held in Assicurazioni Generali S.p.A. and Mediobanca S.p.A. and other changes (EUR +1.3 million) classed, pursuant to IFRS 9, in that item and (iii) the purchase of treasury shares and the consequent reclassification to “Reserve for the purchase of treasury shares” (EUR -5.3 million).

10.3 – Profit (loss) for the year

This item refers to profit/loss for the period equal to EUR 167,771 thousand (EUR 48,704 thousand in 2018).



The table below highlights the analysis of the “nature, possibility of use and distribution of Shareholders' Equity items” as at 31 December 2019, in addition to their possible drawdown in the last three years.

Nature and description of Shareholders' Equity items	31/12/2019	Possibility of use	Quota available	Drawdowns in the last three years
<b>Share capital</b>	66,360	(1)		
Share premium reserve	147,361	B		
Revaluation reserves	9,325	A, B, C (2)	9,325	
Capital reserves	34,059	A, B, C	34,059	
Legal reserve	10,538	B		
Reserve for the purchase of treasury shares	3,897	(3)		
Merger excess	699,497	B (4)		
- Retained earnings (losses)	1,494,533	A, B, C	1,494,534 (2)	
- Reserve for revaluation at fair value and discounting effect of Employee Severance Indemnity	1,414			
	<b>Total quota available</b>		<b>1,537,918</b>	
	Quota that cannot be distributed		-	
	<b>Residual quota that can be distributed</b>		<b>1,537,918</b>	

Key:

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

(1) Net of the nominal value of treasury shares in portfolio (equal to EUR 3,897 thousand).

(2) In the case of distribution to shareholders, these reserves are subject to a tax charge in compliance with the individual reference law. Any distribution will also be subordinate to compliance with the provisions of Art. 2445, paragraphs 2 and 3 of the Italian Civil Code.

(3) This is the residual amount of the reserve, consequent to the purchase of treasury shares (since the nominal value of the treasury shares in portfolio decreased the share capital).

(4) The amount of the merger excess includes for EUR 5.4 million the amount of the revaluation reserve posted to the financial statements of SIAS S.p.A.

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

	31 December 2019	31 December 2018
Other provisions	1,929	1,198
Employee benefits	764	378
<b>Total provisions for risks and charges and employee benefits</b>	<b>2,693</b>	<b>1,576</b>

### 11.1 – Provisions for risks and charges

The item “other provisions” equal to EUR 1.9 million refers to the presumed amounts of the bonuses related to the “managerial incentive system”. The changes made during the year are the result of (i) the increase deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. (EUR +1.1 million), (ii) the use of provisions allocated in the previous year following their disbursement (EUR -2.3 million) and (iii) the allocation of the estimated incentives pertaining to the 2019 financial year (EUR +1.9 million).

### 11.2 – Employee benefits

As at 31 December 2019, this item totalled EUR 764 thousand (EUR 378 thousand as at 31 December 2018). Changes during the period were as follows:

<b>1 January 2019</b>	<b>378</b>
Increases from merger	255
Period contributions(*)	137
Indemnities advanced/liquidated during the period	(62)
Transfers and other changes	56
<b>31 December 2019</b>	<b>764</b>

(\*) inclusive of the actuarial losses posted to the statement of comprehensive income equal to EUR 77,000

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	1.04% <sup>(1)</sup>
Annual inflation rate	1.20%
Annual rate of increase in severance pay	2.400%
Annual rate of salary increases	From 1.00% to 2.50%

**Demographic assumptions**

Mortality	RG 48 tables
Disability	INPS tables by age and gender
Retirement age	100% of requirements met
% of frequency of advances	1%
Revenues	3.00%

<sup>(1)</sup> In line with the requirements of the Order of Actuaries, the discounting process used the annual rate deriving from the *iBoxx Euro Corporate Bond index with "A" rating* as per the previous financial year, since it is considered most representative of the reality in which the Company operates. If the Company had used the *iBoxx Euro Corporate Bond index with "AA" rating*, the payable for the "employee benefits" would be lower than around EUR 19,000, with an effect on the shareholders' equity equal to around EUR 14,000 net of the related tax effect.

**Note 12 – Bank debt (non-current)**

As at 31 December 2019, this item totalled EUR 673,069 thousand (EUR 34,991 thousand as at 31 December 2018). The changes compared to the previous financial year are shown below:

	31 December 2018	Changes					31 December 2019
		Merger	Disbursements	Reimbursements	Transfers to current portion	Net accruals and deferrals	
Bank debt (non-current)	<b>34,991</b>	369,602	395,099	(35,000)	(91,667)	44	<b>673,069</b>

The tables below show medium-term bank debt as at 31 December 2019 and as at 31 December 2018, indicating the related balance due (current and non-current portion) and summarising the principal conditions applied to each liability.

Lending bank	Holding/Intercompany Loan <sup>(1)</sup>	Maturity	Initial amount	Interest rate	Balance as at 31 December 2019	Within 1 year	1 to 5 years	Beyond 5 years
Unicredit Pool	ASTM	28/06/2024	199,099	Variable	199,099	-	199,099	-
Unicredit Pool	ASTM	28/06/2024	35,000	Variable	35,000	-	35,000	-
BPM	ASTM	14/11/2024	50,000	Variable	50,000	-	50,000	-
BPM	ASTM	14/11/2024	50,000	Variable	50,000	-	50,000	-
CAIXA	Asti Cuneo	01/11/2020	50,000	Variable	50,000	50,000	-	-
BPM	Asti Cuneo	30/04/2021	30,000	Variable	30,000	-	30,000	-
BPM	Asti Cuneo	30/04/2021	20,000	Variable	20,000	-	20,000	-
BNL	Asti Cuneo	16/06/2020	50,000	Variable	50,000	50,000	-	-
UBI	Asti Cuneo	30/06/2020	50,000	Variable	50,000	50,000	-	-
Unicredit Intesa Cariparma pool	Autovia Padana	15/12/2033	137,000	IRS	137,000	-	7,672	129,328
Unicredit Intesa Cariparma pool	Autovia Padana	15/12/2033	6,000	Variable	6,000	-	336	5,664
Unicredit Intesa Cariparma pool	Autovia Padana	15/12/2033	6,000	Variable	6,000	-	336	5,664
Unicredit Intesa Cariparma pool	Autovia Padana	15/12/2033	5,000	Variable	5,000	-	280	4,720
Mediobanca, UniCredit and UBI (BEI funding)	SATAP	15/12/2024	24,500	Variable	17,500	3,500	14,000	-
Mediobanca, UniCredit and UBI	SATAP	15/12/2024	143,500	Variable/IRS	102,500	20,500	82,000	-
BEI	SATAP	15/12/2024	77,000	Variable	55,000	11,000	44,000	-
BEI	SAV	15/12/2020	25,000	IRS	4,167	4,167	-	-
Mediobanca, UniCredit and UBI (BEI funding)	SAV	15/12/2020	15,000	IRS	2,500	2,500	-	-
				<i>Total</i>	<i>869,766</i>	<i>191,667</i>	<i>532,723</i>	<i>145,376</i>
				<i>Net accruals and deferrals</i>	<i>(5,140)</i>	<i>(110)</i>	<i>(3,520)</i>	<i>(1,510)</i>
				<b>Total</b>	<b>864,626</b>	<b>191,557</b>	<b>529,203</b>	<b>143,866</b>
<b>Total bank debt (non-current)</b>							<b>673,069</b>	

<sup>(1)</sup> Company to which the cash from the subscription of the bank loan was transferred—through specific intercompany loan agreements.

Almost all the medium- and long-term loan contracts in place as at 31 December 2019 require compliance with certain economic and financial parameters (covenants) that are normal for loans of this type. These parameters, up to 31 December 2019, were met.

Lending bank	Due date	Initial amount	Interest rate	Currency	Balance as at 31 December 2018	Term		
						Within 1 year	1 to 5 years	Beyond 5 years
Unicredit	31/01/2020	35,000	Variable	EUR	35,000	-	35,000	-
			Accruals and deferrals		(9)	-	(9)	-
<b>Total bank debt</b>					<b>34,991</b>	-	<b>34,991</b>	-

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

This item amounts to EUR 1,041,270 thousand (EUR zero thousand as at 31 December 2018). The breakdown and changes during the period are shown below, with the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. shown in the column “merger”:

	31 December 2018	Merger	Reimbursements	Transfers to current portion	Interest, amortised cost and other changes	31 December 2019
2010-2020 bond loan	-	498,323	-	(498,323)	-	-
2014-2024 bond loan	-	497,113	-	-	525	497,638
2018-2028 bond loan	-	541,747	-	-	843	542,590
Other financial liabilities	-	-	-	-	1,042	1,042
<b>Total</b>	-	<b>1,537,183</b>	-	<b>(498,323)</b>	<b>2,410</b>	<b>1,041,270</b>

The item “2010-2020 bond loan” referred to the “liability component” of the bond loan for EUR 500 million issued by SIAS in October 2010, traded on the Irish Stock Exchange. In these financial statements - given that maturity is envisaged on 26 October 2020 - the “liability component” of said bond loan has been reclassified in the item “other current financial liabilities”.

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 IFRS, 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 100,000 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 IFRS, 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 financial liabilities” includes the effects deriving from the application as of 1 January 2019 of the new IFRS 16 - Leases, relating to the non-current portion of the financial liability. On the basis of the provisions of IFRS 16, the lease contracts payable (which do not constitute the provisions of services) are accounted for by posted a financial liability to the equity-financial position, represented by the present value of future lease payments, against the posting of the right of use of the leased asset to the assets.

#### Note 14 – Deferred tax liabilities

This item totalled EUR 2,000 (EUR 2,000 as at 31 December 2018). For the breakdown of this item, please refer to Note 24 – Income taxes.

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

Trade payables totalled EUR 11,486 thousand (EUR 1,673 thousand as at 31 December 2018).

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

As at 31 December 2019, this item totalled EUR 19,379 thousand (EUR 1,525 thousand as at 31 December 2018). The breakdown and changes during the financial year are shown below:

	31 December 2018	Changes			31 December 2019	
		Merger	Execution of ISP agreements	TE shares option increases/(decreases)		Other net increases/(decreases)
Payables to parent companies	19				(19)	-
Payables to subsidiaries	447	10,300		3,623	(616)	13,754
Payables to welfare organisations	222	250			171	643
Other payables	837	62,678	(59,203)		670	4,982
<b>Total</b>	<b>1,525</b>	<b>73,228</b>	<b>(59,203)</b>	<b>3,623</b>	<b>206</b>	<b>19,379</b>

The item “Merger” included, as at 31 December 2018, a balance equal to EUR 59.2 million related to the effects deriving from the agreements to separate the respective investments in “Sistema Tangenziale Esterna – Bre.Be.Mi.” signed by SIAS S.p.A. and Intesa SanPaolo S.p.A. To that end, in January 2019, the existing payables as at 31 December 2018 were settled related to (i) the purchase from Autostrade Lombarde S.p.A. of Tangenziale Esterna S.p.A. shares for an overall value equal to EUR 13 million, (ii) the purchase from Autostrade Lombarde S.p.A. of Tangenziali Esterne di Milano S.p.A. shares for an overall value equal to EUR 1.6 million, (iii) the purchase from Autostrade Lombarde S.p.A. of a portion of the loan (and interest) of Tangenziale Esterna S.p.A. for an overall value equal to EUR 9.9 million, (iv) the purchase from Intesa SanPaolo S.p.A. of the loans and related interest of Tangenziale Esterna S.p.A. for an overall value of EUR 18.4 million, (v) the purchase from Intesa SanPaolo of the equity investments of Tangenziale Esterna S.p.A. and Tangenziali Esterne di Milano S.p.A. for an overall value equal to EUR 16.3 million. These effects - as a whole equal to EUR 59.2 million - are posted to the column “Execution of ISP agreements”.

The “payables to subsidiaries” equal to EUR 13.8 million are mainly attributable for (i) EUR 2.2 million to the payable due to the subsidiary Itinera Infraestructura and Concessions Inc for payment of the share capital (paid in January 2020), (ii) for EUR 7.3 million to the payable due for the previous tax consolidation by the acquiree SIAS S.p.A. and continued without interruption by ASTM S.p.A. as illustrated above (prevalently for EUR 2.5 million to Società Autostrada Ligure Toscana p.A.,

EUR 2 million to SAV S.p.A., EUR 1.2 million to Autostrada dei Fiori S.p.A. and EUR 1 million to SATAP S.p.A.) and (iii) for EUR 3.6 million to the payable due to Itinera for the purchase of additional shares of Tangenziale Esterna S.p.A.

The item “*other payables*” mainly includes the payables due to shareholders for dividends to be paid (EUR 388,000), payables due to employees (EUR 1.6 million) and accrued expense and deferred income (EUR 1.3 million).

### Note 17 – Bank debt (current)

As at 31 December 2019, this item totalled EUR 191,557 thousand (EUR 20,569 thousand as at 31 December 2018). The changes compared to the previous financial year are shown below:

	31 December 2018	Merger	Disbursements	Reimbursements	Transfers from non- current portion	Net accruals and deferrals	31 December 2019
Current account overdrafts	20,569	-	-	(20,569)	-	-	-
Bank debt for loans	-	191,525	100,000	(191,666)	91,667	31	191,557
<b>Total</b>	<b>20,569</b>	<b>191,525</b>	<b>100,000</b>	<b>(212,235)</b>	<b>91,667</b>	<b>31</b>	<b>191,557</b>

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

This item amounts to EUR 751,406 thousand (EUR zero thousand as at 31 December 2018). The changes compared to the previous financial year are shown below, with evidence of the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. shown in the column “*merger*”:

	31 December 2018	Merger	Reimbursements	Transfers from non- current portion	Interest, amortised cost and other changes	31 December 2019
Payables for intercompany loan	-	222,253	(5,010)	-	7,664	224,907
2010-2020 bond loan	-	4,130	(4,130)	498,323	5,026	503,349
2014-2024 bond loan	-	14,887	(14,887)	-	14,887	14,887
2018-2028 bond loan	-	8,007	(8,007)	-	8,007	8,007
Other payables	-	37	-	-	219	256
<b>Total</b>	<b>-</b>	<b>249,314</b>	<b>(32,034)</b>	<b>498,323</b>	<b>35,803</b>	<b>751,406</b>

The item “*payables for intercompany loan*” refers to (i) the interest-bearing loan granted 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 2020 and (ii) the interest-bearing loan granted on 24 February 2016 by the subsidiary SATAP S.p.A. for an amount equal to EUR 160 million and maturing on 15 December 2020. Total interest has accrued on the loans disbursed by the subsidiaries SATAP S.p.A. and Autostrada dei Fiori S.p.A. equal to EUR 14.9 million.

The “*2010-2020 bond loan*” relates to the EUR 500 million bond loan issued in October 2010. The bonds issued have a minimum unit of EUR 50,000 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.

The bonds have the following features:

- 10-year duration, with maturity on 26 October 2020;
- coupon: 4.50% per year, gross;

- redemption: bonds will be redeemed upon maturity (26 October 2020) in a lump sum at par value.

This item refers for EUR 499.2 million to the “liability component” of the 2010-2020 bond loan, posted—in accordance with IAS 32 and IFRS 9—net of the charges incurred for its issue/listing and the issue discounts and for EUR 4.1 million to the payable due to the bondholders for the interest accrued as at 31 December 2019.

The items “2014-2024 bond loan” and “2018-2028 bond loan” refer to the payable to the bondholders for the interest accrued as at 31 December 2019.

The item “other payables” mainly includes the short-term quota of the payables due for leases pursuant to IFRS 16.

### **Note 19 – Current tax liabilities**

Current tax liabilities totalled EUR 1,424 thousand (EUR 735,000 as at 31 December 2018) and refer exclusively to liabilities for personal income tax (IRPEF) withholdings carried out as substitute tax.

## Explanatory notes – Information on the income statement

The revenue and expenditure items reflect as of 1 January 2019 the amounts deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. As a result, the economic data of the 2019 financial year are not directly comparable with 2018. In order to allow the effects of this change to be assessed, specific notes have been added below.

### Note 20 – Financial income and expenses

#### 20.1 – Financial income

This item breaks down as follows:

	2019	2018
<b>Income from equity investments:</b>		
- income from subsidiaries	149,682	55,294
- income from associated companies	1,043	-
- income from other businesses	496	179
<b>Total</b>	<b>151,221</b>	<b>55,473</b>

The item *“income from subsidiaries”* refers to the dividends paid, over the year, by SATAP S.p.A. (EUR 57.8 million), SALT p.A. (EUR 53.9 million), Sinelec S.p.A. (EUR 15.6 million), ATIVA S.p.A. (EUR 11.1 million), SAV S.p.A. (EUR 9.1 million) and SINA S.p.A. (EUR 2.2 million). In the previous financial year this item, for EUR 51.2 million, was attributable to the dividend collected by the acquiree SIAS S.p.A.

*“Income from associated companies”* refers to the dividends paid, over the year, by the associated company Road Link Holdings Ltd.

*“Income from other businesses”* refers to the dividends paid, over the year, by the company Assicurazioni Generali S.p.A. (EUR 0.5 million).

#### 20.2 – Other financial income

	2019	2018
<b>Interest income and other financial income</b>		
- from credit institutions	9	2
- from intercompany loans	87,766	-
- from financial assets and other	2,106	6
<b>Total</b>	<b>89,881</b>	<b>8</b>

The item income *“from credit institutions”* refers to the interest accrued, during the year, on the current accounts.

The item income *“from intercompany loans”* relates to the interest pertaining to the year accrued on the intercompany loans disbursed to the subsidiaries and associated companies. The changes in the item are attributable to the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. In fact, as is known, SIAS S.p.A. carried out funding activities through the issue of bond loans and the opening of loans and subsequent disbursements of intercompany loans to the subsidiaries. This change therefore corresponds to the same increase in the financial expenses.

The item income *“from financial assets and other”* mainly includes the fair value adjustment of the Pharus Sicav investment fund (EUR +1.6 million).

**20.3 – Interest and other financial expenses**

This item breaks down as follows:

	2019	2018
<b>Interest expense to credit institutions</b>		
- on loans	8,358	132
- on current account overdrafts	30	11
<b>Miscellaneous interest expense:</b>		
- from financial discounting	12	5
- from intercompany loans	7,676	-
- from 2010-2020 bond loan	23,396	-
- from 2014-2024 bond loan	17,400	-
- from 2018-2028 bond loan	9,780	-
- from rights of use contracts	46	-
<b>Other financial expenses:</b>		
- other financial expenses	1,652	84
<b>Total</b>	<b>68,350</b>	<b>232</b>

The changes to the items “*interest expense to credit institutions*”, “*miscellaneous interest expense*” and “*other financial expenses*” are substantially and exclusively attributable to the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A., in particular:

- the item interest expense “*on loans*” refers to the interest from the year accrued on the short-, medium- and long-term loans taken out by the Company;
- the interest expense “*from intercompany loans*” refers mainly to the interest accrued on the loans obtained by the subsidiary SATAP S.p.A. (EUR 5.8 million) and by the subsidiary Autostrada dei Fiori S.p.A. (EUR 1.9 million);
- the interest expense on the “*2010-2020 bond loan*” represents the expenses from the year related to the bond loan issued by the acquiree SIAS in October 2010;
- the interest expense on the “*2014-2024 bond loan*” represents the expenses from the year related to the bond loan issued by the acquiree SIAS in February 2014;
- the interest expense on the “*2018-2028 bond loan*” represents the expenses from the year related to the bond loan issued by the acquiree SIAS in February 2018;
- “*other financial expenses*” are attributable to expenses and other bank fees.

**Note 21 – Value adjustments of financial assets**

The item “*write-downs*” equal to EUR 71,000 refers (i) for EUR 4,000 to the write-down of Sistemi e Servizi S.c.ar.l. and (ii) for EUR 67,000 to the write-down of SIAS Parking S.r.l. in liquidation, in order to align the book value to the shareholders' equity of the final liquidation balance sheet as at 31 December 2019, a transaction concluded in February 2020 with the cancellation of the subsidiary from the Register of Companies.



**Note 22 – Other operating income**

This income breaks down as follows:

	2019	2018
Revenues from sales and services	5,480	480
Lease income	706	699
Re-debiting of costs and other income	2,739	1,849
<b>Total</b>	<b>8,925</b>	<b>3,028</b>

The item “*revenue from sales and services*” refers to the managerial consulting activity carried out in favour of the subsidiaries; the changes compared to the previous year are attributable to the incorporation of SIAS S.p.A.

The item “*re-debiting of costs and other income*” mainly refers to recharges of payroll costs.

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

This item can be broken down as follows:

	2019	2018
Salaries and wages	5,737	1,588
Social security contributions	1,522	464
Allocations to payroll provisions	459	170
Other costs	1,167	587
<b>Total</b>	<b>8,885</b>	<b>2,809</b>

The changes during the year, equal to EUR 6.1 million, are associated both to the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. and to the increase in the number of employees.

The following table shows the punctual composition and average employee staffing broken down by category:

**Punctual composition**

	Punctual composition of staff			2019
	2018	Increases from merger	Other changes	
Executives	8	10	1	19
Middle managers	2	6	3	11
Office workers	4	1	4	9
<b>Total</b>	<b>14</b>	<b>17</b>	<b>8</b>	<b>39</b>

**Average composition**

	Average composition of staff			2019
	2018	Increases from merger	Other changes	
Executives	7	7	4	18
Middle managers	3	5	3	10
Office workers	3	1	4	8
<b>Total</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>37</b>

Costs for services

This expense item breaks down as follows:

	2019	2018
Consulting	5,355	2,453
Compensation and reimbursements for Directors and Statutory Auditors	6,116	3,029
Other payroll costs	257	71
IT services	33	49
Expenses incurred on behalf of third parties	-	8
Other costs for services	1,878	935
<b>Total</b>	<b>13,639</b>	<b>6,545</b>

The changes in the item “costs for services” are mainly attributable to the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A.

Costs for raw materials

This item, equal to EUR 18,000 (EUR 3,000 in 2018), essentially refers to the costs for the purchase of low-value equipment, stationery and printers.

Other costs

This expense item breaks down as follows:

	2019	2018
Leases and rental expenses	113	102
Other operating expenses	4,542	873
<b>Total</b>	<b>4,655</b>	<b>975</b>

The changes to the item “other expenses not included in operating expenses” in EUR are essentially due to higher non-deductible VAT compared to 2018 (EUR +3 million).

Amortisation and depreciation and write-downs

This item breaks down as follows:

	2019	2018
<b>Intangible assets:</b>		
- Other intangible assets	9	45
<b>Tangible assets:</b>		
- Buildings	220	221
- Other assets	12	2
- Rights of use	232	-
<b>Total amortisation and depreciation</b>	<b>473</b>	<b>268</b>

“Rights of use” reflects the effects deriving from the first-time application of IFRS 16.

**Note 24 – Taxes**

This item can be broken down as follows:

	2019	2018
<b>Current taxes:</b>		
- Corporate income tax (IRES)	2,502	-
- Regional production tax (IRAP)	581	-
<b>Total</b>	<b>3,083</b>	<b>-</b>
<b>Taxes (prepaid)/deferred:</b>		
- Corporate income tax (IRES)	(57)	(442)
- Regional production tax (IRAP)	12	(26)
<b>Total</b>	<b>(45)</b>	<b>(468)</b>
<b>Taxes related to prior years</b>	<b>(16,452)</b>	<b>-</b>
<b>Income from tax consolidation</b>	<b>(421)</b>	<b>(559)</b>
<b>Total</b>	<b>(13,835)</b>	<b>(1,027)</b>

The taxes for the year are exclusively associated with the tax effect of the costs pertaining to the merger posted to shareholders' equity using the methods indicated by the accounting standards of reference.

The item *"taxes related to prior years"* essentially includes the effect of the supplementary declarations for the 2013-2018 financial years submitted following the positive outcome of the applications presented by the Company and by the acquiree SIAS S.p.A. to the Financial Administration with reference to the *"ACE"* deduction for 2018 (the *Aiuto alla Crescita Economica*, economic growth aid).

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 2019 and 2018.

Reconciliation between “effective” and “theoretical” rates (Corporate income tax (IRES)):

	2019		2018	
<b>Period income before taxes</b>	<b>153,936</b>		<b>47,677</b>	
<b>Effective income taxes (from financial statements)</b>	<b>2,445</b>	<b>1.59%</b>	<b>(442)</b>	<b>-0.93%</b>
<b>Lower taxes (compared to the theoretical rate):</b>				
- partially tax-exempt dividends	34,478	22.40%	12,648	26.53%
- other	321	0.21%	942	1.98%
<b>Higher taxes (compared to the theoretical rate):</b>				
- non-deductible write-downs	-	0.00%	-	0.00%
- effect of tax rate change	-	0.00%	-	-
- non-deductible expenses	(299)	-0.19%	(1,705)	-3.58%
<b>Theoretical income taxes</b>	<b>36,945</b>	<b>24.00%</b>	<b>11,443</b>	<b>24.00%</b>

\* \* \*

The following tables illustrate, for the year in question and for the 2018 financial year, the amount of income and deferred tax expenses (posted to the income statement) and deferred tax assets and liabilities (posted to the statement of financial position).

	2019	2018
<b>Deferred tax income related to: (*)</b>		
- taxes on tax loss	-	(1,874)
- prepaid tax allocation	(1,095)	(385)
<b>Total (A)</b>	<b>(1,095)</b>	<b>(2,259)</b>
<b>Deferred tax expenses related to: (*)</b>		
- reversal of deferred tax assets on the tax loss of the previous year	178	1,593
- reversal of other deferred tax assets	872	198
<b>Total (B)</b>	<b>1,050</b>	<b>1,791</b>
<b>Taxes (prepaid)/deferred (B) – (A)</b>	<b>(45)</b>	<b>(468)</b>

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

	31 December 2019	31 December 2018
<b>Deferred tax credits related to: (*)</b>		
- costs deductible for cash and other changes	3,874	1,021
- taxes on tax loss	2,026	2,205
<b>Total</b>	<b>5,900</b>	<b>3,226</b>
<b>Deferred tax liabilities related to: (*)</b>		
- valuation of financial assets at fair value	(2)	(2)
- other	-	-
<b>Total</b>	<b>(2)</b>	<b>(2)</b>

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

**Note 25 – Information on the cash flow statement**25.1 – Merger contribution

This item represents the cash deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A.

25.2 – Change in net working capital

	2019	2018
Trade and other receivables	(7,460)	(1,608)
Current tax assets	1,313	30
Current trade payables and other payables	(34,145)	1,213
Current tax liabilities	63	(38)
<b>Total</b>	<b>(40,229)</b>	<b>(403)</b>

25.3 – Other changes from operating activities

	2019	2018
Drawdown on Employee Severance Indemnity	(62)	(640)
Drawdown on other provisions and other changes	(2,293)	184
<b>Total</b>	<b>(2,355)</b>	<b>(456)</b>

**Note 26 – Significant non-recurring events and transactions**

Without prejudice to the effects deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. described in the previous section “Merger of SIAS S.p.A. into ASTM S.p.A.”, the 2019 financial year has not been influenced by significant non-recurring events and transactions—as defined by Consob Communication no. DEM/6064293<sup>1</sup>.

**Note 27 – Atypical and/or unusual transactions**

Pursuant to Consob Communication no. DEM/6064296 of 28 July 2006, in 2019 the Company did not carry out any atypical and/or unusual transactions, as defined in the Communication, according to which an atypical and/or unusual transaction is one for which the significance/materiality, nature of the counterparty, subject matter of the transaction, transfer pricing mechanism used and timing of the event (e.g. close to year end) could raise doubts about: the accuracy/completeness of information in the financial statements, conflict of interest, asset protection and the protection of minority interests.

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

## Other information

Information is shown below with regard to (i) the commitments undertaken by the Company, (ii) fair value measurement, (iii) financial risk management, (iv) fees paid to the Independent Auditors, (v) related-party transactions, (vi) Ecorodovias Infrastruttura e Logistica S.A. – IGLI S.p.A., (vii) information regarding the company that drafts the consolidated financial statements and (viii) public disbursement transparency disclosure. For information about the Company, “**Significant subsequent events**”, the “**Business outlook**” and the “**Allocation of profits**”, please see the “Management Report”.

### (i) Commitments undertaken by the Company

- ASTM S.p.A. issued a guarantee in favour of the Danish client *The Danish Road Directorate* on behalf of the subsidiary *Itinera S.p.A.* for works for the construction of the *Storstrøm Bridge* for a total amount of DKK 172 million (equal to EUR 23 million converted at the exchange rate of EUR 7.4715 as at 31 December 2019). This guarantee, issued for the good execution of the works, is reduced according to the progress of the works, subject to achievement of the milestones defined within the contract.
- On 3 December 2004, an “additional agreement” was signed between ANAS, ASTM S.p.A. and SATAP S.p.A. according to which—following the transfer to SATAP of the agreement for the “Turin-Milan” stretch—over time ASTM S.p.A. would maintain shareholding control of SATAP S.p.A. and would assume a guarantee towards ANAS S.p.A. equal to EUR 75.1 million, which corresponds to the value of the assets in the ASTM cash funds that are not included in the business segment being allocated, exceeding 10% of the shareholders’ equity of ASTM as stated in the financial statements as at 31 December 2004”.
- Initially, with regard to the agreements for the investment in “Sistema Tangenziale Esterna”, ASTM S.p.A. had 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, including of a tax nature. These guarantees were issued as autonomous first demand performance bonds, issued to Tangenziale Esterna S.p.A. on 8 April 2014. Over the course of 2019, ASTM consolidated the usufruct, becoming the holder of an additional 13,010,750 Tangenziale Esterna shares. As part of that same agreement, ASTM S.p.A. assumed the commitment as per the Equity Contribution Agreement, including the increase of the equity reserve guarantees up to an overall amount of EUR 20.7 million. This commitment in January 2019 increased by EUR 3.8 million following the purchase of additional Tangenziale Esterna S.p.A. shares held by *Autostrade Lombarde S.p.A.*
- The company provided guarantees to the Revenue Office—for a total amount of EUR 49.5 million—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 in compliance with IFRS 7, we specify the following:

**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 “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 values posted to the financial statements:

2010-2020 bond loan (amounts in millions of EUR)	31 December 2019
• value posted to the financial statements	503 <sup>(1)</sup>
• official market listing	518

<sup>(1)</sup> Payable: EUR 499 million + interest: EUR 4 million

The “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 values posted to the financial statements:

2014-2024 bond loan (amounts in millions of EUR)	31 December 2019
• value posted to the financial statements	513 <sup>(1)</sup>
• official market listing	551

<sup>(1)</sup> Payable: EUR 498 million + interest: EUR 15 million

The “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 values posted to the financial statements:

2018-2028 bond loan (amounts in millions of EUR)	31 December 2019
• value posted to the financial statements	551 <sup>(1)</sup>
• official market listing	551

<sup>(1)</sup> Payable: EUR 543 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, ASTM S.p.A. is potentially exposed to the following financial risks:

- “market risk” mainly from exposure to interest rate fluctuations;
- "credit risk" deriving from the exposure to potential losses arising from the failure of the counterparty to meet its obligations;
- “liquidity risk” from a lack of financial resources suitable for business operations and repayment of liabilities assumed in the past.

The risks cited above are broken down in detail below:

*Market risk*

As regards the risks connected to *interest rate fluctuations*, the strategy pursued by ASTM S.p.A. is intended to contain this risk through a careful monitoring of the performance of the financial markets and an adequate distribution, where possible, between the signing of fixed-rate loans and variable-rate loans.

With reference to exposure to interest rates, the financial indebtedness of ASTM S.p.A. as at 31 December 2019 is expressed for 73.09% at fixed rate, and for a quota equal to 26.91% at variable rate.

Taking into account the portion of fixed rate borrowings and the fact that the majority of any changes to the interest rates of the variable rate loans would be conversely reflected on the existing loan agreements with the subsidiaries, the “sensitivity analysis” related to the change 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 “credit standing” of the counterparty.

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

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

*Liquidity risk*

The "liquidity risk" is the risk that financial resources available may be insufficient to cover maturing obligations. ASTM S.p.A. believes that the flow of dividends deriving from investees, alongside the diversification of the financing sources and the cash funds of the credit lines, are guarantee that the scheduled financial requirements will be satisfied. The reimbursement of loans other than from the dividends is therefore guaranteed by the flows deriving from the subsidiaries and associated companies in receipt of the intercompany loans.

The table below show the breakdown of financial liabilities in place as at 31 December 2019 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 financial flows (**)		Maturity (*)					
			Within 1 year		2 to 5 years		Beyond 5 years	
	Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
Unicredit Pool	199,099	4,577	-	1,280	199,099	3,297	-	-
Unicredit Pool	35,000	805	-	225	35,000	580	-	-
BPM	50,000	1,968	-	459	50,000	1,509	-	-
CAIXA	50,000	179	50,000	179	-	-	-	-
BPM	30,000	228	-	168	30,000	60	-	-
BPM	20,000	152	-	112	20,000	40	-	-
BNL	50,000	241	50,000	241	-	-	-	-
UBI	50,000	114	50,000	114	-	-	-	-
BPM	50,000	1,968	-	459	50,000	1,509	-	-
Unicredit Intesa Cariparma pool	137,000	31,519	-	2,672	7,672	10,873	129,328	17,974
Unicredit Intesa Cariparma pool	6,000	1,380	-	117	336	476	5,664	787
Unicredit Intesa Cariparma pool	6,000	1,380	-	117	336	476	5,664	787
Unicredit Intesa Cariparma pool	5,000	1,151	-	98	280	397	4,720	656
Mediobanca, UniCredit and UBI (BEI funding)	17,500	795	3,500	254	14,000	541	-	-
Mediobanca, UniCredit and UBI	102,500	2,844	20,500	861	82,000	1,983	-	-
BEI	55,000	2,704	11,000	869	44,000	1,835	-	-
BEI	4,167	48	4,167	48	-	-	-	-
Mediobanca, UniCredit and UBI (BEI funding)	2,500	42	2,500	42	-	-	-	-
<b>Total loans</b>	<b>869,766</b>	<b>52,095</b>	<b>191,667</b>	<b>8,315</b>	<b>532,723</b>	<b>23,576</b>	<b>145,376</b>	<b>20,204</b>
2010-2020 bond loan	500,000	22,500	500,000	22,500	-	-	-	-
2014-2024 bond loan	500,000	84,375	-	16,875	500,000	67,500	-	-
2018-2028 bond loan	550,000	80,437	-	8,938	-	35,750	550,000	35,749
<b>Total bond loans</b>	<b>1,550,000</b>	<b>187,312</b>	<b>500,000</b>	<b>48,313</b>	<b>500,000</b>	<b>103,250</b>	<b>550,000</b>	<b>35,749</b>
Payables for IFRS 16 Leases loans	1,266	164	224	41	669	101	373	22
<b>Total financial liabilities</b>	<b>2,421,032</b>	<b>239,571</b>	<b>691,891</b>	<b>56,669</b>	<b>1,033,392</b>	<b>126,927</b>	<b>695,749</b>	<b>55,975</b>

The **credit lines** of ASTM 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 company.

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)* and *Note 18 – Other current financial liabilities*.

As at 31 December 2019 the “medium- and long-term loans” of the company were all disbursed, with the exception of a loan granted to ASTM S.p.A. by UniCredit S.p.A., Intesa SanPaolo S.p.A. and Cariparma S.p.A. for EUR 116 million intended for the payment of the costs for the construction of the first lot of the works related to the concession managed by the subsidiary Società di Progetto Autovia Padana S.p.A.

The total “available lines” as at 31 December 2019—set up mainly for revolving current account overdrafts—were equal to EUR 118.5 million.

In addition, ASTM S.p.A. was granted back-up committed facilities equal to EUR 50 million by CaixaBank S.A.

**(iv) Fees paid to the Independent Auditors**

In accordance with art. 149-*duodecies* of CONSOB Resolution no. 11971/99 (Issuers Regulation), the following fees relating to the period were paid to PricewaterhouseCoopers S.p.A. (auditor of ASTM S.p.A.) and to the companies belonging to the “network” of independent auditors for services provided to ASTM S.p.A. and to its subsidiaries.

Type of services	Parent Company <sup>(1)</sup>	Subsidiaries
<b>Auditing services</b>		
Auditing of the annual financial statements including verification of the accounts	23	568
Auditing of the consolidated financial statements	16	47
Limited audit of Interim Report as at 30 June	25	171
<b>Verifications services for issuing a certification</b>		
Opinion on the withdrawal, pursuant to Art. 2437-ter of the Italian Civil Code, as part of the merger with SIAS S.p.A. and the report on the pro-forma consolidated financial statements as part of the disclosure related to the admission to trading of the Company’s ordinary shares resulting from the merger	120	-
<b>Other services</b>		
Agreed auditing procedures of quarterly accounts as at 31 March and 30 September	4	14
Agreed audit procedures	14 <sup>(2)</sup>	129 <sup>(3)</sup>
<b>Total</b>	<b>202</b>	<b>929</b>

- (1) The fees of the parent company ASTM S.p.A. also include the amounts paid to the independent auditor with reference to the company SIAS S.p.A. merged by incorporation into ASTM S.p.A.
- (2) The fees pertaining to the Parent Company’s agreed audit procedures include the charges for the agreed audit procedures (Comfort letter) for the documentation required to prepare the EMTN Programme and other assets.
- (3) Agreed audit procedures pursuant to ISA 800 on the equity and economic situation as at 31 July 2019 of the subsidiary SALT p.A., agreed audit procedures “on the capital strength ratios” of the licensees, other agreed procedures and other activities.

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

The table below shows the commercial and financial income statement figures arising from related-party transactions.

## STATEMENT OF FINANCIAL POSITION:

<i>(amounts in thousands of EUR)</i>	31-dic-19	Parent companies	Subsidiaries of parent companies	Subsidiaries	Jointly controlled and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	% IMPACT ON FINANCIAL STATEMENT ITEMS
<b>Assets</b>								
<b>Non-current assets</b>								
Intangible assets								
Tangible assets								
property, plant, machinery and other assets	6,052	-	-	-	-	-	-	0%
rights of use	1,249	-	1,008	-	-	-	1,008	81%
Non-current financial assets								
equity investments in subsidiaries	2,537,631	-	-	-	-	-	-	-
equity investments in jointly controlled entities and in associated companies	336,545	-	-	-	-	-	-	-
equity investments in other businesses	58,940	-	-	-	-	-	-	-
other non-current financial assets	1,578,597	-	-	1,459,525	103,892	-	1,563,417	99%
<b>Total non-current financial assets</b>	<b>4,511,713</b>							
Deferred tax credits	5,900	-	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>4,524,914</b>							
<b>Current assets</b>								
Inventories								
Trade receivables	3,532	98	-	3,375	4	-	3,477	98.4%
Current tax assets	10,441	-	-	-	-	-	-	0%
Other receivables	16,717	1,512	54	12,965	485	-	15,016	89.8%
Other current financial assets	733,380	-	-	732,878	502	-	733,380	100.0%
<b>Total current assets</b>	<b>764,070</b>							
Cash and cash equivalents	38,057	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>802,127</b>							
<b>Total assets</b>	<b>5,327,041</b>							
<b>Shareholders' equity and liabilities</b>								
<b>Shareholders' equity</b>								
Shareholders' equity								
share capital	66,360	-	-	-	-	-	-	-
reserves and earnings	2,568,395	-	-	-	-	-	-	-
<b>Total shareholders' equity</b>	<b>2,634,755</b>							
<b>Liabilities</b>								
<b>Non-current liabilities</b>								
Provisions for risks and charges and employee benefits	2,693	-	-	-	-	1,148	1,148	42.6%
Bank debt	673,069	-	-	-	-	-	-	0%
Other financial liabilities	1,041,270	-	906	-	-	-	906	0.1%
Deferred tax liabilities	2	-	-	-	-	-	-	0.0%
<b>Total non-current liabilities</b>	<b>1,717,034</b>							
<b>Current liabilities</b>								
Trade payables	11,486	-	15	174	25	-	214	1.9%
Other payables	19,379	-	-	15,097	-	1,552	16,649	85.9%
Bank debt	191,557	-	-	-	-	-	-	0%
Other financial liabilities	751,406	-	121	224,907	-	-	225,028	29.9%
Current tax liabilities	1,424	-	-	-	-	-	-	0.0%
<b>Total current liabilities</b>	<b>975,252</b>							
<b>Total liabilities</b>	<b>2,692,286</b>							
<b>Total shareholders' equity and liabilities</b>	<b>5,327,041</b>							

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

In particular, the main relationships with subsidiaries, associated companies, parent companies and with companies subject to control of the latter concern:

- recording the right of use of property, following the application of the IFRS 16 accounting standard, relating to the companies subject to the control of the parent company for EUR 1 million (from Argo Finanziaria S.p.A. for EUR 0.5 million and Appia S.r.l. for EUR 0.5 million);
- other non-current financial assets from related parties for EUR 1,563 million of which receivables from subsidiaries for EUR 1,460 million (in particular for EUR 806 million from SATAP S.p.A., for EUR 189 million from Autostrada dei Fiori S.p.A., for EUR 152 million from Società di Progetto Autovia Padana S.p.A., EUR 150 million from Società Autostrada Ligure Toscana p.A., for EUR 72 million from IGLI S.p.A., for EUR 50 million from Autostrada Asti-Cuneo S.p.A. and for EUR 40 million from SAV S.p.A.) and from jointly controlled and associated companies for EUR 104 million in particular for EUR 103.8 million from Tangenziale Esterna S.p.A.;
- trade receivables for EUR 3.4 million from subsidiaries mainly related to re-charges of costs for consulting services to Itinera S.p.A. (EUR 1.8 million), Società Autostrada Ligure Toscana p.A. (EUR 0.3 million), SINA S.p.A. (EUR 0.3 million) and IGLI S.p.A. (EUR 0.3 million);
- other receivables due from the parent company Aurelia S.r.l. for EUR 1.5 million related to the tax consolidation, a procedure which was interrupted by the parent company in September 2018, with effect as of 1 January 2018;
- other current receivables from subsidiaries for a total of EUR 12.9 million, of which EUR 11.1 million deriving from the previous tax consolidation by the acquiree SIAS S.p.A. (EUR 6.9 million from Società Autostrada Ligure Toscana p.A., EUR 3.5 million from SATAP and EUR 0.7 million from Società di Progetto Autovia Padana S.p.A.);
- current financial receivables from associated companies for EUR 733.4 million of which from subsidiaries EUR 732.9 million (in particular for EUR 459 million from Società Autostrada Ligure Toscana p.A., EUR 150.5 million from Autostrada Asti-Cuneo S.p.A., EUR 108.8 million from SATAP S.p.A., EUR 8 million from SAV S.p.A. and EUR 6 million from Autostrada dei Fiori S.p.A.);
- other financial liabilities attributable to the effects deriving from the application of the new IFRS 16 relating to the existing leasing contracts with the companies subject to the control of the parent companies for an overall EUR 1 million (EUR 0.9 million long term and EUR 0.1 million short term);
- other payables due to subsidiaries for a total of EUR 15.1 million, of which EUR 7.3 million referring to the previous tax consolidation by the acquiree SIAS S.p.A. (prevalently for EUR 2.5 million to Società Autostrada Ligure Toscana p.A., EUR 2 million to SAV S.p.A., EUR 1.2 million to Autostrada dei Fiori S.p.A. and EUR 1 million to SATAP S.p.A.), EUR 2.2 million to Itinera Infrastructure and Concessions Inc. for tenths to be paid, EUR 3.6 million to Itinera S.p.A. following the recognition of the purchase of shares in Tangenziale Esterna S.p.A.;
- financial liabilities due to subsidiaries for EUR 224.9 million in particular to SATAP S.p.A. for EUR 171.6 million and Autostrada dei Fiori S.p.A. for EUR 53.3 million.

## INCOME STATEMENT

<i>(amounts in thousands of EUR)</i>	FY 2019	Parent companies	Subsidiaries of parent companies	Subsidiaries	Jointly controlled and associated companies	Other related parties (1)	TOTAL RELATED PARTIES	% IMPACT ON FINANCIAL STATEMENT ITEMS
<b>Financial income and expenses</b>								
Income from equity investments:								
from subsidiaries	149,682	-	-	149,682	-	-	149,682	100.0%
from associated companies	1,043	-	-	-	1,043	-	1,043	100.0%
from other businesses	496	-	-	-	-	-	-	0.0%
Total income from equity investments	<b>151,221</b>							
Other financial income	89,881	8		81,345	6,876		88,229	98.2%
Interest and other financial expenses	(68,350)		(88)	(7,676)			(7,764)	11.4%
<b>Total financial income and expenses (A)</b>	<b>172,752</b>							
<b>Value adjustments of non-current financial assets</b>								
Write-downs	(71)	-	-	(71)	-	-	(71)	100.0%
<b>Total value adjustments of financial assets (B)</b>	<b>(71)</b>							
<b>Other operating income (C)</b>	<b>8,925</b>	80	31	8,050	434	-	8,595	96.3%
<b>Other operating costs</b>								
payroll costs	(8,885)	-	-	-	-	(1,404)	(1,404)	15.8%
costs for services	(13,639)	-	(145)	(322)	(7)	(5,694)	(6,168)	45.2%
costs for raw materials	(18)	-	-	-	-	-	-	0.0%
other costs	(4,655)	-	(17)	(12)	(18)	-	(47)	1.0%
amortisation, depreciation and write-downs	(473)	-	-	-	-	-	-	-
<b>Total other operating costs (D)</b>	<b>(27,670)</b>							
<b>Profit (loss) before taxes (A+B+C+D)</b>	<b>153,936</b>							
Taxes	13,835							
<b>Profit for the year</b>	<b>167,771</b>							

(1) Amounts inclusive of the relationships and fees related to the Directors, Auditors and other key management personnel of the Company as described in the "Report on the Remuneration Policy and fees paid".

In particular, the main relationships with subsidiaries, associated companies, parent companies and with companies subject to control of the latter concern:

- dividends paid by subsidiaries for EUR 149.7 million prevalently by SATAP S.p.A. for EUR 57.7 million, by Società Autostrada Ligure Toscana p.A. for EUR 53.9 million, by SINELEC S.p.A. for EUR 15.6 million, by ATIVA S.p.A. for EUR 11.1 million and by SAV S.p.A. for EUR 9 million and dividends paid by associated companies for EUR 1 million related to Road Link Holdings Ltd;
- other financial income for interest income for EUR 88.2 million of which from subsidiaries for EUR 81.3 million (in particular EUR 34.3 million from SATAP S.p.A., EUR 28.5 million from Società Autostrada Ligure Toscana p.A., EUR 7.5 million from Società di Progetto Autovia Padana S.p.A. and EUR 7.2 million from Autostrada dei Fiori S.p.A.) and from associated companies for EUR 6.9 million due exclusively to the position from Tangenziale Esterna S.p.A.;
- interest and other financial expenses for EUR 7.7 million for interest expense prevalently due to SATAP S.p.A. (for EUR 5.8 million) and Autostrada dei Fiori S.p.A. (for EUR 1.9 million);
- other operating income from associated companies for EUR 8.6 million in particular for EUR 5.5 million for managerial consulting services for subsidiaries prevalently from SATAP S.p.A. (EUR 1.5 million), from Società Autostrada Ligure Toscana p.A. (EUR 1 million), from Autostrada dei Fiori S.p.A. (EUR 0.9 million), from SAV S.p.A. (EUR 0.5 million) and from Società di Progetto Autovia Padana S.p.A. (EUR 0.5 million) and revenues for the provision of services and other revenues for approximately EUR 1.1 million prevalently from the subsidiaries SATAP S.p.A. (EUR 0.5 million) and Società Autostrada Ligure Toscana p.A. (EUR 0.5 million).

In addition, costs for services include expenses incurred by ASTM S.p.A. for services related to insurance premiums brokered by P.C.A. S.p.A. for an amount of EUR 0.2 million.

It is also noted that the subsidiaries SINA S.p.A. and ATIVA S.p.A., as at 31 December 2019, held 2,149,408 and 21,500 shares respectively in the parent company ASTM S.p.A.

#### Changes in financial fixed assets

- on 9 May 2019, the company ASTM S.p.A. sold all the shares held in Baglietto S.p.A. (10,817,280 shares) to Argo Finanziaria S.p.A. for a total value of EUR 9.5 million.

#### Relationships and related party transactions – Information documents

##### Information pursuant to art. 13, paragraph 3, letter c) of the Regulation containing provisions on related party transactions adopted by CONSOB with resolution no. 17221 of 12 March 2010 and subsequent amendments

- **Information document relating to significant related party transactions**

On 20 June 2019, the information document illustrating the prospective merger by incorporation of SIAS S.p.A. into ASTM S.p.A. was prepared pursuant to art. 5 and Annex 4 of the “*regulation containing provisions on related party transactions*”, CONSOB resolution no. 17221 of 12 March 2010 and subsequent amendments and additions, and art. 6 of the “*Procedure for transactions with related parties*” adopted by ASTM on 26 November 2010, and subsequent amendments and additions.

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On 18 December 2019, Consob issued the authorisation to publish the prospectus related to the admission to trading on the Electronic Stock Market (MTA) organised and managed by Borsa Italiana S.p.A. of the ASTM S.p.A. ordinary shares deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A.

Pursuant to art. 2391-bis of the Civil Code, note that – on the basis of the general principles indicated by CONSOB as well as corporate governance laws – related party transactions (carried out directly, or through subsidiaries) are carried out on the basis of rules which ensure transparency, as well as substantial and procedural correctness.

#### **(v) Ecorodovias Infraestrutura e Logística S.A. – IGLI S.p.A.**

With reference to investments in the motorway sector in Brazil, ASTM holds (through the subsidiary IGLI S.p.A.) 49.21% of Ecorodovias Infraestrutura e Logística S.A. (“Ecorodovias”). In the annual financial statements of ASTM S.p.A. the equity investment in IGLI S.p.A. is accounted at cost.

##### **(a) Ecovia – Ecocataratas | State of Paraná**

###### Leniency agreement with the MPF-PR

As already reported in the 2018 financial statements and in the condensed interim financial report as at 30 June 2019, 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 for the first time the police investigation no. 5002963-29.2015.404.7013 conducted by the Federal Prosecutor’s Office of the State of Paraná (“MPF-PR”), incorporated into criminal case no. 5003165-06.2019.4.04.7000 at the 23rd Federal Lower Court of Curitiba regarding offences committed before the entry of ASTM into the share capital of the Brazilian investee company by some former

managers and executives of Ecorodovias and its subsidiaries Ecovia Caminho do Mar (“Ecovia”) and Rodovia das Cataratas – Ecocataratas (“Ecocataratas”).

This investigation led Ecorodovias and its subsidiaries to sign, on 12 August 2019, a leniency agreement (“*acordo de leniência*”) with the MPF-PR, negotiated by the Brazilian investee company with the support of leading Brazilian law firms, which envisages the closure of the investigations involving Ecorodovias and its subsidiaries following the payment by the companies of an indemnity equal to BRL 400,000,000.00<sup>1</sup>, of which BRL 30,000,000.00<sup>2</sup> is to be paid as a penalty and the remaining amount (BRL 370,000,000.00<sup>3</sup>) for damages, in the form of works and a toll reduction.

In particular: (i) the penalty of BRL 30,000,000.00<sup>4</sup> was paid by Ecorodovias on 1 October 2019; (ii) the toll reduction for a total BRL 220,000,000.00<sup>5</sup> will be borne by Ecovia for an amount equal to BRL 100,000,000.00<sup>6</sup> and by Ecocataratas for BRL 120,000,000.00<sup>7</sup>; and (iii) the execution of works for a total BRL 150,000,000.00<sup>8</sup>—to be carried out and paid for by 2021—will be borne by Ecovia for an amount of BRL 20,000,000.00<sup>9</sup> and by Ecocataratas for BRL 130,000,000.00<sup>10</sup>. The toll reduction in favour of the users, equal to 30%, began on 1 October 2019 and shall be applied to all toll booths managed by the two subsidiaries for at least twelve months.

The agreement had no consequences on the integrity of the current members of the administrative bodies of Ecorodovias and its subsidiaries, but requires that Ecovia and Ecocataratas improve their internal compliance procedures and their internal control systems – in order to adjust them to the provisions, aimed at preventing the risk of further crimes, of Chapter IV of Brazilian Decree no. 8420/2015 (which governs Brazilian Anti-Corruption Law no. 12846/2013)—and that these improvements be monitored by an independent third party.

Ecorodovias then disclosed to the market and its shareholders on 6 September 2019 that the leniency agreement had been approved (the day before) by the 5th Chamber of Coordination and Review of the Federal Public Prosecutor’s Office, thus becoming effective. Specifically, in addition to the above, the MPF-PR accepted the addition of a clause according to which the Brazilian investee company and its subsidiaries could offset the sums identified by the leniency agreement with other payments they might bear in relation to possible government authority actions regarding the same events of the agreement. In addition, the MPF-PR waived the request from March 2019 for preventive seizure of the sums of money on the current accounts of Ecovia and Ecocataratas (equal to BRL 185,368,000<sup>11</sup>): this waiver was subsequently ratified by the Federal Region Court of the Fourth Region and the sums were released on 10 February 2020.

Lastly, in order to strengthen the capital position of Ecorodovias, which already during the meeting on 14 March 2019, the Board of Directors of the Brazilian investee company—when approving its draft financial statements for the year ended 31 December 2018—had taken the decision, for prudential reasons, not to propose to the shareholders’ meeting to distribute additional dividends to those already distributed during the year, allocating all the remaining profit resulting from the 2018 financial statements (equal to BRL 215,546,418.70<sup>12</sup>) to the reserves (of which approximately BRL 18,725,499.53<sup>13</sup> to the legal reserve) and that the shareholders’ meeting of Ecorodovias had voted in favour of the Board of Directors’ proposal on 16 April 2019.

<sup>1</sup> EUR 88.6 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 6.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>3</sup> EUR 81.9 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>4</sup> EUR 6.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>5</sup> EUR 48.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>6</sup> EUR 22.1 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>7</sup> EUR 26.6 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>8</sup> EUR 33.2 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>9</sup> EUR 4.4 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>10</sup> EUR 28.8 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>11</sup> EUR 41 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>12</sup> EUR 47.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>13</sup> EUR 4.1 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

Following the signing of the leniency agreement with the MPF-PR, first with the financial results of the quarter ended 30 September 2019 (published on 29 October 2019) and later with the financial statements for the year ended 31 December 2019 (published on 18 February 2020), Ecorodovias informed the market and its shareholders that the entire amount identified by it had been allocated to the financial statements and that the expenses had been considered as non-deductible for tax purposes. With specific reference to the works to be carried out, given that at present there is no definitive scheduling, Ecorodovias classed a sum equal to BRL 198,582,000<sup>1</sup> as non-current liabilities.

In relation to the significant profiles for the assets of the Brazilian investee company and its subsidiaries, in Note 24 of the annual financial statements as at 31 December 2019 which describes the matter in question, Ecorodovias reported that on 31 October 2019 it had been informed by the General Controllers' Office of the State of Paraná ("GCE-PR") regarding the start of an administrative procedure involving it intended to ascertain the liability of the Brazilian investee company for illegal acts committed against the public administration and that identical notices had then been received by Ecovia on 1 November 2019 and by Ecocataratas on 4 November 2019.

The Brazilian investee company also reported that following these notices (i) Ecorodovias and its subsidiaries filed their preliminary defence; (ii) the MPF-PR received a letter from the GCE-PR with which it was requested to share the annexes to the leniency agreement; (iii) the MPF-PR, in response to said letter, argued that it was not possible to use the information contained in the leniency agreement to impose sanctions – or in any case other penalties that could have a collateral effect on the employees of the companies – for a greater amount than that already identified by the agreement and therefore requested the State of Paraná to confirm the terms and conditions of the leniency agreement in their entirety; (iv) though said administrative procedure is currently ongoing, Ecorodovias and its indirect subsidiary Ecorodovias Concessões e Serviços S.A. ("ECS") informed the market on 7 January 2020 that they had learned of the publication of GCE Resolution no. 67/19, issued by the GCE-PR, which provided for the temporary suspension of the rights of Ecovia and Ecocataratas to participate in new tenders or sign contracts with the public administrations of the State of Paraná; and (v) Ecovia and Ecocataratas had therefore submitted an application to counter GCE Resolution no. 67/19, given that it was not possible to apply sanctions unless an administrative procedure had been carried out prior and had guaranteed full right to defence or cross-examination. This application is currently pending before the competent court.

#### Civil action by the State of Paraná

With the same communication published on 12 August 2019 with which the Brazilian investee company informed the market and its shareholders of the signing of the leniency agreement with the MPF-PR – described in detail first in the financial results of the quarter ended 30 September 2019 then in the financial statements for the year ended 31 December 2019 – Ecorodovias reported that, in the wake of the final stages of negotiating the agreement and following an ordinary check by the local lawyers of Ecorodovias, it had learned of the existence of a civil action started on 11 July 2019 by the State of Paraná – through the *Procuradoria Geral do Estado* ("PGE") – and by the State Department of Highways of Paraná against Ecorodovias, Ecovia, ECS, Primav Infraestrutura S.A., Primav Construções e Comércio S.A., C.R. Almeida S/A Engenharia e Construções, Participare – Administração e Participações LTDA and the *Associação Brasileira de Concessionárias de Rodovias*.

In the civil action, now pending before the 1st Federal Lower Court of Curitiba, the State of Paraná contests a series of illegal acts allegedly committed before the entry of ASTM into the share capital of Ecorodovias, largely overlapping with those of the leniency agreement signed by Ecorodovias with the MPF-PR, and formulates the following requests: (a) nullity of (i) the process of assigning the concessions that took place in 1997; (ii) concession agreement no. 076/97 of Ecovia; and (iii) all amendments to the same made thereafter; (b) review of the contracts due to an excessive expense that motorway

<sup>1</sup> EUR 44 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL



users had to bear, through the payment of damages; (c) reimbursement of the damages deriving from the failure to comply with the contractual obligations; (d) joint and several conviction of the companies summoned to court deriving from the failure to comply with the contractual obligations; and (e) payment of non-material damage.

Specifically, the state authorities identified the total sums of BRL 4,945,904,000.00<sup>1</sup>—as an estimate of the material damages allegedly caused by the illegal conduct, which, according to the line of reasoning of the plaintiff authorities, would correspond to the total revenues made by Ecorodovias throughout the entire concession—and of BRL 500,000,000.00<sup>2</sup>—as non-material damage—that the companies summoned to court would be required to pay jointly and severally where the Federal Court of Curitiba ruled the accusations made by the State of Paraná as proven. Injunctive measures were also requested against all companies summoned in order to guarantee the future payment of the sums.

When assessing the details of the disputes and the best defensive strategy to take, Ecorodovias appointed two different leading Brazilian law firms to formulate preliminary opinions in relation to the accusations: both opinions received by the Brazilian investee company showed various inconsistencies and clear gaps in the claims of the state authorities and, in particular, one opinion argued that the risk for the companies to pay a part equal to BRL 4,736,699,580.00<sup>3</sup> of the total of the aforementioned possible material damage and for all non-material damage requested by the state authorities was “remote”. The same lawyers then argued that the risk of payment of the remainder of the non-material damage was “possible”.

Nevertheless, as soon as Ecorodovias was informed of the civil action in question launched by the state authorities, the federal prosecutors of the MPF-PR accepted the addition to the leniency agreement signed on 12 August 2019 and approved on 5 September 2019 of (i) a clause that acknowledges the existence of the civil action and which requires that the MPF-PR act as overseer; (ii) a clause that allows Ecorodovias and its subsidiaries to request the total or partial deduction from the BRL 400,000,000.00<sup>4</sup> identified by the leniency agreement of any sanctions arising from the civil action for the same events relating to the agreement itself; and (iii) a clause that requires the approval of the leniency agreement—though not as a condition precedent of its effects—also from the judge of the 1st Federal Lower Court of Curitiba which will rule on the civil action.

The civil action is currently pending.

#### **(b) Eco 101 | State of Espírito Santo**

With the financial results of the quarter ended 30 September 2019, Ecorodovias provided information regarding the criminal investigations currently involving its subsidiary Eco101 Concessionaire de Rodovias S.A. (“Eco101”) in the State of Espírito Santo. In particular, the investigations currently conducted by the Brazilian federal police with the support of the Federal Court of Auditors were already the subject of the Material Fact published by Ecorodovias on 12 April 2019 and focus on potential irregularities of the technical reports sent by Eco101 in relation to the motorway stretches within its remit.

With the communication to the market on 12 April 2019, Ecorodovias already reported that (i) it had promptly offered its collaboration with the authorities by sending all requested information and (ii) it had immediately launched its own internal audit to verify the facts under investigation.

In the financial statements for the year ended 31 December 2019, the Brazilian investee company then informed the market and its shareholders of the decision to launch an internal investigation in relation to the events under investigation

<sup>1</sup> EUR 1,095.3 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 110.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>3</sup> EUR 1,048.9 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>4</sup> EUR 88.6 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

and that said work would be carried out with the assistance of independent external consultants.

In particular, their forensic report, prepared by the external professionals appointed, highlighted that (i) no documents were found in support of the investigation assumption that the employees of the *Agência Nacional de Transportes Terrestres* (“ANTT”) had known about the stated amendments that Eco101 had allegedly made to the technical reports sent by Eco 101 to the ANTT; (ii) no documents had been found that confirmed the stated illegal relationships between Eco101 and ANTT representatives; and (iii) no proof had been found in relation to the supposed use of those technical reports to obtain loans from the Brazilian Development Bank (“BNDES”).

Lastly, Ecorodovias specified that it was currently analysing the results of the forensic reports prepared during the internal investigation.

### (c) State of São Paulo

In the annual financial statements for the year ended 31 December 2019, Ecorodovias announced that on 20 June 2018 it had received letter no. 1460/2018, sent by the 3rd Prosecution Office of Public and Social Assets of the State of São Paulo (“MPE-SP”), through which it was informed of the start of investigation (of civil nature) no. 14.0695.000489/2018-2 was asked for information in relation to contracts signed with a third-party services company in 2009 and 2010, to the services provided, to the conditions of those services and to the internal approvals regarding those contracts.

In particular, that investigation was launched following the publication of an article by the newspaper *Estado de São Paulo* on 14 May 2018, which reported that a team of federal prosecutors from the State of Paraná were allegedly in possession of electronic documents that would prove that a third-party services company, controlled by a former consultant from the *Departamento de Estradas de Rodagem* of the State of São Paulo, had received payments between 2009 and 2010 for BRL 3,200,000.00<sup>1</sup> from Ecovia and Ecocataratas.

On 6 August 2018, Ecorodovias provided all the clarifications requested in the communication received from the prosecutors of São Paulo, sent a copy of the contractual agreements and provided explanations regarding the nature and conditions of the services provided by the aforementioned services company and the internal approvals of said contracts.

Ecorodovias also reported in the same note in the financial statements that during the inquiries related to the aforementioned investigations, the relevant investigating authority had also deemed it necessary to process that investigation alongside another two previously launched investigations—in particular, no. 43.0695.0001071/2014-9 and no. 14.0615.0000295/2018-8—since they all concerned possible illegal acts committed in relation to the motorway concessions of the State of São Paulo.

In relation to these investigations, on 6 April 2020 Ecorodovias published a Material Fact with which it informed the market and its shareholders that, on the same date, Ecorodovias, ECS and the subsidiary Concessionária Ecovias dos Imigrantes S.A. (“Ecovias”) had signed a civil Non-Prosecution Agreement (“*acordo de não persecução cível*”, also referred to as “NPA”) with the MP-SP, which envisages the closures of the investigations involving Ecovias and other Ecorodovias group companies following the payment by Ecovias of an overall amount equal to BRL 638,000,000.00<sup>2</sup>, broken down as follows: (i) BRL 290,000,000.00<sup>3</sup> as an indemnity towards the São Paulo State Treasury; (ii) BRL 263,800,000.00<sup>4</sup> as collective moral damages; (iii) BRL 27,400,000.00<sup>5</sup> as restitution for the São Paulo State Treasury; (iv) BRL 54,800,000.00<sup>6</sup> as a penalty

<sup>1</sup> EUR 708.6 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 141.3 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>3</sup> EUR 64.2 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>4</sup> EUR 58.4 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>5</sup> EUR 6.1 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>6</sup> EUR 12.1 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

pursuant to the Brazilian Administrative Improbability Act; and (v) BRL 2,000,000.00<sup>1</sup> as payment towards the São Paulo State Diffuse Interests Fund (“FID”).

Following negotiations between the MP-SP, the São Paulo State Secretariat of Logistics and Transportation and Ecovias, the overall amount shall be paid as follows: (a) BRL 450,000,000.00<sup>2</sup> will be invested in public utility works not originally planned in the Ecovias concession agreement which will involve the construction, within eight years, possibly reduced to five, of a 2-km avenue near the Mackenzie Engineering School Road Complex in São Paulo and improvement works on the *Anchieta* motorway; (b) BRL 150,000,000.00<sup>3</sup> through rate reductions equal to 10% in favour of users of the *Anchieta* and *Imigrantes* motorways, which will be applied to the toll booths managed by Ecovias situated in Riacho Grande and Piratininga between 21:00 and 05:00; (c) BRL 36,000,000.00<sup>4</sup>, divided into six instalments, will be paid to the São Paulo Treasury; (d) BRL 2,000,000.00<sup>5</sup> will be paid to the FID.

Ecorodovias has estimated that the average annual outlay for Ecovias to pay off the obligations assumed pursuant to the NPA will be R\$ 48,000,000.00<sup>6</sup> – net of taxes. The amounts related to public utility works shall be included in the Ecovias concession agreement and accounted for in accordance with international accounting standards. Ecorodovias will, on the other hand, directly bear the sanctions identified in letters (c) and (d) above, including BRL 12,000,000.00<sup>7</sup> deriving from other commitments.

In addition, the NPA contains other provisions that require Ecorodovias and Ecovias to produce evidence and to adopt measures to improve the internal control systems.

In order to allow for the continuation of the activities of Ecovias and support the public’s interest, pursuant to the NPA, the MP-SP undertakes to suspend all administrative or criminal proceedings and investigations – including proceedings pursuant to the Administrative Improbability Act – involving Ecovias and the other Ecorodovias Group companies, in order to avoid imposing further sanctions on those companies in relation to the same illegal events based on the NPA and other information received from the MP-SP.

In the same Material Fact, Ecorodovias also specified that (i) it had only recently discovered the details of the illegal events underlying the NPA and, with the objective of protecting the interests of the Ecorodovias Group and its shareholders, had begun to communicate with the MP-SP in compliance with the confidentiality obligations imposed by law and by the Confidentiality Agreement signed with the MP-SP; (ii) it had received, alongside Ecovias and ECS, the first draft of the possible agreement from MP-SP on 2 March 2020; (iii) it had signed the NPA on 6 April 2020, following a period of negotiation, thereby determining a consensual cessation, among other things, of the aforementioned investigations no. 43.0695.0001071/2014-9, 14.0615.0000295/2018-8 and no. 14.0695.000489/2018-2; and (iv) the leniency agreement signed by Ecorodovias, ECS and Ecocataratas with the MPF-PR on 12 August 2019 would not be amended following the signing of the NPA with the MP-SP.

The NPA will be submitted for the ratification of the Superior Council of the Public Prosecution Service and of the Lower Treasury Court of the Capital of the State of São Paulo.

<sup>1</sup> EUR 0.4 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 99.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>3</sup> EUR 33.2 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>4</sup> EUR 8 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

<sup>5</sup> EUR 0.4 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>6</sup> EUR 10.6 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>7</sup> EUR 2.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

**(vi) Information on the company which prepares the consolidated financial statements**

Note that, based on that established in point 22-quinquies of article 2427 of the Italian Civil Code, the consolidated financial statements for the larger grouping of companies to which the company belongs as a subsidiary is that of Aurelia S.r.l., with registered offices in Tortona (AL). A copy of the consolidated financial statements is available at the Chamber of Commerce of Alessandria.

In compliance with the legal provisions in force, the Company has prepared the consolidated financial statements, which should be referred to for the equity, economic and financial valuation of the Group.

**(vii) Public Disbursement Transparency Disclosure**

Pursuant to Article 1, paragraphs 125-129 of Italian Law no. 124/2017, as amended by the “Security” Decree Law no. 113/2018 and the “Simplification” Decree Law no. 135/2018, no “subsidies, grants, paid positions and economic advantages of any nature” were provided to the Company in 2019 by public administrations or by a series of entities similar<sup>1</sup> to the same with which the Company has economic relationships.

**Information on direction and coordination of the Company**

As of 22 January 2019, Nuova Argo Finanziaria S.p.A. provides management and coordination of the company, pursuant to article 2497 of the Italian Civil Code.

Pursuant to article 2497-*bis*, paragraph 4 of the Italian Civil Code, a table is shown below that summarises the essential data deduced from the latest approved annual financial statements of Nuova Argo Finanziaria S.p.A. unipersonale (as at 31 December 2018).

To fully and completely understand the equity and financial position of Nuova Argo Finanziaria S.p.A. unipersonale as at 31 December 2018, as well as the economic results achieved by the company in the year ending on that date, please see the financial statements which, accompanied by the Independent Auditors’ Report, is available in the forms and with the methods established under the law.

With regard to the additional information required under articles 2497-*bis*, paragraph 5 and 2497-*ter* of the Italian Civil Code, see that outlined in the above section “Information about related-party transactions”.

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<sup>1</sup> The parties identified as a source of the payments that require disclosure are:

- public administrations and parties under article 2-*bis* of Italian Legislative Decree no. 33 of 14 March 2013;
- subsidiaries, de facto or de jure, directly or indirectly, of public administrations, including companies with shares listed in regulated markets and their investee companies;
- state-controlled companies, including those that issue shares listed in regulated markets and their investee companies

**Financial statements<sup>(\*)</sup> as at 31 December 2018 of Nuova Argo Finanziaria S.p.A., parent company that exercises “Direction and Coordination”**

**BALANCE SHEET**

**ASSETS**

<i>Amounts in EUR</i>		<b>31/12/2018</b>
A	Subscribed capital unpaid	-
B	Fixed assets	341,197,798
C	Current assets	1,453,188
D	Accruals and deferrals	125,193
<b>TOTAL ASSETS</b>		<b>342,776,179</b>

**LIABILITIES**

<i>Amounts in EUR</i>		<b>31/12/2018</b>
A	Shareholders' Equity	
	Share capital	30,000,000
	Reserves	292,159,520
	Profit (loss) for the year	13,418,429
B	Provisions for risks and charges	-
C	Employee benefits	-
D	Payables	7,198,230
E	Accruals and Deferrals	-
<b>TOTAL LIABILITIES</b>		<b>342,776,179</b>

**INCOME STATEMENT**

<i>Amounts in EUR</i>		<b>02.08.2018– 31.12.2018</b>
A	Value of production	-
B	Production cost	(154,492)
C	Financial income and expenses	13,065,420
D	Value adjustments of financial assets	-
	Income taxes for the year	507,501
<b>Profit (loss) for the year</b>		<b>13,418,429</b>

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

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Certification of the  
Separate Financial Statements  
pursuant to Article 154-*bis* of  
Italian Legislative Decree 58/98

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

- The undersigned Umberto Tosoni as Chief Executive Officer and Alberto Pernigotti as Manager in charge of drawing up the corporate accounting documentation of ASTM S.p.A., taking into account the provisions of Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998, hereby certify:
  - the adequacy with regard to the characteristics of the business and
  - the actual implementationof the administrative and accounting procedures for preparing the separate financial statements for 2019.
  
- Furthermore, it is attested that:
  - the separate financial statements as at 31 December 2019
    - a) are prepared in compliance with the international accounting standards approved by the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and the Council dated 19 July 2002;
    - b) correspond to the books and accounting entries;
    - c) provide a true and correct representation of the equity, economic and financial position of ASTM S.p.A.;
  
  - the Management Report contains a reliable analysis of management performance and results of the Company together with a description of the main risks and uncertainties to which it is exposed.

Tortona, 14 April 2020

Chief Executive Officer

*Umberto Tosoni*

The Manager in charge of drawing up  
the corporate accounting documents

*Alberto Pernigotti*

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## Board of Statutory Auditors' Report

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**Report of the Board of Statutory Auditors  
to the Shareholders' Meeting of ASTM S.p.A.  
pursuant to Article 153-bis of Italian Legislative Decree No. 58/1998**

To the Shareholders of ASTM S.p.A.

**1. Introduction**

During the financial year ended 31 December 2019, the Board of Statutory Auditors carried out the supervisory activities required by law, in accordance with the principles of conduct of the Board of Statutory Auditors recommended by the National Council of Chartered Accountants and Accounting Experts, Consob provisions on corporate controls and the indications contained in the Corporate Governance Code.

The supervisory duties of the Board of Statutory Auditors are governed by Article 2403 of the Italian Civil Code, Italian Legislative Decree No. 58/1998 and Italian Legislative Decree No. 39/2010. The Board of Statutory Auditors examined the amendments made to Italian Legislative Decree No. 39/2010 by Italian Legislative Decree No. 135/2016 implementing Directive 2014/56/EU, amending Directive 2006/43/EC on statutory audit of annual accounts and consolidated accounts and European Regulation 537/2014.

The Board of Statutory Auditors, with regard to financial reporting, has ascertained that, based on the provisions of Article 4, paragraph 1 of Italian Legislative Decree No. 38 of 28/2/2005, these annual financial statements were prepared in accordance with the main international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Commission.

The Board of Statutory Auditors also verified compliance with the provisions of Italian Legislative Decree No. 254/2016 on non-financial statements, monitoring the adequacy of production processes, reporting, measurement and representation of results and information.

This Report gives an account of the supervisory activities carried out during 2019 and up to today, as required by Consob Communication No. DEM/1025564 of 6 April 2001 and subsequent additions and amendments.

To preface, it should be noted that on 31 December 2019 the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. became effective for statutory purposes, which changed the perimeter of the company as a whole, with consequences also on the corporate structure. For accounting and tax purposes, on the other hand, the merger is effective from 1 January 2019.

The Board of Statutory Auditors also acknowledges that, as a result of the resignation of Mr. Ernesto Ramojno, communicated on 24 October 2019, Massimo Berni took over as Acting Auditor, confirmed by the Shareholders' Meeting on 12 February 2020.

Lastly, the Board of Statutory Auditors recalls that on 18 March 2020, the Board of Directors resolved to avail of the power - provided by Article 2364, paragraph 2 of the Italian Civil Code and Article 11 of the Articles of Association - to call the Shareholders' Meeting for the approval of the financial statements within one hundred and eighty days from the end of the financial year. It was considered appropriate to make use of this

possibility, also in view of the recent ESMA recommendations on reporting to the market on the Covid-19 epidemiological emergency.

## **2. Supervision of compliance with the law and the Articles of Association**

The Board of Statutory Auditors ascertained compliance with the law, the Articles of Association and the principles of proper management of the transactions carried out by the Company, ensuring that they were not manifestly imprudent or risky, in contrast with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets; Directors' interests and transactions with related parties were subject to the transparency procedures provided for in the relevant provisions.

The Board of Statutory Auditors acquired the necessary information for the performance of the supervisory duties assigned to it: attendance at meetings of the Board of Directors and Board Committees, hearings of the Company's management, meetings with the statutory auditor and the corresponding control bodies of Group companies, analysis of information flows acquired by the competent corporate structures, and further control activities.

The Board of Statutory Auditors met 22 times during 2019 and attended 15 meetings of the Board of Directors. The Board of Statutory Auditors also attended 12 meetings of the "Audit, Risk and Sustainability Committee" and 6 meetings of the "Appointments and Remuneration Committee".

It should be noted that, upon renewal of the corporate offices, the "Sustainability Committee" was established on 18/02/2020, in addition to the two already existing ones; as a result, the scope of intervention of the "Audit, Risk and Sustainability Committee" was updated.

## **3. Supervision of the principles of proper administration**

The Board of Statutory Auditors monitored compliance with the principles of proper administration by attending meetings of the Board of Directors and the Board Committees and meetings with the Manager in charge of drawing up the corporate accounting documentation.

As far as it has been possible to ascertain, the resolutions adopted by the Board of Directors are in compliance with applicable regulations, adopted in the interest of the Company, compatible with the Company's resources and assets and adequately supported by information, analysis and verification processes, including recourse, when deemed necessary, to the advisory activities of committees and external professionals.

In light of the above, the Board of Statutory Auditors believes that the governance tools and institutions adopted by the Company constitute, on the whole, a suitable framework for compliance with the principles of proper administration.

The Board of Statutory Auditors acknowledges that the management choices were inspired by a principle of correct information and reasonableness and that the directors, in the course of the Board's debate, have shown that they are aware of the risks and effects of the resolutions taken.

The Board of Statutory Auditors has taken note of the forecasts, the draft financial statements and the consolidated financial statements, finding no atypical or unusual transactions carried out with third parties or related parties, including Group companies.

Information on the main intragroup transactions and transactions with related parties carried out in 2019, as well as a description of their features and economic effects, are contained in the notes to the separate financial statements of ASTM and to the consolidated financial statements of the Group.

The Board of Statutory Auditors monitored compliance with the resolution of the Ordinary Shareholders' Meeting held on 16 May 2019 with regard to the purchase of treasury shares, and pointed out that, in order to implement the purchase plan, ASTM granted a specific mandate to a financial intermediary, which undertook to take decisions concerning the purchase of Company shares independently from the Issuer.

The Board of Statutory Auditors recalls that, in the financial statements for the year ended 31/12/2018, information was provided on an investigation involving former managers of the Concessionária Ecovia Caminho do Mar SA and Rodovia das Cataratas SA, subsidiaries of Ecorodovias Infraestrutura e Logística SA. This investigation led Ecorodovias and its subsidiaries to sign, on 12 August 2019, a leniency agreement (“acordo de leniência”) with the MPF-PR which envisages the closure of the investigations involving Ecorodovias and its subsidiaries following the payment by the companies of an indemnity equal to BRL 400,000,000.00, of which BRL 30,000,000.00 is to be paid as a penalty and the remaining amount of BRL 370,000,000.00 for damages, in the form of works and a toll reduction. On 6 September 2019 the leniency agreement was approved by the 5th Chamber of Coordination and Review of the Federal Public Prosecutor’s Office, thus becoming effective.

#### **4. Supervision of the adequacy of the organisational structure**

On the basis of the information acquired, also following the completion of the merger by incorporation of SIAS S.p.A. into ASTM S.p.A., the Board of Statutory Auditors believes that the organisational structure is adequate, in terms of structure, procedures, competences and responsibilities, to the size of the company, as well as to the nature and methods of pursuing the corporate purpose.

The merger qualified as a "significant transaction with related parties" pursuant to Article 3 of the Rules on Transactions with Related Parties adopted by CONSOB with resolution no. 17221 of 12 March 2010, as well as the "Procedures for transactions with related parties" adopted by the Companies. Therefore, the approval of the merger by the Board of Directors of ASTM and the Board of Directors of SIAS took place following the favourable opinion issued by the respective committees for transactions with related parties.

On the effective date of the merger, as provided for in the merger plan, the new Articles of Association of ASTM came into force, acknowledging, among other things: (i) the amendment to the corporate purpose, through the adoption of the corporate purpose of SIAS, and (ii) a transitional clause by virtue of which the merger led to the early expiry of the Board of Directors of ASTM in office at the date the same takes effect, thus allowing the new shareholding structure to make a decision on the composition of the administrative body of the company resulting from the merger.

Pursuant to the aforementioned clause, the Shareholders' Meeting held on 12 February 2020 appointed the new Board of Directors of ASTM in accordance with the list voting mechanism and in compliance with the principle of the necessary representativeness of non-controlling interests.

During the assessment on 18 February 2020, the Board of Directors, having taken note of the declarations made by the interested parties and taking into account the information available, considered that the independence requirements provided for by application criterion 3.C.1 of the Corporate Governance Code and by Article 148, paragraph 3 of Italian Legislative Decree No. 58 of 24/02/1998 are met by the Directors declared as such at the time of their appointment. The Board of Statutory Auditors agreed with the conclusions reached by the Board of Directors.

On the same date, pursuant to Article 148, paragraph 3, of the Consolidated Law on Finance and the Corporate Governance Code and the professional parameters required by Article 19, paragraph 3, of Italian Legislative Decree 2010/39 (as amended by Italian Legislative Decree No. 135 of 17 July 2016), the Board of Statutory Auditors verified and confirmed that each Statutory Auditor met the independence requirements.

The composition and size of the Board of Directors of the Company are to be considered adequate. The work of the Board of Directors and the Board Committees was carried out in an orderly and efficient manner, as can also be seen in the Report on Corporate Governance.

As far as can be seen, the company functions have operated efficiently, providing the Board of Directors with adequate information for the adoption of resolutions.

#### **5. Supervision of the adequacy of the internal control system**

The Board of Statutory Auditors supervised the maintenance of the Internal Audit and Risk Management System (SCIGR), monitoring the activities carried out by the main players and the implementation of improvement and risk mitigation measures.

For detailed information on the Internal Audit and Risk Management System, please refer to the Report on Corporate Governance and Ownership Structure for 2019.

The Board of Statutory Auditors exchanged information with the corresponding control bodies of the subsidiaries, taking note of the assessment of the overall adequacy of the related internal control system and of the fact that there were no critical situations that deserved to be reported to the Board of Statutory Auditors of the parent company.

The Company has long adopted an Organisational Model pursuant to Italian Legislative Decree No. 231/2001 (Model 231) aimed at preventing the possibility of committing the offences referred to in the aforementioned Decree and, therefore, at shielding the Issuer from administrative liability. The latest update of the ASTM Model and Code of Ethics was approved by the Board of Directors on 2 August 2019, in order to implement the most recent changes in the regulations of reference. The Board of Statutory Auditors maintains ongoing relations with the Supervisory Body, also thanks to the presence of a member of the Board of Statutory Auditors within the Body.

The Audit Activities Plan proposed for 2020 was defined on the basis of the 2018-2020 Audit Plan approved by the Board of Directors of ASTM on 27 March 2018, integrated to take into account the main events that occurred after the date of approval. Moreover, based on the Risk Management model adopted by the Board of Directors of ASTM on 20 January 2020 following the merger by incorporation of SIAS S.p.A. into ASTM, additional processes to be audited were included.



On the basis of the periodic reports provided by the Board committees, the Supervisory Board and the corporate functions, the Board of Statutory Auditors, having found no critical issues, believes that the internal audit system is adequately supervised and that the corporate functions respond promptly to the corrective actions identified.

## **6. Supervision of the adequacy of the administrative-accounting system and statutory audits**

The Board of Statutory Auditors carried out its functions as the "Internal Control and Audit Committee", undertaken pursuant to Article 19 of Italian Legislative Decree No. 39/2010, as amended by Italian Legislative Decree No. 135/2016, supervising:

- a) the financial and non-financial reporting process;
- b) the effectiveness of internal control, internal audit and risk management systems;
- c) the statutory audit of annual and consolidated accounts;
- d) the transparency report and the additional report prepared by the independent auditors in accordance with the criteria set out in Regulation 537/2014, noting that, on the basis of the information acquired, no critical aspects emerged in relation to the independence of the independent auditors;
- e) aspects relating to the independence of the independent auditors, with particular reference to services, other than auditing, provided by them to the audited entity;
- f) the correct application of the provisions of EU Regulation 537/2014 in relation to the provision by the auditor of non-auditing services.

The Board of Statutory Auditors took note of the certifications issued by the Chief Executive Officer and the Manager in charge of drawing up the corporate accounting documentation of ASTM, which confirms the adequacy of the processes with regard to the characteristics of the business and the effective application of the administrative and accounting procedures for preparing the separate and consolidated financial statements during 2019.

On 29 April 2020, the independent auditors PricewaterhouseCoopers ("PwC") issued the reports pursuant to Articles 14 and 16 of Italian Legislative Decree No. 39/2010 and Article 10 of EU Regulation no. 537/2014, in which it certifies that the separate financial statements of ASTM and the consolidated financial statements of the ASTM Group as at 31 December 2019: (i) comply with the International Financial Reporting Standards (IFRS) adopted by the European Union and with the measures issued to implement Article 9 of Italian Legislative Decree No. 38 of 2005; (ii) are clearly prepared and give a true and fair view of the financial position, results of operations and cash flows of the Company and the Group. The Independent Auditors deemed it appropriate to provide information on what is indicated in the paragraph "Merger of SIAS S.p.A. into ASTM S.p.A." of the explanatory notes to the separate financial statements, with reference to the non-comparability of the economic and financial data for 2019 with those of the previous year due to the merger by incorporation of SIAS S.p.A. into ASTM S.p.A., effective as from 31 December 2019, but with accounting and tax effects starting from 1 January 2019.

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

The Board of Statutory Auditors shall inform the Company's Board of Directors of the

results of the statutory audit, transmitting for this purpose the additional report pursuant to Article 11 of European Regulation 537/2014, accompanied by any observations, pursuant to Article 19 of Italian Legislative Decree No. 39/2010, as updated by Italian Legislative Decree No. 135/2016 in implementation of Directive 2014/56/EU amending Directive 2006/43/EC and European Regulation 537/2014.

The Independent Auditors also believe that the Management Report and the information contained in the Report on Corporate Governance and ownership structure indicated in Article 123-bis, paragraph 4 of the Consolidated Law on Finance are consistent with the financial statements of ASTM and the consolidated financial statements of the ASTM Group as at 31 December 2019.

During the year, the Board of Statutory Auditors held meetings with the partners of the Independent Auditors, pursuant to Article 150, paragraph 3, of Italian Legislative Decree No. 58/1998, during which appropriate exchanges of information were held and no other facts or situations worthy of mention emerged. The Board of Statutory Auditors: (i) analysed the work performed by the independent auditors, and in particular, the methodological structure, the audit approach used for the various significant areas of the financial statements and the planning of the audit work and (ii) shared with the independent auditors the problems relating to business risks, thus being able to appreciate the adequacy of the response planned by the independent auditors with the structural and risk profiles of the Company and the Group.

PricewaterhouseCoopers, as reported in the same press release, received, together with the companies belonging to the "network", the following appointments from ASTM S.p.A. and the following subsidiaries. It should be noted that the fees of the parent company include the amounts paid to the independent auditor with reference to SIAS S.p.A. merged by incorporation into ASTM S.p.A.

Type of services	Company parent company (1)	Company subsidiaries
<b>Auditing services</b>		
Auditing of the annual financial statements including verification of the accounts	23	568
Auditing of the consolidated financial statements	16	47
Limited audit of Interim Report as at 30 June	25	171
<b>Verifications services for issuing a certification</b>		
Opinion on the withdrawal, pursuant to Art. 2437-ter of the Italian Civil Code, as part of the merger with SIAS S.p.A. and the report on the pro-forma consolidated financial statements as part of the disclosure related to the admission to trading of the Company's ordinary shares resulting from the merger	120	-
<b>Other services</b>		
Agreed auditing procedures of quarterly accounts as at 31 March and 30 September	4	14
Agreed audit procedures	14 <sup>(2)</sup>	129 <sup>(3)</sup>
<b>Total</b>	<b>202</b>	<b>929</b>

- (1) The fees of the parent company ASTM S.p.A. also include the amounts paid to the independent auditor with reference to the company SIAS S.p.A. merged by incorporation into ASTM S.p.A.
- (2) The fees pertaining to the Parent Company's agreed audit procedures include the charges for the agreed audit procedures (Comfort letter) for the documentation required to prepare the EMTN Programme and other assets.
- (3) Agreed audit procedures pursuant to ISA 800 on the equity and economic situation as at 31 July 2019 of the subsidiary SALT p.A., agreed audit procedures "on the capital strength ratios" of the licensees, other agreed procedures and other activities.

Pursuant to Article 19 of Italian Legislative Decree No. 39/2010, as amended by Italian Legislative Decree No. 135/2016, the Board of Statutory Auditors continued in 2019 to verify and monitor the independence of the independent auditors in accordance with Articles 10, 10-bis, 10-ter, 10-quater and 17 of the aforementioned Decree and Article 6 of the European Regulation, in particular, with regard to the adequacy of the provision of services other than auditing, in accordance with Article 5 of that Regulation.

Considering:

- a) the declaration relating to independence referred to in Article 6, paragraph 2, letter a of Regulation (EU) No. 537 of 16 April 2014, contained in the Additional Report for the Internal Control Committee issued by PwC, and the transparency report produced by the same pursuant to Article 18, paragraph 1 of Italian Legislative Decree No. 39/2010;
- b) the tasks assigned to it and to the companies belonging to its network by ASTM and the companies of the Group;

the Board of Statutory Auditors believes that the conditions for certifying the independence of the independent auditors PwC are met.

The Board of Statutory Auditors, with a letter dated 20 February 2020, noted that PwC formulated a request to supplement its fees, in relation to the increase in time spent on additional auditing activities, beyond those included in the initial offer, as a result of the merger between ASTM S.p.A. and SIAS S.p.A., which involves audits across a wider scope.

Following an extensive investigation, the Board of Statutory Auditors believes that the request for integration of the auditing activities is consistent with the legal audit process, which is adequate in view of the increased workload resulting from the merger between ASTM S.p.A. and SIAS S.p.A., as well as adequate in relation to the professional commitment required. Having stated this, the Board of Statutory Auditors has expressed its support for the adjustment of the fee for the audit engagement for the financial years 2019-2025 requested by PwC.

It is acknowledged that the Company has prepared the consolidated non-financial disclosure in accordance with the provisions of Articles 3 and 4 of Italian Legislative Decree No. 254/2016 and the CONSOB Regulation implementing the decree adopted with resolution no. 20267. The Non-financial disclosure was approved by the Board of Directors on 14 April 2020 as a separate document from the Management Report to the consolidated financial statements at 31 December 2019. With regard to this statement, a report was issued by the designated auditor Deloitte & Touche S.p.A. on the compliance of the information provided with the provisions of the aforementioned Legislative Decree.

## **7. Methods of implementing corporate governance rules in practice**

With regard to Corporate Governance, the company adheres to the Corporate Governance Code, having adopted almost in its entirety the provisions set forth by document, drafted by the special committee coordinated by Borsa Italiana S.p.A.

The Board of Directors has prepared the "Report on corporate governance and ownership structure", pursuant to Article 123-bis of Italian Legislative Decree No. 58/98, which provides an adequate description of the concrete implementation methods of the aforesaid Code. This document has been prepared in accordance with the instructions of the Regulations for Organised Markets managed by Borsa Italiana S.p.A. and the Consolidated Law on Finance.

Reference should be made to this Report for information on the composition and functions of

the board committees, as well as on the Company's corporate governance, for which the Board of Statutory Auditors expresses a positive assessment.

### **8. Supervision of relationships with subsidiaries and parent companies**

The Company is currently subject to management and coordination by Nuova Argo Finanziaria S.p.A., pursuant to Articles 2497 et seq. of the Italian Civil Code.

To the best of our knowledge and to the extent reported in the notes to the separate financial statements, during 2019 the Company engaged in various types of transactions with subsidiaries and parent companies, for which the Board of Statutory Auditors found no critical issues.

It should be noted that, as a result of the merger of SIAS S.p.A. into ASTM S.p.A., ASTM S.p.A. now directly holds the equity investments in companies previously held by the incorporated company.

### **9. Supervision of related party transactions**

The Board of Statutory Auditors monitored the compliance of the procedure for the execution of transactions with related parties with the law and regulations, its effective implementation and its practical functioning, also through participation in meetings of the Committee for Transactions with Related Parties.

Pursuant to Article 2391-bis of the Italian Civil Code, as far as the Board of Statutory Auditors is aware, the transactions with related parties reviewed were carried out on the basis of rules that ensure their transparency and in compliance with the general principles indicated by CONSOB and the rules of corporate governance.

### **10. Omissions and censurable events found. Opinions returned and initiatives taken**

The Board of Statutory Auditors has received an unusual complaint from a shareholder (as it was sent to the Company's e-mail address used to call the Shareholders' Meetings).

The Board of Statutory Auditors has noted that the text of the complaint only contains excerpts from articles published on a blog and in two national newspapers relating to circumstances not exactly attributable to the Company and concerning issues beyond the control of the Board of Statutory Auditors.

Moreover, the shareholder does not ask specific questions about facts or events pertaining to the Company that can be verified by the Board of Statutory Auditors with the help of the Company's control functions, but limits the complaint to a general request to "investigate the facts set out above", where such facts concern, (in order): (a) the road network in Liguria and lower Piedmont; (b) an exchange of text messages between third parties and the Company; (c) clarifications on the collapse of the viaduct on the A6 which involved a licensee company controlled by ASTM.

In light of this, following an extensive investigation, this Board considers this complaint to be inadmissible: (i) due to vagueness of its content; (ii) due to the lack of an accurate claim; (iii) due to the lack of evidence of irregularities committed by ASTM's directors, in relation to facts falling within the scope of the Board of Statutory Auditors' audits and, last but not

least, its inspection possibilities.

No third-party complaints have been received.

In the course of its supervisory activities, the Board of Statutory Auditors did not identify any omissions, censurable events or irregularities.

The Board of Statutory Auditors has expressed its opinion in all cases in which it has been requested to do so by the Board of Directors, also in compliance with the provisions which, for certain decisions, require prior consultation with the Board of Directors.

### **11. Effects arising from the health emergency linked to the COVID-19 pandemic**

The Board of Statutory Auditors, in the face of the growing and progressive spread of the health emergency connected with the COVID-19 pandemic at international and national level, notes that the Company has promptly adopted measures and provisions in line with its current protocols and policies on crisis management.

In particular, as from 21 February 2020, ASTM's Crisis Committee was activated, which, also with the help of external consultants, issued instructions to all its subsidiaries, coordinating communications and actions aimed at ensuring both the safety of its employees and collaborators and the continuation of business activities and essential services through the adoption of smartworking methods by all Group companies, ensuring their effective implementation through the necessary interventions and technical support.

As regards the Group's business operations, the various government measures aimed at curbing the spread of the virus have had an impact on mobility, with negative consequences on traffic trends along the motorways for which it is responsible, as has occurred throughout the national motorway network.

Negative repercussions also emerged in the EPC sector, with the suspension of the activities underway for the main construction sites in Italy, due to multiple causes, from the suspension ordered by the clients themselves, both public and private, for safety reasons, to the absence of subcontractors and suppliers from the sites, as well as difficulties in organising the activities of the workers (board, lodging, transport, etc.) and operations in compliance with the rules contained in the safety protocols issued at national level.

Considering that the spread of the virus and its consequent economic impacts are to be considered non-adjusting events for the accounts closed as at 31 December 2019, as there was no evidence at that date that the epidemic was already taking place—the World Health Organisation declared the existence of an "international emergency" only in the first months of 2020—ASTM has, however, revised its economic and financial estimates and forecasts for the current year in order to assess the effects of the COVID-19 epidemic on the fundamentals of each company and of the Group as a whole.

In light of the evidence accrued and measurable to date, various scenarios have therefore been outlined for the Group's business segments, based on various quantitative assumptions of the impact of the crisis, the reliability of which remains uncertain, given the high uncertainty regarding the intensity and, above all, the duration of the current epidemic.

However, it can be stated at this stage that the effects of the COVID-19 epidemic on the Group's activities will presumably be significant, at least in the first two quarters of this year,

but not such as to constitute particularly critical financial situations in light of the measures that Group companies have already taken to contain the impact, primarily in relation to the financial position.

It should also be duly taken into account that the clear majority of the Group's operating margins and cash generation comes from the regulated motorway sector, for which the current Agreements provide for contractual mechanisms to rebalance the economic and financial equilibrium in the face of events such as the one under examination, and that the long-term operating prospects, linked to the duration of concessions, financial plans and the stability of revenues and related cash flows remain unchanged.

## **12. Proposals regarding the financial statements and their approval and the matters for which the Board of Statutory Auditors is responsible**

The separate financial statements as at 31/12/2019, prepared in accordance with IFRS standards, show a profit for the year of €167,771 thousand and were communicated to the Board of Statutory Auditors within the terms of the law.

As mentioned in the introduction, the Company has availed itself of the right to call the Shareholders' Meeting to approve the financial statements within one hundred and eighty days of the end of the financial year, also in consideration of the recent ESMA Recommendation on the information to be provided to the market about the COVID-19 pandemic.

The Board of Statutory Auditors reviewed the documentation provided by the Company's governing bodies and interacted on several occasions with the Manager Responsible for Financial Reporting, the Independent Auditors and the Board of Statutory Auditors of the investee companies, also attending the meetings of the Control and Risk Committee.

In light of the above, and having acknowledged the positive opinion expressed in the report of the independent auditors PricewaterhouseCoopers S.p.A., the Board of Statutory Auditors believes that the financial statements of ASTM S.p.A. as at 31 December 2019 are suitable for your approval, together with the proposal of the Board of Directors concerning the allocation of the profit for the year.

In addition to the financial statements of ASTM, the consolidated financial statements include the financial statements of the Companies over which it exercises control, appropriately adjusted and reclassified to make them compatible with the Parent Company's regulations and consistent with the IFRS standards. The Board of Statutory Auditors' audit has not been extended to these financial statements. To the best of our knowledge, the determination of the scope of consolidation, the choice of consolidation principles for equity investments and the procedures adopted reflect the requirements of the law.

The Management Report adequately illustrates the group's economic and financial situation, assets and liabilities and financial position, as well as the main consolidated financial highlights of 2019. It also contains adequate information on the relationships between the companies belonging to the group, as well as on significant events occurring after the end of the financial year and the business outlook.

In view of the above, the information provided by the Independent Auditors and their opinion pursuant to law, the Board of Statutory Auditors has no observations to make with regard to the Consolidated Financial Statements of the ASTM Group as at 31 December 2019.

\* \* \*

With the approval of these financial statements, the term of office of the Board of Statutory Auditors expires. Thanking you for the trust placed in us, we ask you to appoint the Board of Statutory Auditors for the next three years.

\* \* \*

This report is unanimously approved by the members of the Board of Statutory Auditors, connected by video-conference following the provisions of the Italian Prime Ministerial Decree of 22/03/2020 and subsequent and related provisions. The Board of Statutory Auditors authorises the Chairperson to sign the report and send it from his PEC to the company's PEC.

Turin, 29 April 2020

on behalf of the Board of Statutory Auditors  
The Chairman  
Prof. Marco Fazzini

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## Independent Auditors' Report

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## ***Independent auditor's report***

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

To the Shareholders of  
ASTM SpA

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### ***Report on the Audit of the Financial Statements***

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#### ***Opinion***

We have audited the financial statements of ASTM SpA (the "Company"), which comprise the balance sheet as of 31 December 2019, 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 2019, 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 "Merger of SIAS S.p.A. into ASTM S.p.A." of the explanatory notes to the financial statements, with reference to the non-comparability of the economic and financial data of the year 2019 with those of the previous year due to the merger by incorporation of SIAS SpA into ASTM SpA, effective from 31 December 2019, but with accounting and tax effects starting from 1 January 2019.

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#### ***PricewaterhouseCoopers SpA***

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 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.

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### **Key Audit Matters**

### **Auditing procedures performed in response to key audit matters**

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#### **Evaluation of the recoverability of the value of investments in subsidiaries and associates**

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

At 31 December 2019, the Company holds, among “non-current financial assets”, the following investments:

- subsidiaries: Euro 2,537.6 million;
- associates: Euro 336.5 million;

The total value of these investments represents approximately 54% of the total assets of the financial statements as of 31 December 2019.

According to the accounting standards, investments in subsidiaries and associates are valued at cost; in case of impairment losses, these are recognized in the income statement.

In accordance with the accounting standards and with the impairment procedure approved by the Board of Directors on 5 March 2020 (the “Procedure”), at the balance sheet date, the investments in subsidiaries and associates have been tested for impairment.

We considered the valuation of the investments in subsidiaries and associates as a key audit matter, taking into account the significance of the values

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



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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.

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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



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

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

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

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



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

On 28 April 2017, the Shareholders' meeting of ASTM SpA engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

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

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

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### ***Report on Compliance with other Laws and Regulations***

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

Management of ASTM SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Company as of 31 December 2019, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of ASTM SpA as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of ASTM SpA as of 31 December 2019 and are prepared in compliance with the law.



With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 29 April 2020

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 2019**

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# Consolidated Financial Statements

## Consolidated balance sheet

<i>(amounts in thousands of EUR)</i>	Note	31 December 2019	31 December 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1		
goodwill		121,492	86,026
other intangible assets		21,518	16,853
concessions – non-compensated revertible assets		2,810,379	3,080,281
<b>Total intangible assets</b>		<b>2,953,389</b>	<b>3,183,160</b>
Tangible assets	2		
property, plant, machinery and other assets		142,889	124,094
rights of use		62,769	5,925
<b>Total tangible assets</b>		<b>205,658</b>	<b>130,019</b>
Non-current financial assets	3		
equity accounted investments		887,135	973,323
other equity investments		114,820	112,800
other non-current financial assets		947,956	543,989
<b>Total non-current financial assets</b>		<b>1,949,911</b>	<b>1,630,112</b>
Deferred tax credits	4	175,436	146,504
<b>Total non-current assets</b>		<b>5,284,394</b>	<b>5,089,795</b>
<b>Current assets</b>			
Inventories and contract assets	5	286,096	234,225
Trade receivables	6	284,840	244,765
Current tax assets	7	30,459	36,170
Other receivables	8	125,555	189,695
Current financial assets	9	389,275	293,871
<b>Total</b>		<b>1,116,225</b>	<b>998,726</b>
Cash and cash equivalents	10	1,197,537	1,087,633
<b>Total current assets</b>		<b>2,313,762</b>	<b>2,086,359</b>
<b>Total assets</b>		<b>7,598,156</b>	<b>7,176,154</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Shareholders' equity attributed to owners of the parent company	11		
share capital		65,274	45,704
reserves and earnings		2,537,587	1,880,051
<b>Total</b>		<b>2,602,861</b>	<b>1,925,755</b>
Shareholders' equity attributed to minority interests		357,016	1,151,140
<b>Total shareholders' equity</b>		<b>2,959,877</b>	<b>3,076,895</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions for risks and charges and employee benefits	12	418,432	214,397
Trade payables		-	-
Other payables and contract liabilities	13	205,823	205,212
Bank debt	14	952,502	793,691
Hedging derivatives	15	20,729	35,730
Other financial liabilities	16	1,084,980	1,539,790
Deferred tax liabilities	17	50,553	54,209
<b>Total non-current liabilities</b>		<b>2,733,019</b>	<b>2,843,029</b>
<b>Current liabilities</b>			
Trade payables	18	447,864	350,500
Other payables and contract liabilities	19	345,213	388,817
Bank debt	20	494,655	438,926
Other financial liabilities	21	571,062	62,761
Current tax liabilities	22	46,466	15,226
<b>Total current liabilities</b>		<b>1,905,260</b>	<b>1,256,230</b>
<b>Total liabilities</b>		<b>4,638,279</b>	<b>4,099,259</b>
<b>Total shareholders' equity and liabilities</b>		<b>7,598,156</b>	<b>7,176,154</b>

## Consolidated income statement

<i>(amounts in thousands of EUR)</i>	Note	FY 2019	FY 2018 <sup>1</sup>
<b>Revenue</b>	23		
motorway sector - operating activities	23.1	1,241,062	1,218,972
motorway sector - planning and construction activities IFRIC 12	23.2	265,278	148,601
EPC sector	23.3	813,349	513,240
EPC sector - planning and construction activities IFRIC 12	23.4	17,751	37,365
technology sector	23.5	23,154	19,985
Other	23.6	84,349	54,255
<b>Total revenues</b>		<b>2,444,943</b>	<b>1,992,418</b>
Payroll costs	24	(386,272)	(302,444)
Costs for services	25	(895,736)	(647,461)
Costs for raw materials	26	(210,862)	(128,538)
Other costs	27	(160,745)	(154,453)
Capitalised costs on fixed assets	28	1,071	1,379
Amortisation, depreciation and write-downs	29	(325,177)	(319,125)
Adjustment of the provision for restoration/replacement of non-compensated revertible assets	30	13,528	(3,218)
Other provisions for risks and charges	31	(92,052)	(675)
Financial income:	32		
from unconsolidated investments		1,771	29,248
Other		37,174	14,132
Financial expenses:	33		
interest expense		(75,560)	(80,529)
Other		(3,606)	(5,288)
Profit (loss) of companies accounted for by the equity method	34	(90,504)	2,159
<b>Profit (loss) before taxes</b>		<b>257,973</b>	<b>397,605</b>
Taxes	35		
Current taxes		(121,641)	(110,285)
Deferred taxes		33,560	1,938
<b>Profit (loss) for the period</b>		<b>169,892</b>	<b>289,258</b>
• share attributed to minority interests		93,613	122,714
• <b>share attributable to Parent Company's Shareholders</b>		<b>76,279</b>	<b>166,544</b>
<b>Earnings per share</b>			
Earnings (euro per share)	36	0.835	1.809

## Consolidated statement of comprehensive income

<i>(amounts in thousands of EUR)</i>	FY 2019	FY 2018
<b>Profit (loss) for the period (a)</b>	<b>169,892</b>	<b>289,258</b>
Actuarial profit (loss) on employee benefits	(1,628)	349
Actuarial profit (loss) on employee benefits– companies accounted for by the equity method	41	(34)
Profit (loss) allocated to "reserves for revaluation at fair value"	5,551	(5,028)
Tax effect on profit (loss) that will not be subsequently reclassified in the Income Statement	80	39
<b>Profit (loss) that will not be subsequently reclassified in the Income Statement (b)</b>	<b>4,044</b>	<b>(4,674)</b>
Profit (loss) allocated to "cash flow hedge reserve" (interest rate swaps)	15,017	40,483
Profit (loss) allocated to "cash flow hedge reserve" (foreign exchange hedge)	1,089	3,094
Share of other profit/(loss) of companies accounted for by the equity method (reserve for foreign exchange translations)	(7,727)	(64,734)
Tax effect on profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met	(3,525)	(3,871)
<b>Profit (loss) that will be subsequently reclassified in the Income Statement when certain conditions are met (c)</b>	<b>4,854</b>	<b>(25,028)</b>
<b>Comprehensive income (a) + (b) + (c)</b>	<b>178,790</b>	<b>259,556</b>
• share attributed to minority interests	98,089	124,693
• <b>share attributable to Parent Company's Shareholders</b>	<b>80,701</b>	<b>134,863</b>

<sup>1</sup> As part of the operating reorganisation of the ASTM Group following the merger by incorporation of SIAS S.p.A. into ASTM S.p.A., the companies operating in the "construction" and "engineering" sectors and the company Euroimpianti S.p.A., operating in the sector of electrical and electronic systems, previously included with the companies in the "technology" sector, were concentrated into one single sector (the engineering, procurement and construction ("EPC") sector. In order to allow for better comparison between the data, the figures related to the 2018 financial year have been reclassified.

## Consolidated cash flow statement

<i>(amounts in thousands of EUR)</i>	Note	2019	2018
<b>Cash and cash equivalents – opening balance</b>		<b>1,087,633</b>	<b>554,936</b>
Change in the scope of consolidation	37.1	65,574	4,346
<b>Cash and cash equivalents, adjusted – opening balance (a)</b>		<b>1,153,207</b>	<b>559,282</b>
<b>Profit (loss)</b>		<b>169,892</b>	<b>289,258</b>
<b>Adjustments</b>			
Amortisation, depreciation and write-downs		325,178	319,225
Adjustment to the provision for restoration/replacement of non-compensated revertible assets		(13,528)	3,218
Adjustment to the provision for employee benefits		1,666	1,503
Provisions for risks		92,052	675
Profit (loss) of companies accounted for by the equity method (net of dividends collected)		102,672	27,886
Other non-cash (income)/expenses		(15,961)	-
Other financial expenses (income)		(32,532)	(34,142)
Capitalisation of financial expenses		(15,164)	(14,085)
<i>Operating Cash Flow (I)</i>		<u>614,275</u>	<u>593,538</u>
Net change in deferred tax credits and liabilities		(35,989)	956
Change in net working capital	37.2	67,851	7,986
Other changes from operating activities	37.3	(14,131)	(2,690)
<i>Change in net working capital and other changes (II)</i>		<u>17,731</u>	<u>6,251</u>
<b>Cash generated (absorbed) by operating activities (I+II) (b)</b>		<b>632,006</b>	<b>599,789</b>
Investments in revertible assets		(301,930)	(190,806)
A21 Piacenza-Cremona-Brescia concession – takeover		-	(301,000)
Divestiture of revertible assets		-	-
Grants related to revertible assets		18,640	28,847
<i>Net investments in revertible assets (III)</i>		<u>(283,290)</u>	<u>(462,959)</u>
Net investments in property, plant, machinery and other assets		(31,630)	(17,375)
Net investments in intangible assets		(3,474)	(6,547)
Net divestiture of property, plant, machinery and other assets		1,228	3,064
Net divestiture of intangible assets		1,751	651
<i>Net investments in intangible and tangible assets (IV)</i>		<u>(32,125)</u>	<u>(20,207)</u>
(Investments)/Divestiture in non-current financial assets - equity investments		(88,376)	930
(Investments)/Divestiture in non-current financial assets		(3,416)	(19,051)
<i>Loans purchased TE</i>		(11,277)	-
<i>Shares purchased TE/TEM</i>		(22,779)	-
<i>Purchase of Primav Infrastruttura SA and Ecorodovias Infrastruttura e Logistica SA shares</i>		-	(30,150)
<i>Purchase of SEA and Interstrade</i>		-	(5,278)
<i>Net investments in non-current financial assets (V)</i>		<u>(125,847)</u>	<u>(53,549)</u>
<b>Cash generated (absorbed) by investment activity (III+IV+V) (c)</b>		<b>(441,262)</b>	<b>(536,715)</b>
Net change in bank debt		214,556	(35,651)
Issue/(Reimbursement) of bond loans		-	541,023
Change in financial assets		(59,874)	(45,795)
(Investments)/Divestiture of capitalisation insurance policies		34,708	28,454
(Investments)/Divestiture in other financial assets		(8,927)	1,527
Change in other financial liabilities (including payable due to ANAS - Central Insurance Fund)		(13,689)	20,726
Changes in shareholders' equity attributed to minority interests		804	69,498
(Purchase)/sale of treasury shares		(5,268)	(19,428)
Public Tender Offer (OPA)		(199,732)	-
Changes in shareholders' equity attributed to the owners of the parent company		(13,124)	-
Dividends (and interim dividends) distributed by the Parent Company		(27,593)	(44,634)
Dividends (and interim dividends) distributed by Subsidiaries to minority interests		(68,275)	(50,443)
<b>Cash generated (absorbed) by financial activity (d)</b>		<b>(146,414)</b>	<b>465,277</b>
<b>Cash and cash equivalents – closing balance (a+b+c+d)</b>		<b>1,197,537</b>	<b>1,087,633</b>
<b>Additional information:</b>			
• Taxes paid during the period		93,560	128,878
• Financial expenses paid during the period		81,662	79,598
• Operating Free Cash Flow			
<i>Operating cash flow</i>		614,275	593,538
<i>Change in net working capital and other changes</i>		17,731	6,251
<i>Net investments in revertible assets</i>		(283,290)	(161,959)
<i>A21 Piacenza-Cremona-Brescia concession – takeover</i>		-	(301,000)
<i>Operating Free Cash Flow</i>		<u>348,716</u>	<u>136,830</u>

The Group's "net financial position" is described in the related paragraph in the Management Report.

Statement of changes in shareholders' equity

(amounts in thousands of EUR)	Share capital	Share premium reserve	Revaluation Reserves	Legal reserve	Reserve for the purchase of treasury shares	Purchased treasury shares	Reserve for revaluation at fair value	Cash flow hedge reserve	Exchange rate difference reserve	Reserve for discounting Employee Severance Indemnity	Retained earnings (losses)	Profit (loss) for the year	Total shareholders' equity attributed to Parent Company's Shareholders	Shareholders' equity attributed to minority interests	Total shareholders' equity
<b>01 January 2018</b>	<b>46,221</b>	<b>147,361</b>	<b>9,325</b>	<b>10,538</b>	<b>70,240</b>	<b>(66,991)</b>	<b>5,347</b>	<b>(13,262)</b>	<b>3,479</b>	<b>(1,390)</b>	<b>1,518,086</b>	<b>130,133</b>	<b>1,859,086</b>	<b>1,006,954</b>	<b>2,866,040</b>
Allocation of 2017 profits											106,544	(106,544)	-		-
Distribution of 2017 final dividend (EUR 0.255 per share)												(23,589)	(23,589)	(36,707)	(60,296)
Distribution of 2018 interim dividend (EUR 0.23 per share)												(21,045)	(21,045)	(13,736)	(34,781)
Purchase/sale of treasury shares	(517)				20,836	(20,290)					(20,874)	-	(20,845)	(6)	(20,851)
Change in the scope of consolidation															
Acquisition of minorities and other changes											(861)		(861)	70,220	69,359
Adoption of IFRS 9 and IFRS 15							(3,422)				1,568		(1,854)	(279)	(2,133)
Comprehensive income							(3,220)	23,755	(52,498)	123	159	166,544	134,863	124,693	259,556
<b>31 December 2018</b>	<b>45,704</b>	<b>147,361</b>	<b>9,325</b>	<b>10,538</b>	<b>91,076</b>	<b>(87,281)</b>	<b>(1,295)</b>	<b>10,493</b>	<b>(49,019)</b>	<b>(1,267)</b>	<b>1,604,622</b>	<b>145,499</b>	<b>1,925,755</b>	<b>1,151,140</b>	<b>3,076,895</b>
Allocation of 2018 profits											117,906	(117,906)	-		-
Distribution of 2018 final dividend												(27,593)	(27,593)	(68,275)	(95,868)
Public tender offer (OPA) and purchase of SIAS shares											(87,884)		(87,884)	(116,639)	(204,523)
ASTM shares issued in exchange for SIAS shares	19,683										713,588		733,271	(733,271)	
Merger accessory charges											(7,342)		(7,342)		(7,342)
Purchase/sale of treasury shares	(102)				5,268	(5,166)					(5,268)		(5,268)		(5,268)
Change in the scope of consolidation	(11)										(99)		(110)	20,871	20,761
Acquisition of minorities and other changes							2,568				(11,237)		(8,669)	5,101	(3,568)
Comprehensive income <sup>(1)</sup>							3,624	7,160	(5,503)	(859)		76,279	80,701	98,089 <sup>(2)</sup>	178,790
<b>31 December 2019</b>	<b>65,274</b>	<b>147,361</b>	<b>9,325</b>	<b>10,538</b>	<b>96,344</b>	<b>(92,447)</b>	<b>4,897</b>	<b>17,653</b>	<b>(54,522)</b>	<b>(2,126)</b>	<b>2,324,286</b>	<b>76,279</b>	<b>2,602,861</b>	<b>357,016</b>	<b>2,959,877</b>

Notes:

- (1) The breakdown of this item is included in the related "statement of comprehensive income" (at the bottom of the "income statement")
- (2) Comprehensive income assigned to minority interests

Minority interests' profit	93,613
Cash flow hedge – IRS, pro-rata share	4,145
Adjustment of the exchange rate difference reserve, pro-rata share	(948)
Employee Severance Indemnity actuarial components, pro-rata share	(435)
Adjustment to fair value, pro-rata share	1,714
"Comprehensive" income attributable to minority interests	98,089

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Principles of consolidation,  
valuation criteria and  
explanatory notes

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## General information

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

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

The Parent Company's registered office is at Corso Regina Margherita 165 - Turin, Italy. Pursuant to the Articles of Association, the duration of the Company is established to 31 December 2050.

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

The consolidated financial statements are drawn up in Euro, which is the current currency in the economy in which the Group mainly operates.

Pursuant to art. 5, paragraph 2 of Legislative Decree no. 38 of 28 February 2005 and in accordance with paragraph 46 of IAS 1, these consolidated financial statements have been prepared in thousands of euro.

The consolidated financial statements of the ASTM Group were favourably examined and approved by the Board of Directors of ASTM S.p.A. on 14 April 2020.

## Preparation criteria and contents of the consolidated financial statements

The 2019 annual consolidated financial statements have been prepared on a going concern basis since there is reasonable expectation that the ASTM Group will continue its business operations in the foreseeable future and in any case for a time period greater than 12 months.

Based on the provisions of art. 3, paragraph 1 of Legislative Decree no. 38 of 28/2/2005, these consolidated financial statements were prepared in accordance with the main **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, the comparative data referring to the previous period also comply with the cited accounting standards.

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

## Principles and scope of consolidation

### Principles of consolidation

In addition to the financial statements of the Parent Company – ASTM S.p.A. – these consolidated financial statements include the financial statements of the Companies over which it exercises control (these financial statements approved by the respective Boards of Directors were adjusted/reclassified 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 results. The financial statements of subsidiaries are included in the consolidated financial statements starting from the date upon which control is assumed until the moment control ceases to exist.

Joint arrangements can be classified as (i) "interests in joint ventures" if the Group holds the rights to net assets under the arrangement, e.g. for a company with its own legal status, or (ii) "jointly controlled entities" if the Group holds the right to assets and obligations on liabilities underlying the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The classification of ASTM Group agreements is based on analysis of the contractual rights and obligations. In particular, based on current agreements, the ASTM Group holds rights to net assets of the agreement classified as "interests in joint ventures" (accounted for using the "equity method") or in "joint operations" (recognising the quota of rights and obligations of the holder in the annual financial statements).

Companies over which "significant influence" is exercised are assessed according to the "equity method". Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control of those policies. Significant influence is presumed when the Group holds at least 20% of the voting rights.

In the paragraph "Scope of consolidation" below, consolidated equity investments and the changes to them are shown in detail.

\* \* \*

### Consolidation on a "line-by-line basis"

In brief, consolidation on a line-by-line basis involves taking the assets and liabilities, costs and revenue of the consolidated companies, regardless of the amount of equity investment held, and attributing to minority shareholders the share of profits and reserves applicable to them in a dedicated heading of Shareholders' Equity called "Shareholders' equity 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 equity investments 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 activities 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 equity investments with the "equity method"

The equity investments are initially entered at cost and the book value is increased or decreased to record the share of profits and losses of the investee company accruing to the holding company, which are realised after the acquisition date. Any goodwill included in the value of the equity investment is subject to an impairment test. The acquisition cost is attributed to the pro-rata share 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 relating to other changes to the statement of comprehensive income 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 equity 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 equity investment.

Scope of consolidation

The list of subsidiary companies included in the scope of consolidation is shown below.

**Parent Company**

Name	Registered office
ASTM S.p.A.	Turin - Corso Regina Margherita 165

**Subsidiaries – consolidated on a "line-by-line basis"**

Name	Registered office	Share capital	% of the group <sup>1</sup>	Directly-held %
Argo Costruzioni Infrastrutture S.c.p.a.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	130,000	100.000	
Ativa Engineering S.p.A.	10156 Turin, Strada della Cebrosa 86	200,000	100.000	
Crispi S.c.a r.l., with single shareholder, in liquidation	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	100.000	
Euroimpianti S.p.A.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	120,000	100.000	
Finanziaria di Partecipazioni e Investimenti S.p.A.	15057 Tortona (AL) – S.S. 211 Loc. San Guglielmo 3/13	22,680,725	100.000	
Halmar International Trucking Inc	421 East Route 59, Nanuet, NY 10954-2908	-	100.000	
Halmar Transportation System Llc	421 East Route 59, Nanuet, NY 10954-2908	-	100.000	
HIC Insurance Company Inc.	421 East Route 59, Nanuet, NY 10954-2908	200,000	100.000	
IGLI S.p.A.	20135 Milan - Viale Isonzo 14/1	37,130,000	100.000	100.000
ITINERA CONSTRUCCOES LTDA	Vila Nova Conceição, São Paulo (Brazil)	BRL 1,000,000	100.000	
ITINERA S.p.A.	Tortona (AL) – Via Balustra 15	86,836,594	100.000	66.117
Itinera USA CORP	2140 S Dupont Highway Street, Camden Delaware	USD 55,100,000	100.000	
Itinera Infrastructure and Concessions Inc.	New York, 1 Blue Hill Plaza	USD 2,500,000	100.000	100.000
Logistica Tirrenica S.p.A.	55041 Lido di Camaiore (LU) – Via Don Tazzoli 9	12,000,000	100.000	
Marcallo S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50,000	100.000	
SEA Segnaletica Stradale S.p.A.	15057 Tortona (AL) Regione Ratto	500,000	100.000	
SIAS Parking S.r.l., sole proprietorship, in liquidation	10144 Turin – Via Bonzanigo 22	5,000,000	100.000	100.000
SINA S.p.A.	20135 Milan - Viale Isonzo 14/1	10,140,625	100.000	100.000
Sinelec USA INC	509 Madison Avenue, Suite 1510, New York, New York 10022	USD 50,000	100.000	
SINERGIE S.c.ar.l., in liquidation	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	100.000	
Siteco Informatica S.r.l., sole proprietorship	20135 Milan - Viale Isonzo 14/1	13,784	100.000	
Società Attività Marittime (SAM) S.p.a.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	500,000	100.000	
Urbantech S.p.A. with single shareholder	15057 Tortona (AL), Strada Statale per Alessandria 6/a	130,907	100.000	
Storstrøm Bridge JV	4760 Vordingborg (Denmark) - Faergegaardsvej 15 L	-	99.980	
Torre di Isola S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	99.900	
SATAP S.p.A.	10144 Turin – Via Bonzanigo 22	158,400,000	99.874	99.874
CORNIGLIANO 2009 S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	99.800	
Autostrada Albenga Garesio Ceva S.p.A.	Cuneo - Corso Giolitti 17	600,000	99.460 <sup>(2)</sup>	
SINELEC S.p.A.	Tortona (AL) – S.S. 211 Loc. San Guglielmo 3/13	7,383,435	98.914	86.789
Lambro S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	200,000	97.210	
AGOGNATE S.c.ar.l., in liquidation	15057 Tortona (AL), Str.Priv.Ansaldi 8	10,000	96.900	
BIANDRATE S.c.ar.l., in liquidation	15057 Tortona (AL), Str.Priv.Ansaldi 8	10,000	96.900	
Carisio S.c.ar.l., in liquidation	15057 Tortona (AL), Via Balustra 15	10,000	96.000	
Taranto Logistica S.p.A.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	13,000,000	96.000	
Società Autostrada Ligure Toscana p.A.	55041 Lido di Camaiore (LU) – Via Don Tazzoli 9	160,300,938	95.229	95.229
Impresa Costruzioni Milano S.c.ar.l. - I.CO.M., in liquidation	15057 Tortona (AL) - Strada per Alessandria 6/a	10,000	93.000	
SI.GO.GEN. S.r.l.	10156 Turin, Strada della Cebrosa 86	260,000	85.000	
Diga Alto Cedrino S.c.ar.l.	15057 Tortona (AL), Via Balustra 15	50,000	80.000	
Mazze' S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	80.000	
Sistemi e Servizi S.c.ar.l.	Tortona (AL) S.S. 211 Loc. San Guglielmo 3/13	100,000	80.000	28.000
Autostrada dei Fiori S.p.A.	18100 Imperia – Via della Repubblica 46	325,000,000	73.003	
A.T.I.V.A. S.p.A. – Autostrada Torino- Ivrea-Valle D'Aosta	10156 Turin, Strada della Cebrosa 86	44,321,250	72.340 <sup>(3)</sup>	72.340 <sup>(3)</sup>
SAV S.p.A.	Châtillon (AO) – Strada Barat 13	24,000,000	71.275	65.085
Atlantic Coast Foundations Llc	421 East Route 59, Nanuet, NY 10954-2908	-	70.000	
Safe Road S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	65.840	
Autostrada Asti-Cuneo S.p.A.	Rome – Via XX Settembre 98/E	200,000,000	65.000	
Pedemontana Lombarda Manutenzioni S.c.ar.l. (P.L.M), in liquidation	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	64.600	
Halmar International - LB Electric LLC	421 East Route 59, Nanuet, NY 10954-2908	-	60.000	
Consorzio Sintec	20135 Milan - Viale Isonzo 14/1	20,000	60.000	
Halmar-A Servidone - B Anthony LLC	421 East Route 59, Nanuet, NY 10954-2908	1,600,000	60.000	
Potomac Yard Constructors	421 East Route 59, Nanuet, NY 10954-2908	-	60.000	
S.G.C. S.c.ar.l., in liquidation	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	60.000	
CERVIT Impianti Tecnologici Consortile A Responsabilità Limitata (C.I.T. S.c.ar.l.)	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	58.790	
Società di Progetto Autovia Padana S.p.A.	15057 Tortona (AL) S.S. 211 Loc. San Guglielmo 3/13	163,700.00	51.000	
A 7 barriere S.c.ar.l., in liquidation	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	51.000	
Ponte Meier S.c.ar.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	51.000	
Ramonti S.c.ar.l., in liquidation	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	51.000	
CRZ01 S.c.ar.l., in liquidation	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10,000	50.750	
HINNS JV	421 East Route 59, Nanuet, NY 10954-2908	-	50.000	
Halmar International LLC	421 East Route 59, Nanuet, NY 10954-2908	27,080,000	50.000	

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

<sup>(2)</sup> Net of treasury shares held by the company.

<sup>(3)</sup> As at 31 December 2019, of which 31.170 through fiduciary.

**List of Joint Operations**

Name	Registered office	% of the group <sup>1</sup>	Directly-held %
Koge Hospital Project Team I/S	2900 Hellerup (Denmark) - Tuborg Havnevej 18	80.00	
Itinera Agility JV	Emirate of Abu Dhabi, UAE	75.00	
Itinera/Cimolai JV	Gaborone/Republic of Botswana	72.23	
ITINERA - GHANTOOT JV	Emirate of Abu Dhabi, UAE	50.00	
Consortium Baixada Santista	Sao Paulo (Brazil) - Via Nova Conceicao	50.00	
Consortio Binario Porto de Santos	Rodovia Anchieta, S/N, KM 64 e 65, Bairro Alemoa, Município de Santos, Estado de São Paulo(SP)	50.00	
MG-135 Consortium	Avenida Dom Pedro II, número 801, Bairro Centro, Município de Curvelo, Estado de Minas Gerais (MG)	50.00	
Consortio BR -050	Avenida José Severino, n. 3050, Lotamento Santa Terezinha Quadra 66 Cidade de Catalo, Estado De Gois	50.00	
Alcas da Ponte Consortium	Rua Carlos Seidl, número 576, Bairro Cajú, Município do Rio de Janeiro, Estado do Rio de Janeiro (RJ)	50.00	
Arge H51	A110 Vienna, Absberggasse 47, Austria	44.99	
Odense Hospital Project Team Joint Venture I/S	2900 Hellerup (Denmark) - Tuborg Havnevej 18	49.00	
MEP JV	Emirate of Abu Dhabi, UAE	33.33	
3RD TRACK CONSTRUCTORS	New York (USA), 810 Seventh Avenue, 9th floor	23.00	

**List of equity investments in jointly controlled entities and associated companies accounted for by the "equity method"**

Name	Registered office	Share capital	% of the group <sup>1</sup>	Directly-held %
<b>Jointly controlled entities</b>				
Primav Infrastruttura S.A. (*)	Sao Paulo, Rua Doutor Eduardo de Souza Aranha, 387	BRL 2,224,010,500	69.100	
Grugliasco S.c.ar.l.	Tortona (AL), Strada Statale per Alessandria 6/a	10,000	60.000	
CERVIT S.c.ar.l.	Milan, Via Antonio Cechov 50	10,000	51.000	
FEDERICI STIRLING BATCO LLC (**)	Muscat (Oman) - P.O. BOX 1179 AL ATHAIBA, 130	OMR 300,000	34.300	
Ecorodovias Infrastruttura e Logistica S.A.	São Paulo, Rua Gomes de Carvalho, 1510 31/32 Vila Olimpia	BRL 360,900,000	4.990	
(*) of which 30.9% ordinary shares and 38.2% preferred shares – equal to 50% of the voting rights				
(**) of which 34.3% ordinary shares – equal to 49% of the voting rights				
<b>Associated companies</b>				
Aurea S.c.ar.l.	Milan, Via Fabio Filzi 25	10,000	99.000	
Colmeto S.c.ar.l.	Tortona (AL), Strada Statale per Alessandria 6/a	10,000	51.000	
Consortio Siciliano Lavori Ferroviari - CON.SI.L.FER.	Rome - Via Indonesia 100	5,164	50.000	
Europa S.c.ar.l.	Parma - Via Anna Maria Adorni 1	10,000	50.000	
Lissone S.c.ar.l.	Milan, Via Marcello Nizzoli 4	10,000	50.000	
Malco S.c.ar.l.	Vicenza - Viale dell'Industria 42	10,000	50.000	
Mill Basin Bridge Contractors LLC	421 East Route 59, Nanuet, NY 10954-2908	USD 12,755	50.000	
Nichelino Village S.c.ar.l.	Tortona (AL), Strada Statale per Alessandria 6/a	10,000	50.000	
Ponte Nord S.p.A.	Parma - Via Anna Maria Adorni 1	1,667,000	50.000	
Serravalle Village S.c.ar.l.	Tortona (AL), Strada Statale per Alessandria 6/a	10,000	50.000	
Tunnel Frejus S.c.ar.l.	Tortona (AL), Strada Statale per Alessandria 6/a	50,000	50.000	
Interconnessione S.c.ar.l.	Tortona (AL), Strada Statale per Alessandria 6/a	10,000	49.900	
Asta S.p.A.	Turin - Via Bonzanigo 22	6,000,000	49.002	
CMC Itinera JV S.c.p.A.	Ravenna, Via Trieste 76	100,000	49.000	
Letimbro S.c.ar.l.	Tortona (AL), Strada Statale per Alessandria 6/a	100,000	49.000	
Tangenziali Esterne di Milano S.p.A.	Milan - Via Fabio Filzi, 25	220,344,608	49.999	12.947
Rivalta Terminal Europa S.p.A.	Tortona (AL) – Fraz. Rivalta Scrivia – Strada Savonesa 12/16	14,013,412	48.160	
S.I.T.A.F. S.p.A.	Susa (TO) - Fraz. S. Giuliano, 2	65,016,000	47.872	46.722
Smart Mobility Systems s.c.ar.l. (SMS S.c.ar.l.)	Tortona (AL), Strada Statale per Alessandria 6/a	10,000	45.500	
ASCI LOGISTIK GMBH	Thalerhofstrasse 88 8141 Premstatten	35,000	45.000	
CIS BETON GMBH	Thalerhofstrasse 88 8141 Premstatten	35,000	45.000	
Mose Bocca Di Chioggia S.c.ar.l.	Padua, Via Belgio 26	10,000	42.500	
ATIVA Immobiliare S.p.A. <sup>(2)</sup>	Turin – Strada Cebrosa 86	1,100,000	49.995	49.995
VETIVARIA s.r.l.	Milan – Via Spallanzani Lazzaro 6	72,000	40.326	
MOSE OPERAEE S.c.ar.l.	Padua, Via Belgio 26	10,000	40.220	
COVA S.c.ar.l.	Bologna - Viale Antonio Silvani 6	10,000	40.000	
Edilrovaccio 2 S.r.l., in liquidation	Turin – Via M. Schina 5	45,900	40.000	20.000
SPO1 società consortile a responsabilità limitata	Turin - Via Vincenzo Vela 42	10,000	40.000	
C.T.E. Consortio Tangenziale Engineering	Milan – Via Girolamo Vida 11	20,000	39.999	
Fondo Valle S.c.ar.l. in liquidation	Tortona (AL) - Strada privata Ansaldo 8	10,000	39.330	
Tessera S.c.ar.l.	Tortona (AL), Strada Statale per Alessandria 6/a	10,000	39.240	
SITRASB S.p.A.	Aosta – Saint Rhémy En Bosses Località Praz-Gentor	11,000,000	36.500	
S.A.C. S.r.l. Consortile, in liquidation	Carini (PA)-S.S. 113 Zona Industriale	10,329	35.000	
Consortio Costruttori TEEM	Tortona (AL), Strada Statale per Alessandria 6/a	10,000	34.999	
Consortio Cancellò Frasso Telesino	Parma, Via Madre Anna Maria Adorni 1	15,000	33.330	
Autostrada Nogare Mare Adriatico S.c.p.A. in liquidation	Verona, Via Flavio Gioia 71	120,000	29.000	
Interporto di Vado Intermodal Operator S.c.p.A.	Vado Ligure (SV) – Via Trieste 25	3,000,000	28.000	
S.A.BRO.M. S.p.A. - Società Autostrada Broni-Mortara	Milan - Via dei Missaglia 97	28,902,600	26.841	
Brescia Milano Manutenzioni S.c.ar.l.	Cuorgnè (TO) - Località Bandone 1/G	10,000	26.000	
D.N.C. S.c.ar.l.	Rome, Piazza Ferrando De Lucia, 65	20,000	25.000	
Tangenziale Esterna S.p.A.	Milan - Via Fabio Filzi 25	464,945,000	24.455	22.736
C.I.M. S.p.A. Novara - Centro Interportuale Merci	Novara - Via Carlo Panzeri 118	24,604,255	24.313	
Mose TREPORI S.c.ar.l.	Padua, Via Belgio 26	10,000	22.540	
Igea Romagna S.c.ar.l.	Ravenna - Via Pier Traversari, 63	20,000	20.330	
Formazza S.c.ar.l., in liquidation	Tortona (AL), Str.Priv.Ansaldo, 8	10,200	20.000	
ROAD LINK Holdings Ltd.	Northumberland - Stocksfield NE43 7TN	GBP 1,000	20.000	20.000

<sup>(1)</sup> The percentage indicates the sum of percentages of equity investments held by individual companies of the Group

<sup>(2)</sup> Net of treasury shares held by the company ATIVA Immobiliare S.p.A.

**List of other equity investments**

Name	Registered office	Share capital	% of the group (1)	Directly- held %
DAITA S.c.ar.l.	Caltanissetta - Via N. Colajanni 314/E	10,328	80.000	
Siteco BGOOD	Sofi Kniaz Boris I 55, Bulgaria	5,215	48.993	
ABESCA EUROPA S.r.l.	Morbegno (SO), Via Vanoni 24	100,000	19.523	
iOne Solutions S.r.l.	Tortona - Corso Romita 10	10,200	19.000	
Confederazione Autostrade S.p.A.	Verona - Via Flavio Gioia, 71	6,000,000	16.667	
Consorzio Autostrade Italiane Energia	Rome - Via A. Bergamini 50	113,949	16.640	
CODELFA S.p.A.	Tortona (AL), Strada Statale per Alessandria 6/a	2,500,000	16.423	
NUOVA CODELFA S.p.A.	Tortona - Corso Romita 10	2,500,000	16.423	
MILANO SERRAVALLE - MILANO TANGENZIALI S.p.A.	Assago (MI) – Via del Bosco Rinnovato, 4/A	93,600,000	13.595	10.703
Società per azioni Autostrade Centropadane	Cremona – Via Colletta 1	30,000,000	11.095	
C.R.S. – Centro Ricerche Stradali S.p.A.	Mestre (Venice) Piazzale Leonardo da Vinci, 8/A	26,850	11.081	
CSI – Consorzio Servizi Ingegneria	Verona – Via Cattaneo 20	10,000	11.000	
Pedelombarda S.c.p.A.	Milan - Via dei Missaglia 97	5,000,000	11.000	
Passante Dorico S.p.A.	Milan - Via dei Missaglia 97	24,000,000	11.000	
Banca Alpi Cooperativo- Carrù	Carrù – Registered office Via Stazione, 10	14,670,000	10.000	
Cons. Costr. Veneti San Marco	Padua - Via Trieste 32	51,646	10.000	
SPEDIA S.p.A., in liquidation	La Spezia-Via delle Pianazze 74	2,413,762	7.971	
Form Consult S.p.A. (former IRI Management)	Rome - Via Piemonte 60	1,560	6.045	
AGENZIA di POLLENZO S.p.A.	Bra - Fraz. Pollenzo (CN) – Piazza Vittorio Emanuele 13	24,319,920	5.746	
Restart SIIQ	Milan, Via Tortona 37	5,000,167	5.300	
AEDES SIIQ S.p.A.	Milan, Via Tortona 37	210,000,000	5.300	
TUNNEL GEST S.p.A.	Arcugnano (VI) – Via dell'Industria n. 2	8,500,000	5.000	
Interporto Rivalta Scrivia S.p.A.	Rivalta Scrivia (AL) - Strada Savonese 12/16	11,848,200	4.340	4.340
Eurolink S.c.p.A.	Rome - Via dei Crociferi 44	150,000,000	2.000	
Parco Scientifico e Tecnologico in Valle Scrivia S.p.A. - P.S.T. S.p.A.	Rivalta Scrivia (AL) – Strada Comunale Savonese 9	5,271,936	1.957	
SEVESO SCARL, in liquidation	Milan - Via Valtellina 17	10,000	1.500	
MN 6 S.c.ar.l.	Naples - Via Galileo Ferraris 101	51,000	1.000	
Alitalia - 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.)	Milan - Via Lanzone 31	25,000,000	0.228	
C.e.P.I.M. S.p.A. - Centro Padano Interscambio Merci S.p.A.	Fontevivo (PR) – Piazza Europa, 1	6,642,928	0.211	
Milano Depur S.p.A.	Milan, Via Lampedusa 13	1,900,000	0.100	
Vettabbia S.c.ar.l.	Milan, Via Lampedusa 13	100,000	0.100	
Mediobanca S.p.A.	Milan - Piazzetta Enrico Cuccia 1	443,608,089	0.035	
Assicurazioni Generali S.p.A.	Trieste – Piazza Duca degli Abruzzi 2	1,569,773,403	0.022	0.022
SOGEAP Aeroporto di Parma S.p.A.	Parma – Via Ferretti Licinio 50/A	16,554,528	0.015	
C.A.A.F. IND. E.C. S.p.A.	Bologna – Via San Domenico 4	377,884	0.014	
Banco BPM S.p.A.	Milan - Piazza Meda	7,100,000,000	0.010	
Società cooperativa elettrica Gignod	Località la Croix Noire - Rue la Croix Noire 61	296,000	0.010	
BANCA CARIGE S.p.A.	Genoa – Via Cassa di Risparmio 15	1,915,163,696	0.006	
Argentea Gestioni S.c.p.A.	Brescia - Via Somalia 2/4	120,000	0.030	
Uirnet S.p.A.	Brescia - Via Somalia 2/4	1,142,000	0.001	
Salini Impregilo S.p.A. (2)	Milan – Via dei Missaglia 97	600,000,000	-	
Atlantia (former Autostrade S.p.A.)	Rome, Via Antonio Nibby 20	825,783,990	-	

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

(2) The Group only owns saving shares

**Changes in the scope of consolidation**

The significant events occurring in 2019 are shown below:

- **Acquisition of control of the ATIVA Group:** on 14 November 2019 the ASTM Group signed a contract of sale of shares for the acquisition of control of ATIVA S.p.A., in addition to its subsidiaries Ativa Engineering S.p.A. and SI.CO.GEN S.r.l. ("ATIVA Group"); the ATIVA Group was consolidated in the 2019 annual financial statements of the ASTM Group on a line-by-line basis limited to the financial balances at the reporting date; the income statement was implemented using the equity method, in light of the absence, as at 14 November 2019, of the necessary authorisations from the granting body for the transfer of the shares, and in consideration of the intangible nature of the effects on the line-by-line consolidation.

The fair value acquisition fee for the identifiable net assets acquired and the liabilities assumed was allocated provisionally and therefore must be completed within one year from the date of acquisition pursuant to the revised IFRS 3. This process generated goodwill, accounted for provisionally, equal to EUR 34.7 million as well as the posting to



the income statement of the positive difference, equal to EUR 19.5 million, to the fair value, at the date of acquisition, of the non-controlling interest previously held and its carrying value.

- **Merger by incorporation of SIAS S.p.A. into ASTM S.p.A.:** with effect as of 31 December 2019, the company SIAS S.p.A. was merged by incorporation into ASTM S.p.A. and the accounting effect of the merger is retroactive to 1 January 2019. With reference to this merger, there are no changes in the scope of consolidation since the incorporated company was already consolidated on a "line-by-line basis" into the financial statements of the ASTM Group.

The following additional changes to the scope of consolidation are also noted:

- on 28 February 2019, Sinelec S.p.A. subscribed to 100 shares of the newly incorporated Sinelec USA Inc, reaching a total of 100% of the share capital; from the date of incorporation, the American company is included in the scope of consolidation;
- on 25 March 2019, Safe Road S.c.ar.l. was incorporated by Sinelec S.p.A. through the subscription of 52 stakes and by Euroimpianti S.p.A. through the subscription of 14 stakes respectively, reaching a total of 65.670% of the share capital (Sinelec S.p.A. 51.67% and Euroimpianti S.p.A. 14%); from the date of incorporation, the company is included in the scope of consolidation;
- on 25 March 2019, ASTM S.p.A. subscribed to the entire share capital of the newly incorporated Itinera Infrastructure and Concessions Inc.; from the date of incorporation, the American company is included in the scope of consolidation;
- on 27 March 2019, the 3,600 stakes held in Brescia Milano Manutenzioni S.c.ar.l. by Sinelec S.p.A. (1,800 - 18% of the share capital) and by Euroimpianti S.p.A. (1,800 - 18% of the share capital) respectively were sold; following the sale of these stakes, Brescia Milano Manutenzioni S.c.ar.l. is no longer a subsidiary; the Company is consolidated – on a "line-by-line" basis – limited to the "income statement figures" only until the date of the loss of control;
- following the December 2018 liquidation and the subsequent removal from the Business Register, the companies Mortara S.c.ar.l. and Malpensa 2011 S.c.ar.l. are de-consolidated as of 1 January 2019;
- following the liquidation and subsequent removal from the Business Register on 10 June 2019, the company Brescia Milano Impianti S.c.ar.l. is consolidated on a "line-by-line basis" limited to the "income statement figures" only until the date of liquidation;
- as of this year, the Joint Operations Consorzio BR-050 and MEP JV are included in the scope of consolidation and the company Bishop/Halmar JV is no longer included following the achievement of the corporate purpose;
- in 2019, Halmar International LLC acquired control of the newly incorporated American company HINNS JV; as of the date of incorporation the American company is included in the scope of consolidation.

With retroactive accounting effect from 1 January 2019, the company Adelaide Crystal HLLC was merged by incorporation into Halmar International LLC; with reference to this merger, there are no changes in the scope of consolidation since the incorporated company was already consolidated on a "line-by-line basis" into the financial statements of the ASTM Group.

Where significant, the notes indicate the effects deriving from the "Changes in the scope of consolidation".

## Valuation criteria

The valuation criteria applied to the preparation of the consolidated financial statements as at 31 December 2019 are the same as those used to draw up the financial statements as at 31 December 2018, with the exception of the application - from 1 January 2019 - of the new IFRS 16 international accounting standard:

Published in January 2016 and endorsed by Regulation (EU) No. 1986/2017, **IFRS 16 – Leases** replaced IAS 17 – *Leasing*, 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 Group has chosen to apply the standard retrospectively, recognising in shareholders' equity the cumulative effect of applying the standard at 1 January 2019, in accordance with paragraphs IFRS 16:C7-C13 (Simplified Retrospective Method). In particular, with regard to the lease contracts previously classified as operating leases, the Group recorded:

- 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.

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

Similarly, the Group made 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 of the lease contract that do not exceed EUR 5,000 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 (short-term lease, low-value asset), the introduction of IFRS 16 does not result in the recognition of the financial liability of the lease and the related right of use, but the lease payments are 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 made use of the following practical expedients available in the event of the choice of the simplified retrospective transition method:

- Classification of contracts that mature within 12 months of the transition date; for these contracts the lease payments will also be recognised in the income statement on a straight-line basis.
- Exclusion of initial direct costs from the measurement of the right of use as at 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 introduced some elements of professional judgement that involved 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 operational leasing contracts entered into by the Group do not include an implicit interest rate, the discounting 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, increased by the Group's credit spread.

The effects of the first-time adoption of IFRS 16, also taking into account the practical expedients listed above, resulted in an increase at 1 January 2019 in *Financial Liabilities* of about EUR 23 million and the recording of a *Right of Use* of the same amount. The impact on the Group's shareholders' equity, net of the related tax effect, is therefore null.

The following table contains the impact deriving from the adoption of IFRS 16 on the consolidated balance sheet:

<i>(amounts in thousands of EUR)</i>	31 December 2018	IMPACT OF ADOPTION OF IFRS 16	1 January 2019
<b>NON-CURRENT ASSETS</b>			
Intangible assets	3,183,160		3,183,160
Tangible assets			
<i>property, plant, machinery and other assets</i>	124,094		124,094
<i>financial lease assets/rights of use</i>	5,925	22,768	28,693
Total tangible assets	130,019	22,768	152,787
Non-current financial assets	1,630,112		1,630,112
Deferred tax credits	146,504		146,504
<b>Total non-current assets</b>	<b>5,089,795</b>	<b>22,768</b>	<b>5,112,563</b>
<b>Total current assets</b>	<b>2,086,359</b>		<b>2,086,359</b>
<b>TOTAL ASSETS</b>	<b>7,176,154</b>	<b>22,768</b>	<b>7,198,922</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,076,895</b>		<b>3,076,895</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other non-current liabilities	1,303,239		1,303,239
Other financial liabilities	1,539,790	16,838	1,556,628
<b>Total non-current liabilities</b>	<b>2,843,029</b>	<b>16,838</b>	<b>2,859,867</b>
<b>Current liabilities</b>			
Other current liabilities	1,193,469		1,193,469
Other financial liabilities	62,761	5,930	68,691
<b>Total current liabilities</b>	<b>1,256,230</b>	<b>5,930</b>	<b>1,262,160</b>
<b>TOTAL LIABILITIES</b>	<b>4,099,259</b>	<b>22,768</b>	<b>4,122,027</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>7,176,154</b>	<b>22,768</b>	<b>7,198,922</b>

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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 (CGU) to which goodwill has been allocated and based on which Management evaluates the profitability 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 granting body 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 (“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 granting body, 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 companies** and the **EPC 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 and depreciation of revertible assets of some investee companies, the "terminal values" set out in current agreements, or in the financial plans approved/presented to the Granting Body and/or the agreements signed with the same, have been taken into account for these investments.

Concerning non-compensated revertible assets, the amortisation and depreciation reserve and the provisions for restoration and replacement, considered overall, provide adequate coverage of the following expenses:

- free alienation to the Granting Body, at the end of the concession, of revertible assets with a useful life greater than the duration of the concession;
- recovery and replacement of components of 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 stretches 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.

Costs associated with development activities are posted to the balance sheet assets when: (i) the expense related to the intangible asset can be reliably determined; (ii) there is the intention, the availability of financial resources and the technical ability to make the asset available for use or sale; (iii) it can be proved that the asset can produce future economic benefits. These intangible assets are amortised over a period not to exceed five financial years.

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

Expenses for research activities are posted to the income statement of the period in which they are incurred.

#### Tangible assets

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

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

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

<u>Category</u>	<u>Rate</u>
Land	not depreciated
Non-industrial and industrial buildings	3% - 4%
Plant, machinery and vehicles	4% - 5% - 8% - 10% -15%- 20%-25%
Light structures	10% - 12.5%
Technical equipment	12% - 15% - 25%
Facilities and light structures	10% - 12% - 25% - 40%
Metal formwork	25%
Excavators and mechanical diggers	20%
Radio and alarm equipment	25%
Automobiles and motor vehicles	20% - 25%
Office furniture and machines	12% - 20% - 40%
Electromechanical and electronic machines	20%

#### Rights of use

On the basis of the provisions of IFRS 16, the lease contracts payable (which do not constitute the provision of services) are accounted for by posted a financial liability to the equity-financial position, represented by the present value of future lease payments, against the posting of the right of use of the leased asset to the assets.

IFRS 16 introduces the "right of use" concept, which determines - independently of the contractual form - the obligation to post the right of use to the balance sheet assets with the corresponding payable at the present value of future lease payments as a contra-item in the liabilities.

The assets and liabilities are posted at the current value of the contractually due lease payments, taking account of any option for extension/resolution where there is reasonable certainty to exercise/not exercise it.

The portion of amortisation and depreciation of the right of use posted to the assets and the interest expense originating from the financial liabilities of the lease are recognised in the income statement at amortised cost.

For contracts expiring within 12 months (short-term leases) and the contracts for which the underlying assets are configured as low-value assets (i.e. the assets of the leasing that do not exceed the value of EUR 5,000 / USD 5,000 when new), the introduction of IFRS 16 does not result in the recognition of the financial liability of the lease and the related right of use, but the lease payments are posted to the income statement on a straight-line basis for the duration of the respective contracts.

#### 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 the statement of 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 minority interests, contrary to what generally happens with financial assets at FVOCI, the gains and losses recognised in the statement of comprehensive income are not subsequently transferred to the income statement, although the cumulative profit or loss may be transferred to shareholders’ 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 with changes in fair value recognised in the statement of 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 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, and:

- 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

Pursuant to IFRS 9, financial liabilities are divided into two categories: 1) financial liabilities measured at amortised cost using the effective interest rate upon expiry (“AC”); 2) financial liabilities measured at fair value with changes in fair value recognised in profit and loss (“FVPL”), which are in turn divided into the two sub-categories “held for trading” and “FVPL at inception”.

Financial liabilities include loans, bond loans, lease liabilities, trade payables, other liabilities and financial derivatives. These instruments are recorded at fair value when opened, net of any costs that can be ascribed to them; subsequently, the financial liabilities in question 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 any 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 ANAS and the Central Insurance Fund during earlier accounting periods on behalf of a number of motorway companies for the payment of loan instalments and trade payables. To facilitate the economic and financial equilibrium of the respective concessions, the financial plans attached to them require repayment of these liabilities based on the duration of the concession, in the absence of related interest payments.

Therefore, these payables have been discounted based on a specific interest rate for each licensee. In compliance with IFRS, this interest rate is established using as a reference financial instruments with essentially the same conditions and features (the discounting rates that have been used vary between 6.18% and 6.22%). The difference between the original amount of the debt and its current value is posted among liabilities to “deferred income”.



The charge from the discounting process is imputed to the income statement among "financial expenses". At the same time, the amount previously deferred (and included in "deferred income") is posted to the item "other income".

#### Provisions for risks and charges

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

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

The 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 non-compensated revertible assets 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 no. 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 profit/(loss) is recognised in other components of the Statement of Comprehensive Income. The cost of labour for Group companies, as well as the interest expense relating to the "time value" component in actuarial calculations, continue to be recognised in the income statement. The portion of employee severance indemnities paid to supplementary pension funds and the INPS treasury fund is considered a defined-contribution fund because the company's obligation to the employee ceases with the payment of the accrued contributions to the pension funds.

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

### Treasury shares

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

### 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. In particular:

#### *Proceeds from tolls*

These are posted based on the related transits. In particular, the net toll revenue was calculated by multiplying the kilometres travelled by users on the relevant sections by the tariff in force and approved by the Granting Body for each motorway stretch.

#### *Rental income and royalties*

Rental income and royalties are valued based on the payment indicated in the underlying contracts with the respective counterparties. In particular, royalties relating to the service areas on the motorway networks managed are quantified on the basis of a (fixed) percentage of revenues from the economic use of sub-concession areas (normally the sale of food and oil products).

#### *Revenues from product sales*

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.

#### *Revenues for services*

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

#### *Contract revenue*

Revenues from construction contract work in progress 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 credits" are calculated based on the temporal differences between the recognised value for tax purposes of an asset or a liability and its value in the statement of financial position, when it is probable that these differences will cancel themselves out in the foreseeable future. The amount of the "deferred tax liabilities" or "deferred tax credits" is determined based on tax rates that are expected to apply to the period in which the tax credit is realised or the tax liability is extinguished. The tax rates are those established in current fiscal legislation as at the reference date of the individual accounting entries.

Deferred tax credits are posted when their recovery is likely.

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

Furthermore, tax effects have been considered, deriving from the adjustments made to the financial statements of consolidated businesses while applying uniform Group valuation criteria.

### Derivatives

Derivatives are assets and liabilities recognised at fair value. The fair value of derivatives is determined by discounting the expected net cash, using the market interest rate curves for the date of reference and the listed credit default swap curve of the counterparty and the group companies, to include the risk of non-performance explicitly envisaged in IFRS 13.

Derivatives are classified as hedging instruments when the relationship between the derivative and the subject of the coverage is formally documented and the coverage is highly effective, which is verified periodically. When hedging derivatives cover the risk of changes to the fair value of the instruments being covered (a "fair value hedge", for example, covering the variability of the fair value of assets/liabilities at a fixed rate), the derivatives are recognised at fair value and their effects are recognised to the income statement. At the same time, the instruments hedged are updated to reflect the changes to their fair value associated with the underlying risk. When derivatives cover the risk of changes in net cash from the instruments being covered (cash flow hedge, (e.g. hedging the variability of cash flows from assets/liabilities at variable rates), changes in the fair value of derivatives are recognised in the statement of comprehensive income and included in the cash flow hedge reserve in shareholders' equity and subsequently charged to the income statement in line with the economic effects produced by the hedged transaction or in the event of total or partial ineffectiveness of the hedge. Changes to the fair value of derivatives that do not satisfy the conditions to be classified as hedges are posted to the income statement.

Impairment test

The book values of the Group’s assets are measured at each date of reference of the financial statements (or in the presence of impairment indicators) in order to determine whether there are indications of a reduction in value, in which case 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 cash 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 companies, in line with the provisions of IAS 36, the Company determines the “useful life” of each individual “Cash Generating Unit” (CGU) by discounting the future cash flows (Discounted Cash Flows - DCFs) deriving from the motorway activities. Each licensee company constitutes an autonomous CGU, to which the financial plans of the individual managed stretches refer. The data contained in the financial plans attached to the current Standard Agreements or those being updated were used as the basis for calculation. The economic and financial plan (PEF) of each motorway concession highlights the results expected for the entire duration of the concession and, though they are prepared over an average time frame of longer than five financial years, constitute the representative document for the purposes of identifying the prospective cash flows. In addition, given that these are concessions with a pre-defined useful life, no calculation was made of the terminal value. At the end of the concession, if an indemnity was required by the company taking over for works undertaken and not depreciated (“takeover”), this value has been included in the operating flow of the final year of the concession.

The data contained in the aforementioned plans have been adjusted where necessary to reflect the changes made following the date of preparation of those financial plans (traffic, tolls, completion of the investment programme, etc.). In particular, the traffic forecasts reflect the results of the traffic studies produced by an independent expert.

The cash flows as determined above have been discounted at a *post-tax nominal WACC* rate.

The following parameters were used when determining the discounting rate:

Risk-free rate equal to the 10-year BTP benchmark return – 12-month average	2.59%
Market risk premiums	6.30%
Beta of the Italian motorway sector (SIAS/Atlantia) redetermined using the financial structure of the individual company/concession at the audit date	0.551
Cost of debt in line with the average cost of debt of the Group	2.55%

The discounting rates (calculated in a specific way for each licensee company in order to reflect its financial structure) vary between 4.88% and 5.39%.

With reference to investments in Brazil held through IGLI S.p.A., that company’s impairment has been determined by considering the equity investment in the Brazilian company Primav Infraestrutura S.A. as an autonomous CGU and the impairment test has

also been determined by taking into account the stock exchange listings as at 31 December 2019 of its listed asset Ecorodovias Infraestrutura e Logística S.A.

As regards the goodwill related to companies operating in EPC (Engineering, Procurement and Construction) and technology sectors, the recoverable value was determined using the useful life method.

To determine the useful life of the individual CGU, the Discounted Cash Flows (DCF) method was used as an estimate of the future cash flows made on the basis of the PEFs prepared by the Companies, to which the calculation of the terminal value was added, in addition to the explicit period of discounting the flows. The cash flows as determined above have been discounted at a *post-tax nominal WACC* rate.

The following parameters were used when determining the discounting rate:

Risk-free rate equal to the return of the 10-year Government Bond (of the country in which the individual CGU operates) – 12-month average
The Market Risk Premium: as recorded for the markets of reference of the various countries, Italy, United States, Brazil (source: Fernandez 2019)
The Small-Size Risk Premium: in order to consider the smaller size of the Group companies operating in the EPC and technology sectors compared to the comparable companies listed (source: Duff & Phelps)
The Country Risk Premium: as recorded for the markets of reference of the various countries - Italy, United States, Brazil
Unlevered Beta: obtained by using the beta of a panel of companies listed on the European market—operating in the EPC sector—and relevered using the financial structure of the companies operating in the EPC and technology sectors and the tax rate of the country in which the individual CGU operates.
The Cost of Debt: in line with the average cost of debt of the Group

The discounting rates (calculated in a specific way for each company in order to reflect its financial structure) vary between 8.14% and 13.23%.

Companies	ITINERA Group			SINA - EUROIMPIANTI	SINELEC
	Italy	USA	Brazil	Italy	Italy
CGU / Country					
WACC	8.49%	8.14%	13.23%	9.08%	9.08%

With regard to the CGUs for which the useful life was estimated, a sensitivity analysis of the results was also carried out by varying the discounting rates applied between +0.5%/-0.5%. This analysis did not show any significant differences compared to the original useful life values that would make asset write-downs necessary.

The impairment procedure was approved by the Board of Directors autonomously and in advance of the approval of the draft financial statements.

#### Earnings per share

The basic earnings per share are calculated by dividing the Group share of profit by the weighted average of outstanding Parent Company shares during the year.

### **Estimates and valuations**

The preparation of these consolidated financial statements and the 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 in the income statement.

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 to the exchange rate at the reporting date with any exchange differences recognised through the income statement. 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 of the equity investment and, therefore, upon de-consolidation.

The main exchange rates applied during the period to translate the income statements and statements of financial position with functional currency other than the Euro, are those published by the Bank of Italy and presented in the following table:

Currency	2019		2018	
	Spot exchange rate as at 31 December	Average annual exchange rate	Spot exchange rate as at 31 December	Average annual exchange rate
EUR/GBP	0.8508	0.87777	0.89453	0.88471
EUR/BRL	4.5157	4.4134	4.444	4.3085
EUR/USD	1.1234	1.1195	1.145	1.181
EUR/Kuwaiti Dinar	0.3405	0.3402	0.3476	0.3567
EUR/Omani Rial	0.4319	0.4304	0.4403	0.4541
EUR/Angola - Reajustado Kwanza	540.037	406.169	353.021	297.38
EUR/Botswana – Pula	11.913	12.0447	12.2591	12.0301
EUR/South Africa – Rand	15.7773	16.1757	16.4594	15.6186
EUR/Romania – Ron	4.783	4.7453	4.6635	4.654
EUR/Saudi Arabia - Saudi Ryal	4.2128	4.198	4.2938	4.4286
EUR/United Arab Emirates - Arab Emirates Dirham	4.1257	4.1113	4.205	4.3371
EUR/Zambia - Zambian Kwacha	15.7409	14.4432	13.6313	12.3378
EUR/Kenya - Kenyan Shilling	113.8986	114.2168	116.6284	119.638
EUR/Denmark - Danish Krone	7.4715	7.4661	7.4673	7.4532
EUR/Switzerland - Swiss Franc	-	-	1.1269	1.155
EUR/Sweden - Swedish Krona	10.4468	10.5891	10.2548	10.2583

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The afore-mentioned valuation criteria were applied on a like-for-like and coherent basis in the preparation of these consolidated financial statements.

Any reclassifications of annual financial statement items made previously in order to allow for comparison with the final values in the current period are shown in detail in the notes.

### New accounting standards and interpretation adopted by the EU and effective from 1 January 2019

In addition to the above with reference to IFRS 16, please note the following:

- **IFRIC 23 - Uncertainty over income tax treatments.** The interpretation addresses the issue of uncertainties over the treatment of income taxes. In particular, the interpretation requires that an entity analyse uncertain tax treatments (individually or as a whole, depending on the characteristics) by always assuming that the taxation authority will examine the tax position in question and will have full knowledge of all relevant information when doing so. If the entity concludes that it is unlikely that the taxation authority will accept the tax treatment followed, the entity must reflect the effect of the uncertainty in the measurement of its current and deferred income taxes. 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.
- **Amendments to IFRS 9 - Prepayment features with negative compensation.** Regulation (EU) No. 498/2018 on prepayment features with negative compensation was published on 26 March 2018. This document specifies that the instruments requiring an early reimbursement could respect the Solely Payments of Principal and Interest (SPPI) test including in the event in which the “reasonable additional compensation” to be paid in the event of early reimbursement is a “negative compensation” for the lending party.
- **Amendments to IAS 28 - Investments In Associates And Joint Ventures,** with Regulation (EU) No. 237/2019, issued on 8 February 2019, the document “Investments In Associates And Joint Ventures” was approved. 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.
- **Improvements to IFRS (2015-2017 cycle),** with Regulation EU No. 412/2019, issued on 14 March 2019, the document “annual cycle of improvements to IFRS 2015-2017” was approved; the amendments contained therein are as follows: i) *IFRS 3 - Business Combinations*, an entity remeasures the interest previously held in a joint operation when it obtains control of the business; ii) *IFRS 11 - Joint Arrangements - Remeasurement of previously held interest in a joint operation*, an entity does not remeasure the interest previously held in a joint operation when it obtains joint control of the business; iii) *IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity*, an entity must report the tax effects of the dividends for income tax purposes when it reports the liability relating to the dividend; the entity must report the related tax effects in the profit/loss for the year, in the other components of the statement of comprehensive income or within the shareholders’ equity, according to where the entity previously reported these transactions; iv) *IAS 23 - Borrowing costs - Disclosure of Interests in Other Entities - Borrowing costs eligible for capitalisation*, provided an entity borrows generically and uses the loans obtained to purchase a good to be recorded as an asset in the balance sheet, the entity must determine the amount of the capitalised financial expenses by applying a capitalisation rate to the costs incurred for that good equal to the weighted average of the financial expenses applicable to all loans of the entity existing during the financial year.
- **Amendments to IAS 19 - Plan amendment, curtailment or settlement,** with Regulation (EU) No. 402/2019, issued on 13 March 2019, the document “plan amendment, curtailment or settlement” was approved as part of IAS 19 - Employee benefits. The document clarifies how an entity should recognise a change (i.e. a curtailment or settlement) of a defined benefit plan. The amendments 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 must use updated assumptions to measure the current service cost and interest for the remainder of the reporting period following the event.

The above had no significant effects on the Group’s consolidated financial statements.



**IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet compulsorily applicable and not adopted in advance by the Group as at 31 December 2019.**

- **Amendments to IAS 1 and IAS 8** - Definition of materiality. The document, published by the IASB on 1 October 2018, implemented through Commission Regulation (EU) no. 2104/2019 and applicable as of 1 January 2020, introduced a change to the definition of “material” contained in *IAS 1 - Presentation of Financial Statements* and *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*. 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. The changes introduced were approved on 29 November 2019 and are applied to all transactions after 1 January 2020.
- On 29 March 2018, the IASB published an amendment to the “**References to the Conceptual Framework in IFRS Standards**”. The amendment, implemented through Commission Regulation (EU) no. 2075/2019, is effective for the periods beginning 1 January 2020 or thereafter, but an early application is permitted.

The amendments are intended to update the existing references to the previous “Systematic Framework” in various international standards and their interpretations, replacing them with references to the revised “Conceptual Framework”.

**IFRS and IFRIC accounting standards, amendments and interpretations not yet approved by the European Union**

At the reporting date of this document, the competent bodies of the European Union had not yet concluded the approval process required for the adoption of the amendments and principles described above.

- On 22 October 2018 the IASB published the document “**Definition of a Business (Amendments to IFRS 3)**”. The document provides some clarifications regarding the definition of “business” for the purposes of applying IFRS 3 correctly. In particular, the amendment clarifies that while a business usually produces an “output”, the presence of an output is not strictly necessary in order to identify a business where there is a set of activities/processes and assets. However, in order to satisfy the definition of “business”, a set of activities/processes and assets must include, at a minimum, an input and a substantive process that together contribute significantly to the ability to create an output. To this end, the IASB replaced the term “ability to create outputs” with “ability to contribute to the creation of outputs” in order to clarify that a business can exist even without the presence of all the inputs and processes necessary to create outputs.

The amendment also introduced an optional test (“concentration test”) that makes it possible to exclude the presence of a business if the price paid is substantially attributable to an individual asset or group of assets. The changes apply to all business combinations and acquisitions of assets after 1 January 2020, but early application is permitted.

- On 11 September 2014 the IASB published an amendment to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The document was published to resolve the current conflict between IAS 28 and IFRS 10. According to the provisions of IAS 28, the profit or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associated company in exchange for a stake in the latter’s capital is limited to the stake held in the joint venture or associated company by the other investors not involved in the transaction. On the other hand, IFRS 10 provides for the recognition of the entire profit or loss in the case of loss of control of a subsidiary, even if the entity

continues to hold a non-controlling stake in it. This specific case also includes the sale or contribution of a subsidiary to a joint venture or associated company. The changes introduced provide that in a sale/contribution of an asset or subsidiary to a joint venture or associated company, the amount of the profit or loss to be recognised in the financial statements of the seller/contributor depends on whether the assets or subsidiary sold/contributed do or do not constitute a business, as defined by IFRS 3. In the event in which the assets or subsidiary sold/contributed represent a business, the entity must recognise the profit or loss on the entire stake previously held. Otherwise, the share of profit or loss relating to the stake still held by the entity must be eliminated. At present, the IASB has suspended the application of this amendment.

- On 18 May 2017 the IASB issued IFRS 17 - Insurance Contracts. The new standard, applicable as of annual reporting periods beginning on or after 1 January 2021, governs the accounting treatment of insurance contracts issued and reinsurance contracts held.
  
- On 26 September 2019 the IASB issued the document “Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform*”. The objective of the amendments is to avoid interruption to hedging relations caused by uncertainties connected to the IBOR rate transition as a result of the reform process introduced by the European Financial Benchmark Regulation, in particular due to the inability to meet the specific accounting requirements of hedging transactions in the periods preceding the transition. These changes are applicable for annual reporting periods beginning on or after 1 January 2020.

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

## Explanatory notes – Operating segments

In 2019, as part of the operating reorganisation of the ASTM Group following the merger by incorporation of SIAS into ASTM, the companies operating in the “construction” and “engineering” sectors and the company Euroimpianti S.p.A., operating in the sector of electrical and electronic systems, previously included with the companies in the “technology” sector, were concentrated into one single sector (the engineering, procurement and construction (“EPC”) sector. This structure of operating segments reflects the method of representing information used by Management when making its decisions. The data related to 2018 were also reclassified to allow for better comparison.

The activity of the group is divided into five main sectors:

- Motorway sector (operating activities)
- Motorway/EPC sector planning and construction activities - IFRIC 12 -
- EPC sector
- Technology sector
- Services sector

The financial and equity data for each sector are shown in the table below. Transactions between sectors are reversed in the "eliminations" column.

(amounts in thousands of EUR)	Business segment										Eliminations		Consolidated	
	Motorway sector (operating activities)		Motorway/EPC sector (planning and construction activities)		EPC sector		Technology sector		Services sector		2019	2018	2019	2018
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018				
<b>Revenues from third parties:</b>														
Motorway (tolls)	1,209,341	1,187,119	-	-	-	-	-	-	-	-	-	-	1,209,341	1,187,119
Other motorway revenues	31,721	31,853	-	-	-	-	-	-	-	-	-	-	31,721	31,853
Motorway revenues - planning and construction activities	-	-	265,278	148,601	-	-	-	-	-	-	-	-	265,278	148,601
EPC sector	-	-	-	-	813,349	513,240	-	-	-	-	-	-	813,349	513,240
EPC sector - planning and construction activities	-	-	17,751	37,365	-	-	-	-	-	-	-	-	17,751	37,365
Technology Sector	-	-	-	-	-	-	23,154	19,985	-	-	-	-	23,154	19,985
Other	56,965	38,251	-	-	23,483	13,091	1,004	479	2,897	2,434	-	-	84,349	54,255
<b>Total revenues from third parties</b>	<b>1,298,027</b>	<b>1,257,223</b>	<b>283,029</b>	<b>185,966</b>	<b>836,832</b>	<b>526,331</b>	<b>24,158</b>	<b>20,464</b>	<b>2,897</b>	<b>2,434</b>	-	-	<b>2,444,943</b>	<b>1,992,418</b>
Inter-segment revenues	7,779	8,559	-	-	318,736	254,552	52,009	38,467	7,209	11,636	(385,733)	(313,214)	-	-
<b>Total revenues</b>	<b>1,305,806</b>	<b>1,265,782</b>	<b>283,029</b>	<b>185,966</b>	<b>1,155,568</b>	<b>780,883</b>	<b>76,167</b>	<b>58,931</b>	<b>10,106</b>	<b>14,070</b>	<b>(385,733)</b>	<b>(313,214)</b>	<b>2,444,943</b>	<b>1,992,418</b>
Operating costs	(548,794)	(530,100)	(283,029)	(185,966)	(1,110,411)	(748,910)	(63,581)	(46,117)	(31,619)	(33,638)	384,890	313,214	(1,652,544)	(1,231,517)
<b>Segment EBITDA</b>	<b>757,012</b>	<b>735,682</b>	-	-	<b>45,157</b>	<b>31,973</b>	<b>12,586</b>	<b>12,814</b>	<b>(21,513)</b>	<b>(19,568)</b>	<b>(843)</b>	-	<b>792,399</b>	<b>760,901</b>
Amortisation/depreciation and provisions	(370,380)	(307,911)	-	-	(29,511)	(11,168)	(3,752)	(2,817)	(788)	(1,122)	730	-	(403,701)	(323,018)
<b>Operating profit</b>	<b>386,632</b>	<b>427,771</b>	-	-	<b>15,646</b>	<b>20,805</b>	<b>8,834</b>	<b>9,997</b>	<b>(22,301)</b>	<b>(20,690)</b>	<b>(113)</b>	-	<b>388,698</b>	<b>437,883</b>
Financial income	17,040	21,563	-	-	3,174	7,667	289	274	111,954	104,687	(93,512)	(90,811)	38,945	43,380
Financial expenses	(99,730)	(106,637)	-	-	(3,894)	(2,779)	(201)	(47)	(69,062)	(67,165)	93,721	90,811	(79,166)	(85,817)
Profit (loss) of companies accounted for by the equity method	(209)	97	-	-	(6,156)	(11,422)	-	-	(84,139)	13,484	-	-	(90,504)	2,159
<b>Pre-tax profit (loss)</b>	<b>303,733</b>	<b>342,794</b>	-	-	<b>8,770</b>	<b>14,271</b>	<b>8,922</b>	<b>10,224</b>	<b>(63,548)</b>	<b>30,316</b>	<b>96</b>	-	<b>257,973</b>	<b>397,605</b>
Income taxes	-	-	-	-	-	-	-	-	-	-	-	-	(88,081)	(108,347)
<b>Profit (loss) for the year</b>													<b>169,892</b>	<b>289,258</b>

(amounts in thousands of EUR)	Business segment								Eliminations		Consolidated	
	Motorway Sector (operating activities)		EPC sector		Technology sector		Services sector		2019	2018	2019	2018
	2019	2018	2019	2018	2019	2018	2019	2018				
Fixed assets	3,915,253	3,716,134	338,432	268,808	15,666	14,314	4,437,254	6,143,047	(3,607,103)	(5,269,022)	5,099,502	4,873,281
Current assets	144,912	228,523	827,441	700,355	44,147	34,719	34,671	28,319	(324,215)	(287,038)	726,956	704,878
<b>Total assets</b>											<b>5,826,458</b>	<b>5,578,159</b>
Short-term liabilities	349,183	290,448	728,068	617,126	23,615	18,886	34,955	87,624	(296,278)	(259,541)	839,543	754,543
Medium-term liabilities and provisions	602,781	425,253	63,132	40,229	4,609	3,742	4,286	4,594	-	-	674,808	473,818
Net financial indebtedness (cash funds)	848,046	1,130,517	43,548	(13,683)	(12,085)	(29,914)	472,721	185,983	-	-	1,352,230	1,272,903
Shareholders' equity											2,959,877	3,076,895
<b>Total liabilities</b>											<b>5,826,458</b>	<b>5,578,159</b>
Equity accounted investments			129,551	121,942	6,679	9,442	528	536	750,377	841,403	887,135	973,323

## Explanatory notes – Concessions

Business operations are mainly represented by the **construction** and **management** of **motorway infrastructures** and a **logistics platform** for which the Group companies are the licensees.

The **motorway companies** that are subsidiaries, jointly controlled or associated companies of the 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 "terminal value").

The following table provides details of the motorway concessions, with breakdown by licensee:

Licensee (amounts in thousands of EUR)	Motorway stretch	Expiry of the concession
<b>Subsidiaries – Italy</b>		
SATAP S.p.A.	Turin-Milan	31 December 2026
SATAP S.p.A.	Turin-Piacenza	30 June 2017 <sup>(1)</sup>
SAV S.p.A.	Quincinetto-Aosta	31 December 2032
SALT p.A.	Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia	31 July 2019 <sup>(1)</sup>
SALT p.A.	La Spezia-Parma (and road link with Autostrada del Brennero)	31 December 2031
ADF S.p.A.	Savona-Ventimiglia	30 November 2021
ADF S.p.A.	Turin – Savona	31 December 2038
Asti-Cuneo S.p.A.	Asti-Cuneo	<sup>(2)</sup>
Società di Progetto Autovia Padana S.p.A.	Piacenza-Cremona-Brescia	28 February 2043
ATIVA S.p.A.	Tangenziale di Torino (Turin bypass), Turin-Quincinetto, Ivrea-Santhià and Turin-Pinerolo	31 August 2016 <sup>(1)</sup>
<b>Associated companies – Italy</b>		
SITAF S.p.A.	Turin-Bardonecchia, Frejus Tunnel	31 December 2050
Sitrasb S.p.A.	Traforo Gran San Bernardo (Great St Bernard Tunnel)	31 December 2034
Tangenziale Esterna S.p.A.	Tangenziale Est Esterna di Milano (Milan Outer Ring Road)	30 April 2065
<b>Jointly controlled and associated companies – International</b>		
Road Link	A69 Carlisle-Newcastle (UK)	31 March 2026
Ecovia Caminho do Mar <sup>(3)</sup>	Curitiba metropolitan area – Port of Paranagua	November 2021
Ecocataratas <sup>(3)</sup>	Paraná – "triple border" (Brazil, Argentina and Paraguay)	November 2021
Ecovias dos Imigrantes <sup>(3)</sup>	Sao Paulo metropolitan area – Port of Santos	June 2026
Ecosul <sup>(3)</sup>	Pelotas – Porto Alegre and Rio Grande Port	March 2026
Eco 101 <sup>(3)</sup>	Macuri/BA Rio de Janeiro border	May 2038
Ecopistas <sup>(3)</sup>	Metropolitan São Paulo – Vale do Rio Paraiba industrial area	June 2039
Ecoponte <sup>(3)</sup>	Rio de Janeiro Noteroi – State of Rio de Janeiro	May 2045
Ecorodoanel <sup>(3)</sup>	Sao Paulo Northern Ring Road	December 2050 <sup>(4)</sup>
ECO 050 - MGO <sup>(3)</sup>	Cristalina (Goias) - Delta (Minas Gerais)	January 2044
BR-135 <sup>(3)</sup>	Montes Claros (Minas Gerais)	June 2048
Ecovias do Cerrado <sup>(3)</sup>	Jatai (Goias) – Uberlandia (Minas Gerais)	January 2050

<sup>(1)</sup> A management "extension" has been granted, pending the appointment of a new licensee.

<sup>(2)</sup> For this stretch, still pending completion, the duration of the concession is 23.5 years as from the infrastructure's completion date. On 1 August 2019 the CIPE acknowledged the economic and financial plan (PEF) related to the cross-financing transaction with SATAP A4 for the completion of the Asti-Cuneo motorway connection, which establishes 31 December 2031 as the date on which the concession expires.

<sup>(3)</sup> Investee via IGLI S.p.A.

<sup>(4)</sup> The expiry date is subject to review based on the start date of the activities.

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

The company **Taranto Logistica S.p.A.** operates as a licensee, by virtue of the agreement signed with the granting body, the Taranto Port Authority, for the executive design and the execution of the Taranto Port infrastructure node – Integrated Logistics Facilities, as well its management after execution.

## Explanatory notes – Information on the balance sheet

### Note 1 – Intangible assets

#### 1.a) Goodwill and other intangible assets

This item breaks down as follows:

	Goodwill	Other intangible assets		Total
		In operation	In process	
<b>Cost:</b>				
<b>as at 1 January 2018</b>	<b>82,865</b>	<b>39,771</b>	<b>875</b>	<b>123,511</b>
Change in the scope of consolidation	539	961	-	1,500
Investments	820	3,734	2,813	7,367
Reclassifications and other changes	-	163	(93)	70
Divestitures	-	(651)	-	(651)
Write-downs	-	-	(826)	(826)
Foreign exchange differences	1,802	-	-	1,802
<b>as at 31 December 2018</b>	<b>86,026</b>	<b>43,978</b>	<b>2,769</b>	<b>132,773</b>
<b>Accumulated depreciation:</b>				
<b>as at 1 January 2018</b>	-	<b>(25,961)</b>	-	<b>(25,961)</b>
Change in the scope of consolidation	-	(166)	-	(166)
2018 amortisation and depreciation	-	(3,787)	-	(3,787)
Drawdowns	-	24	-	24
Foreign exchange differences	-	1	-	1
Other changes	-	(5)	-	(5)
<b>as at 31 December 2018</b>	-	<b>(29,894)</b>	-	<b>(29,894)</b>
<b>Net book value:</b>				
<b>as at 1 January 2018</b>	<b>82,865</b>	<b>13,810</b>	<b>875</b>	<b>97,550</b>
<b>as at 31 December 2018</b>	<b>86,026</b>	<b>14,084</b>	<b>2,769</b>	<b>102,879</b>

	Goodwill	Other intangible assets		Total
		In operation	In process	
<b>Cost:</b>				
<b>as at 1 January 2019</b>	<b>86,026</b>	<b>43,978</b>	<b>2,769</b>	<b>132,773</b>
Change in the scope of consolidation	34,695	1,691	5,958	42,344
Investments	-	2,536	938	3,474
Reclassifications and other changes	-	2,251	(2,405)	(154)
Divestitures	-	(1,865)	-	(1,865)
Write-downs	-	-	-	-
Foreign exchange differences	771	2	-	773
<b>as at 31 December 2019</b>	<b>121,492</b>	<b>48,593</b>	<b>7,260</b>	<b>177,345</b>
<b>Accumulated depreciation:</b>				
<b>as at 1 January 2019</b>	-	<b>(29,894)</b>	-	<b>(29,894)</b>
Change in the scope of consolidation	-	(1,543)	-	(1,543)
2019 amortisation and depreciation	-	(3,497)	-	(3,497)
Drawdowns	-	114	-	114
Foreign exchange differences	-	(1)	-	(1)
Other changes	-	486	-	486
<b>as at 31 December 2019</b>	-	<b>(34,335)</b>	-	<b>(34,335)</b>
<b>Net book value:</b>				
<b>as at 1 January 2019</b>	<b>86,026</b>	<b>14,084</b>	<b>2,769</b>	<b>102,879</b>
<b>as at 31 December 2019</b>	<b>121,492</b>	<b>14,258</b>	<b>7,260</b>	<b>143,010</b>

The “goodwill” values are summarised below:

Cash Generating Unit	Amount as at 31/12/2019
SALT p.A.	38,435
Autostrada dei Fiori S.p.A.	313
SATAP S.p.A.	2,907
Halmar International LLC	44,224 <sup>(1)</sup>
Sinelec S.p.A.	379
SEA Segnaletica Stradale S.p.A.	539
ATIVA S.p.A.	34,695
<b>Total</b>	<b>121,492</b>

<sup>(1)</sup> Amount converted using the exchange rate as at 31 December 2019

The changes in 2019 to “goodwill”, equal to EUR 34.7 million, are attributable to the acquisition of control of the company ATIVA S.p.A. In particular, on 14 November 2019, the ASTM Group acquired control of **ATIVA S.p.A.**, as well as its subsidiaries Ativa Engineering S.p.A. and SI.CO.GEN S.r.l. (“ATIVA Group”); the ATIVA Group, previously consolidated using the equity method, was consequently consolidated on a line-by-line basis. Following the acquisition of control: (i) the previous equity investment held was measured at fair value at the date of acquisition of control by posting to the income statement—as income—the excess (EUR 19.5 million) and (ii) goodwill (EUR 34.7 million) was recognised as the difference between the overall fair value of the stake of the ATIVA Group held and the corresponding pro-rata share of shareholders' equity. With reference to goodwill, the Group made use of the option provided by the revised IFRS 3 in order to make a provisional allocation of the cost of aggregation at fair value of the individual net assets acquired.

**Below follow the main disclosures relating to the investment in ATIVA S.p.A.**

(amounts in millions of EUR)

Carrying value in the consolidated financial statements of ASTM of the stakes previously held in ATIVA S.p.A.	45.5	
Purchases of stakes in ATIVA S.p.A. in 2019 (31.17% of share capital)	49.4	
Fair value adjustment of the stakes previously held in ATIVA S.p.A.	<u>19.5</u>	
Carrying value of the equity investment in ATIVA S.p.A.	114.4	A
Pro-rata share of shareholders' equity	<u>79.7</u>	B
<b>Goodwill</b>	<b><u>34.7</u></b>	<b>A-B</b>

**Below follow the main disclosures relating to the investment in Halmar International LLC***(amounts in millions of EUR)*

Company	Main Activity	Date of purchase	Percentage of voting rights acquired	Percentage acquired	Acquisition Cost
Halmar International LLC	Industrial holding operating in the construction sector, in the metropolitan area of New York	05/07/2017	50%	50%	56.3

The acquisition cost (inclusive of potential future payments) was calculated at EUR 56.3 million, and paid for an amount equal to EUR 51.8 million at the closing of the transaction.

	<u>05/07/2017</u>
<u>Determination of goodwill resulting from acquisition</u>	
Acquisition cost of Halmar International LLC	56.3
(-) Book value of the net assets and liabilities acquired - pro rata	(12.3)
Goodwill	<u>44.0<sup>(1)</sup></u>

<sup>(1)</sup> equal to EUR 44.2 million at the exchange rate as at 31 December 2019

In accordance with IAS 36, goodwill is not subject to amortisation but—since it is an intangible asset with an indefinite useful life—to an impairment test at least once a year or when events arise that may indicate impairment. For the purposes of said test, goodwill has been allocated on the cash generating units shown above. For details about the calculation methods of the impairment test as at 31 December 2019 refer to the description in the note “*Impairment test*”.

The item “*other intangible assets*” mainly includes the capitalisation of basic and application software expenses and licences for software programmes. The increase in the period is mainly attributable to (i) the changes in the scope of consolidation (EUR +6.1 million), (ii) the investments and costs incurred for the development of an accounting and management software system (EUR +3.5 million), partially offset (iii) by the amortisation and depreciation for the period (EUR 3.5 million) and (iv) by divestitures for the period (EUR 1.8 million).



1. b) Concessions – non-compensated revertible assets

	Motorway in operation	Motorway under construction	Other non-compensated revertible assets under construction	Total
<b>Cost:</b>				
as at 1 January 2018	8,141,501	880,705	152,778	9,174,984
Investments	315,606	145,348	37,365	498,319
Divestitures and other changes	-	(18,398)	-	(18,398)
Reclassifications	25,523	(24,264)	-	1,259
<b>as at 31 December 2018</b>	<b>8,482,630</b>	<b>983,391</b>	<b>190,143</b>	<b>9,656,164</b>
<b>Advances:</b>				
as at 1 January 2018	-	18,307	-	18,307
Increases	-	8,525	-	8,525
Divestitures and other changes	-	(8,435)	-	(8,435)
Reclassifications	-	-	-	-
<b>as at 31 December 2018</b>	<b>-</b>	<b>18,398</b>	<b>-</b>	<b>18,398</b>
<b>Capital grants:</b>				
as at 1 January 2018	(1,201,150)	(200,065)	(118,792)	(1,520,007)
Increases	(68)	-	(28,779)	(28,847)
Reclassifications	-	-	-	-
<b>as at 31 December 2018</b>	<b>(1,201,218)</b>	<b>(200,065)</b>	<b>(147,571)</b>	<b>(1,548,854)</b>
<b>Accumulated depreciation:</b>				
as at 1 January 2018	(4,745,558)	-	-	(4,745,558)
Reclassifications and other changes	-	-	-	-
2018 amortisation and depreciation	(299,869)	-	-	(299,869)
<b>as at 31 December 2018</b>	<b>(5,045,427)</b>	<b>-</b>	<b>-</b>	<b>(5,045,427)</b>
<b>Net book value:</b>				
as at 1 January 2018	2,194,793	680,640	33,986	2,909,419
<b>as at 31 December 2018</b>	<b>2,235,985</b>	<b>801,724</b>	<b>42,572</b>	<b>3,080,281</b>

	Motorway in operation	Motorway under construction	Other non-compensated revertible assets under construction	Total
<b>Cost:</b>				
as at 1 January 2019	8,482,630	983,391	190,143	9,656,164
Investments	10,324	245,209	17,751	273,284
Divestitures and other changes	-	-	-	-
Reclassifications	(1,291,557)	(161,239)	-	(1,452,796)
<b>as at 31 December 2019</b>	<b>7,201,397</b>	<b>1,067,361</b>	<b>207,894</b>	<b>8,476,652</b>
<b>Advances:</b>				
as at 1 January 2019	-	18,398	-	18,398
Increases	-	39,974	-	39,974
Divestitures and other changes	-	-	-	-
Reclassifications	-	(30,230)	-	(30,230)
<b>as at 31 December 2019</b>	<b>-</b>	<b>28,142</b>	<b>-</b>	<b>28,142</b>
<b>Capital grants:</b>				
as at 1 January 2019	(1,201,218)	(200,065)	(147,571)	(1,548,854)
Increases	-	-	(18,640)	(18,640)
Reclassifications	69,648	-	-	69,648
<b>as at 31 December 2019</b>	<b>(1,131,570)</b>	<b>(200,065)</b>	<b>(166,211)</b>	<b>(1,497,846)</b>
<b>Accumulated depreciation:</b>				
as at 1 January 2019	(5,045,427)	-	-	(5,045,427)
Reclassifications and other changes	1,143,410	-	-	1,143,410
2019 amortisation and depreciation	(294,552)	-	-	(294,552)
<b>as at 31 December 2019</b>	<b>(4,196,569)</b>	<b>-</b>	<b>-</b>	<b>(4,196,569)</b>
<b>Net book value:</b>				
as at 1 January 2019	2,235,985	801,724	42,572	3,080,281
<b>as at 31 December 2019</b>	<b>1,873,258</b>	<b>895,438</b>	<b>41,683</b>	<b>2,810,379</b>

The gross value of the motorway network—equal to EUR 8,269 million—includes EUR 1,075 million of capitalised financial expenses, of which EUR 15.2 million capitalised during the year.

On 31 July 2019 the concession related to the A12 “Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia” Stretch managed by the subsidiary SALT p.A. expired; therefore, (i) the gross value of the asset, the related capital grants and the accumulated depreciation fund at that date were reversed from the individual financial statement items and (ii) on the basis of the provisions of the concession agreement, a receivable equal to EUR 241.8 million related to the terminal value (equal to the net value of the non-compensated revertible assets not yet amortised at the concession expiry date) that the incoming licensee must pay to SALT p.A. was accounted for. The amounts recorded in the “reclassifications” are mainly attributable to the aforementioned accounting of the motorway assets related to the A12 “Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia” Stretch:

SALT A12 Stretch	Reclassifications
Motorway in operation	(1,390,973)
Motorway under construction	(61,823)
<b>Total historical cost reclassification</b>	<b>(1,452,796)</b>
Reclassification of advances	(2,022)
Capital grants	69,648
Provision for amortisation/depreciation	1,143,410
<b>Total reclassification at takeover</b>	<b>(241,760)</b>

The item “advances” of the motorway network, equal to EUR 28.1 million, refers to the advances paid on the works; the change during the year equal to EUR 9.7 million is the result of (i) the advances paid by the licensee companies to the suppliers during the year (EUR +39.9 million) and (ii) the reclassification to the “investments” of the advances paid in previous years (EUR -30.2 million) following execution of the works.

As specified in the “valuation criteria”, the calculation of the amortisation and depreciation of the non-compensated revertible assets took into account the “terminal values” provided for in the existing agreements and in the financial plans approved/sent to the Granting Body.

As at 31 December 2019, 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.	Turin – Milan	757,556
SAV S.p.A.	Quincinetto-Aosta	274,176
SALT p.A.	La Spezia-Parma (and road link with Autostrada del Brennero)	512,259
ADF S.p.A.	Savona-Ventimiglia	170,389
ADF S.p.A.	Turin – Savona	372,792
Asti-Cuneo S.p.A.	Asti-Cuneo	360,513
Autovia Padana S.p.A.	Piacenza-Cremona-Brescia	321,011
<b>Motorway concessions – Total non-compensated revertible assets</b>		<b>2,768,696</b>

#### **Other concessions**

Licensee <i>(amounts in thousands of EUR)</i>	Concession object	Net value
Taranto Logistica S.p.A.	Logistics platform at the port of Taranto	41,683
<b>Total non-compensated revertible assets</b>		<b>41,683</b>

## Note 2 – Tangible assets

### 2.a) Property, plant, machinery and other assets

	Land and buildings	Plant and mach.	Industrial and commercial equip.	Other assets	Assets under construction and advance payments	Assets in financial lease	Total
<b>Cost:</b>							
<b>as at 1 January 2018</b>	<b>112,348</b>	<b>47,887</b>	<b>38,454</b>	<b>59,882</b>	<b>1,495</b>	<b>32,851</b>	<b>292,917</b>
Change in the scope of consolidation	19,423	10,324	18,476	1,611	-	-	49,834
Investments	49	4,304	4,222	4,844	2,274	1,682	17,375
Reclassifications and other changes	(1,091)	8,101	1,679	(7,599)	(1,461)	(611)	(982)
Foreign exchange differences	255	(2)	428	162	45	167	1,055
Divestitures	(101)	(1,366)	(4,631)	(3,088)	-	(2,457)	(11,643)
<b>as at 31 December 2018</b>	<b>130,883</b>	<b>69,248</b>	<b>58,628</b>	<b>55,812</b>	<b>2,353</b>	<b>31,632</b>	<b>348,556</b>
<b>Accumulated depreciation:</b>							
<b>as at 1 January 2018</b>	<b>(37,234)</b>	<b>(39,015)</b>	<b>(29,485)</b>	<b>(51,223)</b>	-	<b>(25,261)</b>	<b>(182,218)</b>
Change in the scope of consolidation	(4,025)	(9,772)	(14,832)	(1,235)	-	-	(29,864)
2018 amortisation and depreciation	(2,827)	(3,065)	(3,769)	(2,612)	-	(1,841)	(14,114)
Reclassifications and other changes	1,033	(6,164)	(959)	6,137	-	(457)	(410)
Foreign exchange differences	(32)	-	(315)	(85)	-	(78)	(510)
Reversals	101	1,010	2,765	2,773	-	1,930	8,579
<b>as at 31 December 2018</b>	<b>(42,984)</b>	<b>(57,006)</b>	<b>(46,595)</b>	<b>(46,245)</b>	-	<b>(25,707)</b>	<b>(218,537)</b>
<b>Net book value:</b>							
<b>as at 1 January 2018</b>	<b>75,114</b>	<b>8,872</b>	<b>8,969</b>	<b>8,659</b>	<b>1,495</b>	<b>7,590</b>	<b>110,699</b>
<b>as at 31 December 2018</b>	<b>87,899</b>	<b>12,242</b>	<b>12,033</b>	<b>9,567</b>	<b>2,353</b>	<b>5,925</b>	<b>130,019</b>

124,094

	Land and buildings	Plant and mach.	Industrial and commercial equip.	Other assets	Assets under construction and advance payments	Assets in financial lease	Total
<b>Cost:</b>							
<b>as at 1 January 2019</b>	<b>130,883</b>	<b>69,248</b>	<b>58,628</b>	<b>55,812</b>	<b>2,353</b>	<b>31,632</b>	<b>348,556</b>
Change in the scope of consolidation	2,279	5,715	3,329	1,268	-	-	12,591
Investments	2,311	5,611	9,604	3,642	10,462	-	31,630
Reclassifications and other changes	1,162	(502)	1,231	(2,121)	(2,291)	(31,709)	(34,230)
Foreign exchange differences	80	101	297	103	26	77	684
Divestitures	(453)	(4,113)	(3,295)	(1,607)	-	-	(9,468)
<b>as at 31 December 2019</b>	<b>136,262</b>	<b>76,060</b>	<b>69,794</b>	<b>57,097</b>	<b>10,550</b>	-	<b>349,763</b>
<b>Accumulated depreciation:</b>							
<b>as at 1 January 2019</b>	<b>(42,984)</b>	<b>(57,006)</b>	<b>(46,595)</b>	<b>(46,245)</b>	-	<b>(25,707)</b>	<b>(218,537)</b>
Change in the scope of consolidation	(168)	(5,494)	(2,941)	(1,267)	-	-	(9,870)
2019 amortisation and depreciation	(3,125)	(3,449)	(5,334)	(2,668)	-	-	(14,576)
Reclassifications and other changes	435	942	462	560	-	25,743	28,142
Foreign exchange differences	(13)	(11)	(166)	(47)	-	(36)	(273)
Reversals	255	3,573	3,128	1,284	-	-	8,240
<b>as at 31 December 2019</b>	<b>(45,600)</b>	<b>(61,445)</b>	<b>(51,446)</b>	<b>(48,383)</b>	-	-	<b>(206,874)</b>
<b>Net book value:</b>							
<b>as at 1 January 2019</b>	<b>87,899</b>	<b>12,242</b>	<b>12,033</b>	<b>9,567</b>	<b>2,353</b>	<b>5,925</b>	<b>130,019</b>
<b>as at 31 December 2019</b>	<b>90,662</b>	<b>14,615</b>	<b>18,348</b>	<b>8,714</b>	<b>10,550</b>	-	<b>142,889</b>

With regard to the item “land and buildings”, there was a mortgage guarantee in favour of UBI Banca (former Banca Regionale Europea) on the land—on which a business district was built—owned by SEA - Segnaletica Stradale S.p.A. as guarantee for a loan, for which the residual debt as at 31 December 2019 totalled EUR 2.2 million, in addition to the mortgage guarantees issued by the Halmar Group in favour of M&T Bank on the land and buildings owned by Halmar International LLC to guarantee loans with a total outstanding debt as at 31 December 2019 of EUR 5.2 million.

In 2019 the item “*change in the scope of consolidation*” was mainly attributable to the consolidation of the companies ATIVA S.p.A., Si.co.gen. S.p.A. and Ativa Engineering S.p.A.

With reference to the “*assets in financial lease*”, in compliance with IFRS 16, the balances as at 1 January 2019 were reclassified in the “*rights of use*” as detailed below.

## 2.b) Rights of use

	Rights of use - Property	Rights of use - Vehicles	Rights of use - Machinery	Rights of use - Other assets	Total
<b>Cost:</b>					
Initial balance pursuant to IAS 17	3,373	3,389	15,951	8,919	31,632
Effect of first-time adoption	17,033	4,274	1,461	-	22,768
Investments	7,522	4,276	21,410	9,436	42,644
Change in the scope of consolidation	5,771	487	-	-	6,258
Divestitures	-	(92)	(4,379)	(1,228)	(5,699)
Reclassifications and other changes	-	-	-	-	-
Foreign exchange differences	(13)	(15)	-	(6)	(34)
<b>as at 31 December 2019</b>	<b>33,686</b>	<b>12,319</b>	<b>34,443</b>	<b>17,121</b>	<b>97,569</b>
<b>Accumulated depreciation:</b>					
Initial balance pursuant to IAS 17	(817)	(1,556)	(14,720)	(8,614)	(25,707)
Effect of first-time adoption	-	-	-	-	-
2019 amortisation and depreciation	(4,622)	(3,490)	(2,702)	(1,258)	(12,072)
Change in the scope of consolidation	(558)	(239)	-	-	(797)
Drawdowns	-	72	2,578	1,109	3,759
Other changes	3	(4)	6	-	5
Foreign exchange differences	(2)	9	5	-	12
<b>as at 31 December 2019</b>	<b>(5,996)</b>	<b>(5,208)</b>	<b>(14,833)</b>	<b>(8,763)</b>	<b>(34,800)</b>
<b>Net book value:</b>					
<b>as at 1 January 2019 (pursuant to IAS 17)</b>	<b>2,556</b>	<b>1,833</b>	<b>1,231</b>	<b>305</b>	<b>5,925</b>
<b>as at 31 December 2019</b>	<b>27,690</b>	<b>7,111</b>	<b>19,610</b>	<b>8,358</b>	<b>62,769</b>

In accordance with IFRS 16, the item “*rights of use*” contains the lease contracts payable that do not constitute the provision of services.

The “*change in the scope of consolidation*” was attributable to the consolidation of the companies ATIVA S.p.A., Si.co.gen. S.p.A. and Ativa Engineering S.p.A.

**Note 3 – Non-current financial assets**

**3.a – Equity accounted investments**

Changes during the period to investments in businesses accounted for by the "equity method" were as follows:

	31 December 2018	Purchases/ Increases	Sales/ Decreases	Change in the scope of consolidation	Reclass. and other changes	Adjustments to			Exchange differences	31 December 2019
						"shareholders' equity"				
						Profit/(loss)	Dividends	Other <sup>(*)</sup>		
<b>Equity investments:</b>										
<b>a) in jointly controlled entities</b>										
ATIVA S.p.A.	54,379	49,155	-	(94,961)	-	2,549	(11,125)	3	-	-
Ecorodovias Infrastruttura e Logistica S.A.	55,591	-	-	-	-	(7,507)	-	-	(743)	47,341
Federici Stirling Batco LLC	9,999	-	-	-	-	(519)	-	(17)	224	9,687
Primav Infrastruttura S.A.	493,292	-	-	-	-	(83,522)	-	-	(6,787)	402,983
Grugliasco S.c.ar.l.	-	6	-	-	-	-	-	-	-	6
CERVIT S.c.ar.l.	-	-	-	5	-	-	-	-	-	5
<b>b) in associated companies</b>										
Asci Logistik GMBH	-	16	-	-	-	5	-	-	-	21
ASTA S.p.A.	4,156	-	-	-	-	(137)	-	-	-	4,019
ATIVA Immobiliare S.p.A.	468	-	-	-	-	19	-	-	-	487
Aurea S.c.ar.l.	10	-	-	-	-	-	-	-	-	10
Autostrada Nogare Mare Adriatico S.c.p.A.	33	-	-	-	-	-	-	-	-	33
Baglietto S.p.A.	9,547	-	(9,547)	-	-	-	-	-	-	-
Brescia Milano Manutenzioni S.c.ar.l.	-	-	-	4	-	-	-	-	-	4
CIM S.p.A.	6,114	-	-	-	-	(301)	-	-	-	5,813
CIS BETON GMBH	-	16	-	-	-	(16)	-	-	-	-
CMC Itinera JV S.c.p.A.	49	-	-	-	-	-	-	-	-	49
COLMETO S.c.ar.l.	-	5	-	-	-	-	-	-	-	5
CONSILFER	3	-	-	-	-	-	-	-	-	3
Consorzio Canello Frasso Telesino	-	-	-	-	-	-	-	-	-	-
Consorzio costruttori TEEM	4	-	-	-	-	-	-	-	-	4
Cova S.c.ar.l.	4	-	-	-	-	-	-	-	-	4
C.T.E. Consorzio Tangenziale Engineering	84	-	-	-	-	-	-	-	-	84
D.N.C. S.c.ar.l.	4	-	-	-	-	-	-	-	-	4
Edilrovacco in liquidation	-	-	-	-	-	-	-	-	-	-
Europa S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
Fondo Valle S.c.ar.l. in liquidation	4	-	-	-	-	-	-	-	-	4
Formazza S.c.ar.l.	2	-	-	-	-	-	-	-	-	2
Igea Romagna S.c.ar.l.	4	-	-	-	-	-	-	-	-	4
Interconnessione S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
Letimbro S.c.ar.l.	49	-	-	-	-	(49)	-	-	-	-
Lissone S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
Malco S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
Marchetti S.c.ar.l.	4	-	(4)	-	-	-	-	-	-	-
Mill Basin Bridge Constructors	3,959	1,563	-	-	-	(4,667)	-	-	87	942
Mose Bocca di Chioggia S.c.ar.l.	4	-	-	-	-	-	-	-	-	4
Mose Operae	2	-	-	-	-	-	-	-	-	2
Mose Treporti	2	-	-	-	-	-	-	-	-	2
Nichelino Village S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
Ponte Nord S.p.A.	755	-	-	-	-	-	-	-	-	755
Rivalta Terminal Europa S.p.A.	5,425	244	-	-	-	(145)	-	-	-	5,524
Road Link Holdings Ltd	2,571	-	-	-	-	1,136	(1,043)	-	41	2,705
SABROM S.p.A.	6,960	-	-	-	-	(145)	-	-	-	6,815
S.A.C. S.r.l. Consortile, in liquidation	-	-	-	-	-	-	-	-	-	-
Serravalle Village S.c.ar.l.	5	-	-	-	-	-	-	-	-	5
SITAF S.p.A.	145,592	53,609	-	331	-	12,039	-	301	-	211,872
SITRASB S.p.A.	12,085	-	-	-	-	500	-	-	-	12,585
Smart Mobility System S.c.ar.l. (SMS S.c.ar.l.)	4	-	-	-	-	-	-	-	-	4
SP01 S.c.ar.l.	-	4	-	-	-	-	-	-	-	4
Tangenziale Esterna S.p.A.	78,488	14,838	-	-	-	(4,493)	-	(209)	-	88,624
Tangenziali Esterne Milano S.p.A.	76,460	7,725	-	-	-	(4,360)	-	(201)	-	79,624
Tessera S.c.ar.l.	4	-	-	-	-	-	-	-	-	4
Tunnel Frejus S.c.ar.l.	25	-	-	-	-	-	-	-	-	25
Vado Intermodal Operator S.p.A.	7,089	-	-	-	-	(115)	-	-	-	6,974
Vetivaria s.r.l.	68	-	-	-	-	-	-	-	-	68
<b>Total</b>	<b>973,323</b>	<b>127,181</b>	<b>(9,551)</b>	<b>(94,621)</b>	<b>-</b>	<b>(89,728)</b>	<b>(12,168)</b>	<b>(123)</b>	<b>(7,178)</b>	<b>887,135</b>

<sup>(\*)</sup> This mainly regards the pro-rata portion of the fair value adjustments carried out by the investee companies in relation to the IRS agreements and for the actuarial components of the Employee Severance Indemnity.

The item “purchases/increases” refers to:

- the purchase of 2,000,724 shares (equal to 31.17% of the share capital) in ATIVA S.p.A. for a value equal to EUR 49.2 million. Taking into account the stake already held (equal to 41.17% of the share capital of ATIVA S.p.A.), through this purchase control of the company was also obtained and consequently, ATIVA S.p.A. and its subsidiaries were consolidated on a line-by-line basis<sup>1</sup>.
- the subscription of 6,060 stakes in the newly incorporated company Grugliasco S.c.ar.l. for a value equal to EUR 6,000. As a result of said purchase, the stake held in this company is now equal to 60.6% and on the basis of the agreements with the other shareholders the company is a jointly held subsidiary;
- the purchase of 15,750 shares in the company Asci Logistik GMBH for a value of EUR 16,000. As a result of said purchase, the stake held in this company is now equal to 45% of the share capital;
- the purchase of 15,750 shares in Cis Beton GMBH for EUR 16,000. As a result of said purchase, the stake held in this Company is now equal to 45% of the share capital;
- the subscription of 5,100 stakes in the newly incorporated Colmeto S.c.ar.l. for a value of EUR 5,000. Following said purchase, the stake held in this company is now equal to 51% of the share capital and on the basis of the agreements with the other shareholders the company is an associated company;
- the payment by the subsidiary Halmar International LLC of EUR 1.6 million to Mill Basin Constructors LLC to cover losses;
- the purchase of 602,537 shares (equal to 2.29% of the share capital) in Rivalta Terminal Europa S.p.A. by the subsidiary Autostrada dei Fiori S.p.A. for EUR 0.2 million. As a result of said purchase, the stake held in this company is now equal to 48.16% of the share capital;
- the purchase of 1,284,158 shares in SITAF S.p.A. for an overall value equal to EUR 53.6 million. As a result of said purchase, the stake held in this company is now equal to 46.72% of the share capital;
- the purchase of 4,000 shares in the newly incorporated SP01 S.c.ar.l. for a value of EUR 4,000. As a result of said purchase, the stake held in this company is now equal to 40% of the share capital;
- the purchase of 10,289,788 shares in Tangenziali Esterne Di Milano S.p.A. by the subsidiary SATAP S.p.A. (8,218,081 shares) and the acquiree SIAS S.p.A. (2,071,707 shares) for a total of EUR 7.7 million. As a result of said purchase, the stake held by the Group in this Company is now equal to 49.99% of the share capital;
- the purchase of 14,798,416 shares in Tangenziale Esterna S.p.A. by the acquiree SIAS S.p.A. (13,010,750 shares) and the subsidiary SATAP S.p.A. (1,787,666 shares) for a total of EUR 14.8 million. As a result of said purchase, the stake held by the Group in this Company is now equal to 24.45% of the share capital.

With reference to the item “sales/decreases”, it is noted that on 9 May 2019, the company ASTM S.p.A. sold all the shares held in Baglietto S.p.A. (10,817,280 shares) for a total value of EUR 9.5 million.

Following the sale of 3,600 stakes held in Brescia Milano Manutenzioni S.c.ar.l. by Sinelec S.p.A. (1,800) and by Euroimpianti S.p.A. (1,800) respectively, Brescia Milano Manutenzioni S.c.ar.l. is no longer a subsidiary company, but an associated company of the Group.

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. “Other” includes the difference accrued in the period related to the fair value of the Interest Rate Swap agreements and the discounting effect of Employee Severance Indemnity. With reference to the adjustment of the investee companies Ecorodovias Infrastruttura e Logistica S.A. and

<sup>1</sup> The acquisition of control of ATIVA S.p.A. took place at the end of 2019; the financial statements of the company and of its subsidiaries were therefore consolidated on a line-by-line basis limited to the balance sheet components only.

Primav Infraestrutura S.A., note that the adjustment for the year includes the effects extraordinary expenses resulting from new contractual obligations and sanctions established as part of the agreements signed with the authorities of the States of Paraná and São Paulo which envisage the closure of the investigations involving Ecorodovias Infraestrutura e Logística S.A. and its subsidiaries related to alleged offences committed before the entry of the ASTM Group into the share capital of the Brazilian company<sup>1</sup>.

The item “*exchange differences*” includes the changes during conversion, to EUR, of the financial statements of the associated companies and jointly held entities Primav Infraestrutura S.A., Ecorodovias Infraestrutura & Logística S.A., Federici Stirling Batco LLC, Road Link Holdings Ltd. and Mill Basin Constructors LLC.

As at 31 December 2019, 107,498,423 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 income and financial data of the companies accounted for by the equity method are shown below (jointly controlled entities and associated companies)**

The investees Primav Infraestrutura S.A. and Ecorodovias Infraestrutura & Logística S.A. are jointly controlled by the ASTM Group and by the CR Almeida Group by virtue of the agreements signed by ASTM S.p.A. and the acquiree SIAS S.p.A. with CR Almeida.

The company Federici Stirling Batco LLC is jointly controlled through the subsidiary Itinera S.p.A. (34.30%) and BATCO HOLDING S.A.L.—a Lebanese company (35.70%) by virtue of shareholders’ agreements. In particular, on 20 October 2015, the subsidiary Itinera S.p.A. signed an agreement with BATCO HOLDING S.A.L. for the acquisition of 34.30% of the shares, representing 49% of the financial interests, of the Omani company FEDERICI STIRLING BATCO LLC with registered office in Muscat, the capital of the Sultanate of Oman, which operates in the construction industry. The remainder of the share capital (30%) is held by a company incorporated in Oman, pursuant to local regulations.

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<sup>1</sup> For further information, reference is made to the section “Other information” in the Explanatory Notes.

With regard to the equity-financial situation:

(amounts in thousands of EUR)	Current assets		Non-current assets	Current liabilities		Non-current liabilities	
		of which cash and cash equivalents			of which financial		of which financial
Primav Infrastruttura S.A. <sup>(1) (2) (3)</sup>	516,532	412,059	2,320,125	961,094	801,521	1,674,532	1,298,025
Ecorodovias Infrastruttura e Logistica S.A. <sup>(1) (2) (3)</sup>	515,322	411,065	2,040,750	887,641	728,070	1,567,594	1,330,952
Federici Stirling Batco LLC <sup>(1) (2)</sup>	76,150	695	359	55,724	13,871	35,103	34,756
Grugliasco S.c.ar.l.	1,300	51	-	1,290	-	-	-
CERVIT S.c.ar.l.	12,951	956	260	13,134	-	59	-

- (1) Information added based on the financial statements of the companies, prepared in accordance with IFRS/IAS.  
 (2) Figures converted using the exchange rate as at 31 December 2019.  
 (3) The result does not take into account the effects of the significant subsequent events occurring after publication of the figures.

With regard to profit and loss:

	Revenue	Profit (loss) for the year	Total other comprehensive income	Dividends received
Primav Infrastruttura S.A. <sup>(1) (2) (3)</sup>	895,656	(66,626)	(66,626)	-
Ecorodovias Infrastruttura e Logistica S.A. <sup>(1) (2) (3)</sup>	895,656	(42,022)	(42,022)	-
Federici Stirling Batco LLC <sup>(1) (2)</sup>	2,541	(5,231)	(5,231)	-
Grugliasco S.c.ar.l.	341	-	-	-
Cervit S.c.a.r.l.	24,118	-	-	-

- (1) Information added based on the financial statements of the companies, prepared in accordance with IFRS/IAS.  
 (2) Figures converted using the average exchange rate of 2019.  
 (3) The result does not take into account the effects of the significant subsequent events occurring after publication of the figures.

Note also that:

- Joint venture agreements do not envisage significant restrictions or limitations on the use of resources of the companies under joint control.
- However, the agreements envisage lock up clauses (blocking the disposal of joint arrangements) and exit mechanisms from the agreements mentioned above.

Below follow the main disclosures relating to the investment in Primav Infrastruttura S.A.

Company	Main Activity	Date of purchase	Percentage of voting rights acquired	Percentage acquired	Acquisition Cost
Primav Infrastruttura S.A.	Industrial holding active in motorway licensee company management, urban mobility, ports and logistics	04/05/2016	50%	64.10%	512,378
		25/04/2017	0%	5.00%	54,627

The cost of acquisition was paid in full at the closing of the relevant transactions and does not comprise potential future fees.

	04/05/2016	25/04/2017
<u>Determination of goodwill resulting from acquisition</u>		
Consideration paid	512,378	54,627
(-) Book value of the net assets and liabilities acquired - pro rata difference to allocate	(131,119)	(11,825)
	<u>381,259</u>	<u>42,802</u>
<u>Allocation to fair value of acquired assets</u>		
Concessions – non-compensated revertible assets	503,227	46,954
Equity investments - VEM	16,535	1,543
Deferred taxes	(171,097)	(15,964)
Allocation	348,665	32,532
<b>Goodwill (included in the value of the investment in Primav Infrastruttura S.A.)</b>	<b>32,594</b>	<b>10,270</b>
	} 381,259	} 42,802



**Below follow the main disclosures relating to the investment in Ecorodovias Infraestrutura & Logistica S.A.**

Company	Main Activity	Date of purchase	Percentage of voting rights acquired	Percentage acquired	Acquisition Cost
Ecorodovias Infraestrutura e Logistica S.A.	Industrial holding active in the management of motorway licensees, ports and logistics	2017	2.51%	2.51%	36,966
		2018	2.48%	2.48%	30,150

The cost of acquisition was paid in full at the closing of the relevant transactions and does not comprise potential future fees.

Determination of goodwill resulting from acquisition

	2017	2018
Consideration paid	36,966	30,150
(-) Book value of the net assets and liabilities acquired - pro rata 2.48%	(2,776)	(3,866)
difference to allocate	34,190	26,284

Allocation to fair value of acquired assets

Concessions – non-compensated revertible assets	35,402	29,719
Deferred taxes	(12,037)	(10,105)
Allocation	23,365	19,614
<b>Goodwill (included in the value of the investment in “Ecorodovias Infraestrutura &amp; Logistica S.A.”)</b>	<b>10,825</b>	<b>6,670</b>

} 34,190      } 26,284

**Associated companies**

The equity and economic data of the associated companies are shown below; the associated consortium companies have not been included since their inclusion is reflected in the accounts of the consortium companies.

Company	Total Assets	Total Liabilities	Total Revenues	Profit/(loss) for the year	Financial Statement data <sup>(1)</sup> as at
ASTA S.p.A.	10,012	2,476	141	(355)	31/12/2018
ATIVA Immobiliare S.p.A.	3,360	1,313	636	38	31/12/2018
C.I.M. S.p.A.	79,360	49,248	6,406	(2,065)	31/12/2018
Edilrovaccio 2 in liquidation	577	1,137	-	(274)	31/12/2018
Mill Basin Bridge Constructors(2)	10,397	8,514	992	(8,744)	31/12/2019
Ponte Nord S.p.A.	3,730	2,222	16	-	31/12/2018
Rivalta Terminal Europa S.p.A.	52,112	40,290	1,133	(360)	31/12/2018
ROAD LINK Holdings Ltd. <sup>(3)</sup>	-	-	5,000	5,000	31/03/2019
SA.BRO.M. S.p.A.	44,832	19,415	159	(544)	31/12/2018
S.I.T.A.F. S.p.A.	1,694,351	1,301.25	178,457	32,835	31/12/2019
SITRASB S.p.A.	47,655	14,509	10,627	1,686	31/12/2018
Tangenziale Esterna S.p.A.	1,441,898	1,146,481	70,042	(18,820)	31/12/2019
Tangenziali Esterne di Milano S.p.A.	231,911	428	118	(511)	31/12/2019
Vetivaria S.r.l.	855	682	739	-	31/12/2018
Vado Intermodal Operator S.p.A.	37,009	28,837	3,323	358	31/12/2018

(1) Financial statements prepared according to national/OIC accounting standards

(2) Figures translated to USD using the exchange rate as at 31 December 2019

(3) In thousands of GBP

**3.b – Other equity investments**

Changes to equity investments in “other businesses” during the period were as follows:

	31 December 2018			Changes during the period					31 December 2019		
	Original value	Adj. to fair value	Total	Purchases /Increases	Sales/ Decreases	Change to scope of consolidation	Reclass. and other changes	Adjustments to fair value	Original value	Adj. to fair value	Total
<b>Equity investments:</b>											
Restart SIIQ S.p.A.	6,538	(6,252)	286	-	-	-	(6)	778	6,532	(5,474)	1,058
AEDES SIIQ S.p.A.	-	1,896	1,896	-	-	-	-	(59)	-	1,837	1,837
Assicurazioni Generali S.p.A.	6,397	1,636	8,033	-	(2,384)	-	-	699	4,013	2,335	6,348
Banca CA.RI.GE. S.p.A.	29	(29)	-	-	-	-	-	-	29	(29)	-
Banco Popolare BPM	301	(86)	215	-	-	-	-	6	301	(80)	221
PLC S.p.A. (former Industria e Innovazione S.p.A.)	152	(46)	106	-	-	-	-	(26)	152	(72)	80
Salini Impregilo S.p.A. – savings shares	5,627	(1,904)	3,724	-	(959)	-	-	1,695	4,668	(209)	4,459
Mediobanca S.p.A.	1,333	879	2,212	-	-	-	-	731	1,333	1,610	2,943
<b>Total Level 1</b>	<b>20,377</b>	<b>(3,906)</b>	<b>16,472</b>	<b>-</b>	<b>(3,343)</b>	<b>-</b>	<b>(6)</b>	<b>3,824</b>	<b>17,028</b>	<b>(82)</b>	<b>16,946</b>
ABESCA EUROPA S.r.l.	158	-	158	-	-	-	-	-	158	-	158
Agenzia di Pollenzo S.p.A.	1,424	-	1,424	-	(75)	-	-	-	1,349	-	1,349
Alitalia - Compagnia Aerea Italiana S.p.A.	-	-	-	-	-	-	-	-	-	-	-
Argentea Gestioni S.C.p.A.	-	-	-	-	-	-	-	-	-	-	-
Assoservizi Industria s.r.l.	1	-	1	-	-	-	(1)	-	-	-	-
Autostrade Centro Padane S.p.A.	9,328	-	9,328	-	-	-	-	-	9,328	-	9,328
Banca Alpi Marittime Credito cooperativo- Carru	10	-	10	-	-	-	-	-	10	-	10
C.A.A.F. IND. E.C. S.p.A.	-	-	-	-	-	-	-	-	-	-	-
CE.P.I.M. S.p.A.	14	-	14	-	-	-	-	-	14	-	14
Codelfa S.p.A.	2,513	2,088	4,601	-	-	-	-	-	2,513	2,088	4,601
Società Confederazione Autostrade S.p.A.	418	-	418	819	-	-	-	(1,237)	1,237	(1,237)	-
Consorzio Autostrade Energia	16	-	16	1	-	-	-	-	17	-	17
Cons. Costr. Veneti San Marco	15	-	15	-	-	-	(1)	-	14	-	14
CRS Centro Ricerche Stradali S.p.A.	3	-	3	-	-	-	-	-	3	-	3
CSI Consorzio Servizi Ingegneria	1	-	1	-	-	-	-	-	1	-	1
DAITA S.c.ar.l.	8	-	8	-	-	-	-	-	8	-	8
Eurolink S.c.p.A.	3,000	-	3,000	-	-	-	-	-	3,000	-	3,000
Form Consult S.p.A. (former IRI Management)	-	-	-	-	-	-	-	-	-	-	-
Interporto Rivalta Scrivia S.p.A.	576	-	576	-	-	-	-	-	576	-	576
Interporto Toscano A. Vespucci S.p.A.	77	-	77	-	-	-	-	-	77	-	77
Milano Serravalle-Milano Tangenziali S.p.A.	65,873	198	66,071	-	-	-	-	-	65,873	198	66,071
Milano Depur S.p.A.	-	-	-	-	-	-	-	-	-	-	-
MN 6 S.c.ar.l.	1	-	1	-	-	-	-	-	1	-	1
Nuova Codelfa S.p.A.	3,705	1,917	5,622	-	-	-	-	3,072	3,705	4,989	8,694
iOne Solutions S.r.l.	2	-	2	-	-	-	-	-	2	-	2
Passante Dorico S.p.A.	2,623	-	2,623	-	-	-	-	(2)	2,623	(2)	2,621
Pedelombarda S.c.p.A.	550	-	550	-	-	-	-	-	550	-	550
P.S.T. S.p.A.	166	-	166	-	-	-	-	-	166	-	166
SEVESO SCARL, in liquidation	-	-	-	-	-	-	-	-	-	-	-
Società Cooperativa Elettrica Gignod	-	-	-	-	-	-	-	-	-	-	-
Si.Co.Gen. S.r.l.	139	-	139	-	-	(139)	-	-	-	-	-
Siteco BG ODD	10	-	10	-	-	-	-	-	10	-	10
SO.GE.A.P. S.p.A.	189	-	189	-	-	-	-	(47)	189	(47)	142
SPEDIA S.p.A.	376	-	376	-	-	-	-	-	376	-	376
Tubosider S.p.A.	844	-	844	-	(844)	-	-	-	-	-	-
Tunnel Gest S.p.A.	75	-	75	-	-	-	-	-	75	-	75
Vettabbia S.c.ar.l.	-	-	-	-	-	-	-	-	-	-	-
Uirnet	10	-	10	-	-	-	-	-	10	-	10
<b>Total Level 3</b>	<b>92,125</b>	<b>4,203</b>	<b>96,328</b>	<b>820</b>	<b>(919)</b>	<b>(139)</b>	<b>(2)</b>	<b>1,786</b>	<b>91,885</b>	<b>5,989</b>	<b>97,874</b>
<b>Total</b>	<b>112,502</b>	<b>297</b>	<b>112,800</b>	<b>820</b>	<b>(4,262)</b>	<b>(139)</b>	<b>(8)</b>	<b>5,610</b>	<b>108,913</b>	<b>5,907</b>	<b>114,820</b>

**Fair value measurement hierarchy**

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

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

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

The main changes during 2019 mainly refer to:

- the sale of 205,000 shares in Generali S.p.A. for an amount equal to EUR 3.7 million, leading to a capital gain equal to EUR 1.3 million;
- during 2019, the subsidiary IGLI S.p.A. sold 148,896 shares of Salini Impregilo S.p.A. savings shares equal to 0.654% of the share capital, for EUR 0.9 million;
- the decrease of the equity investment following the zeroing of the share capital of Tubosider S.p.A. to cover losses and the waiver of the option right, by the subsidiaries Itinera S.p.A. and Sina S.p.A., on the proposal for share capital increase;
- the fair value adjustments of equity investments (mainly based on market prices) with contra-item “shareholders' equity”.

As at 31 December 2019, the value of the “other equity investments” included a total positive amount of adjustments to fair value (Group and minority interests) of approximately EUR 5.9 million (EUR 0.3 million as at 31 December 2018) which related to the fair value adjustment of the investments.

3.c – Other non-current financial assets

This item is formed of:

	31 December 2019	31 December 2018
<b>Loans:</b>		
• Loans to investees and other loans	137,790	113,118
<b>Receivables:</b>		
• financial receivables due from the Granting Body for "minimum guaranteed amounts"	2,321	2,290
• from INA	8,576	9,183
• as collateral on fidejussory policies	20,922	20,456
• from suppliers as security deposits	3,706	1,735
<b>Other financial assets:</b>		
• insurance policies	184,886	216,491
• takeover	561,596	117,509
• other financial assets	28,159	63,207
<b>Total</b>	<b>947,956</b>	<b>543,989</b>

"Loans to investees and other loans" mainly refer to (i) the interest-bearing loans granted to Tangenziale Esterna S.p.A. (EUR 107.8 million), to Federici Stirling Batco LLC (EUR 16.8 million), to Sa.Bro.M. S.p.A. (EUR 5 million), and Edilrovaccio 2 S.r.l. in liquidation (EUR 0.2 million) and (ii) the non-interest bearing loans granted to Tunnel Frejus S.c.a r.l. (EUR 3 million) and to Nichelino Village S.c.ar.l. (EUR 1 million). The increase to the item in question, equal to around EUR 24.7 million, is mainly attributable to (i) the purchase of additional quotas of the Tangenziale Esterna S.p.A. loan (EUR 11.3 million) by Autostrade Lombarde S.p.A. in January 2019, (ii) the disbursement of an additional loan to Federici Stirling Batco LLC including the amount of interest accrued in 2019 (EUR 8.7 million), (iii) the reimbursement of loans (EUR 4.8 million) and (iv) for the remaining part, the interest accrued during the period.

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. as a licensee company.

"Receivables from INA" represent the provisions during previous periods to the employee severance indemnity of motorway companies.

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 184.9 million relates to capitalisation policies signed (i) by the subsidiary Società Autostrada Ligure Toscana p.A. (EUR 176.8 million) with Crédit Agricole Vita, Reale Mutua Assicurazioni, Compagnia Italia di previdenza, UnipolSai Assicurazioni and Cardif, and (ii) by the subsidiary SATAP S.p.A. (EUR 8.1 million) with Reale Mutua Assicurazioni. The change in the year is attributable to (i) repayments/redemptions of insurance policies (EUR -59.7 million), (ii) new policies taken out (EUR +25 million) and (iii) income on the capitalisation policies (EUR +3.1 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” as at 31 December 2019 is formed as follows:

- terminal value related to the A21 Turin-Piacenza Stretch for EUR 146 million of which EUR 107.9 million for the value of the works as at 30 June 2017 (concession expiry date) subject to the takeover and EUR 38.1 million for investments and advances to suppliers made after that date;
- terminal value related to the A12 Sestri Levante-Livorno, Viareggio-Lucca and Fornola-La Spezia Stretch for EUR 255.8 million of which EUR 241.8 million for the value of the works as at 31 July 2019 (concession expiry date) subject to the takeover and EUR 14 million for investments and advances to suppliers made after that date;
- terminal value related to the ATIVA concession “Tangenziale di Torino (Turin bypass), Torino-Quincinetto, Ivrea-Santhià and Torino-Pinerolo” for EUR 159.8 million of which around EUR 100 million for the value of the works as at 31 August 2016 (concession expiry date) subject to the takeover and EUR 59.8 million for investments and advances to suppliers made after that date.

The change to the item “takeover” (equal to EUR 444.1 million) during the year is attributable to (i) the recognition of the takeover receivable (EUR +255.8 million) related to SALT S.p.A. (A12 Stretch) of which the concession expired on 31 July 2019, (ii) the recognition - following the change to the scope of consolidation - of the takeover receivable (EUR +159.8 million) related to ATIVA S.p.A., of which the concession expired on 31 August 2016 and (iii) the increase of the takeover receivable (EUR +28.5 million) related to SATAP S.p.A. (A21 Stretch)—of which the concession expired on 30 June 2017—following the investments made in the current period.

The change in “other financial assets” is mainly due to: (i) the reclassification in the item “loans to investees” of the portion of loan of Tangenziale Esterna S.p.A. (EUR -11.3 million) following the completion of the purchase that took place in January 2019 by Autostrade Lombarde S.p.A., (ii) the reclassification in the item “equity accounted investments” of the additional shares of Tangenziale Esterna S.p.A. (EUR -14.8 million), and of Tangenziali Esterne di Milano S.p.A. (EUR -7.7 million) following the completion of the purchase that took place in January 2019 by Autostrade Lombarde S.p.A., (iii) other minor changes (EUR -3.4 million), and (iv) the fair value adjustment as at 31 December 2019 of the investment funds (EUR +2.2 million).

#### **Note 4 – Deferred tax credits**

This item totalled EUR 175,436 thousand (EUR 146,504 thousand as at 31 December 2018). For the breakdown of this item, please refer to Note 35 – Income taxes.

## Note 5 - Inventories and contract assets

These consist of:

	31 December 2019	31 December 2018
Raw materials, ancillary materials and consumables	33,402	23,655
Work in progress and semi-finished goods	7,554	7,624
Contract work in progress – Contract assets	222,708	195,038
Finished products and merchandise	4,340	2,723
Advance payments	18,092	5,185
<b>Total</b>	<b>286,096</b>	<b>234,225</b>

The contract work in progress breaks down as follows:

	31 December 2019	31 December 2018
Gross value of the orders	1,889,334	1,568,846
Advance payments on work progress	(1,610,516)	(1,343,163)
Advance payments on reserves and price changes	(22,855)	(18,407)
Provisions to guarantee work in progress	(33,255)	(12,238)
<b>Net value</b>	<b>222,708</b>	<b>195,038</b>

The increase to “*inventories and contract assets*” is substantially attributable to the higher production in the EPC sector. The most significant amounts refer to Italian worksites, worksites related to the Middle East, Europe and the United States.

The adjusting provisions are against possible risks on some entries in the assets due to ongoing lawsuits with clients and losses that may be incurred as the works continue on some orders undergoing completion; their amount is considered consistent with the risks and potential liabilities that could be incurred in relation to the value of the orders.

## Note 6 – Trade receivables

Trade receivables totalled EUR 284,840 thousand (EUR 244,765 thousand as at 31 December 2018), net of the provision for bad debts of EUR 5,875 thousand (EUR 8,993 thousand as at 31 December 2018). The receivables derive from normal operations within the scope of the activities carried out by the group, mainly relating to the EPC sector, the execution of works, the supply of materials, technical and administrative services and other services.

The change in the item is mainly related to the increased activities carried out for third parties by the companies operating in the EPC sector.

## Note 7 – Current tax assets

This item totalled EUR 30,459 thousand (EUR 36,170 thousand as at 31 December 2018) and refers to receivables for VAT, regional production tax (IRAP), corporate income tax (IRES) and other tax credits. The change in the item is attributable both to reimbursements received in 2019 on tax credits posted in previous years and to the reduced receivable for VAT and corporate income tax (IRES).

## Note 8 – Other receivables

This item breaks down as follows:

	31 December 2019	31 December 2018
Advances to suppliers	30,760	13,606
To others	76,788	162,181
Prepaid expenses	18,007	13,908
<b>Total</b>	<b>125,555</b>	<b>189,695</b>

The change in the item “*advances to suppliers*” is mainly due to higher advances paid to suppliers in the EPC sector.

The change in “*receivables due from others*” during the period is mainly due to (i) the sale to Intesa SanPaolo S.p.A. by the subsidiary SATAP S.p.A. of the equity investment in addition to the related loan granted to Autostrade Lombarde S.p.A. (equal to a total of EUR 81.1 million), (ii) the sale to Autostrade per l'Italia S.p.A. of 23,829,354 shares in Tangenziali Esterne di Milano S.p.A., held by the subsidiary SATAP S.p.A. (equal to EUR 17.9 million) and (iii) the sale to Autostrade Lombarde S.p.A. and Impresa Pizzarotti S.p.A. of the equity investment held in Bre.Be.Mi. S.p.A. for the related loan (in total equal to EUR 11.4 million) by the subsidiary Itinera S.p.A. The balance of this item also reflects the increase in other receivables from Letimbro S.c.ar.l. (EUR +18.3 million) and the receivables from Argo Finanziaria S.p.A. for the transfer of the receivable from Tubosider S.p.A. (EUR +11.9 million).

## Note 9 – Current financial assets

The current financial assets consist of:

	31 December 2019	31 December 2018
From connected companies	259,059	246,790
Receivables from ANAS for capital grants	281	5,940
Deposit - pledged current accounts	79,414	11,293
Other financial receivables	37,150	25,415
Financial receivables for "minimum guaranteed amounts"	56	45
Other current financial assets	13,315	4,388
<b>Total</b>	<b>389,275</b>	<b>293,871</b>

The item “*receivables from connected companies*” refers to receivables from connected companies for tolls collected on behalf of Group licensees, which had not yet been allocated by the end of the period.

The change to “*receivables from ANAS for capital grants*” equal to EUR 5.7 million is due to the receipt in September of the receivable from ANAS related to the grants due for the completion—by SATAP S.p.A. —of the motorway access facilities for the “New Milan Rho-Pero Fair Centre” and those related to the “Bernate-Ticino Bypass”.

“*Deposit - pledged current accounts*”, equal to EUR 79.4 million (EUR 11.3 million as at 31 December 2018), refer (i) for EUR 70.2 million to the temporary investment of cash in a deposit account made during the period by SALT p.A. and (ii) for EUR 9.2 million to the “reserve account” servicing the payable connected to a loan entered into by the subsidiary Autostrada dei Fiori S.p.A. (A6 Stretch). The change during the period is attributable (i) for EUR 70 million to the subscription of the deposit account as a cash investment, (ii) for EUR 0.2 million to the interest accrued on the deposit account and (iii) the clearance related to the “reserve account” of the subsidiary SAV S.p.A. following the reimbursement of the loan for which the pledge was established to service.

“Other financial receivables”—equal to EUR 37.1 million (EUR 25.4 million as at 31 December 2018)—refer for EUR 36.6 million to temporary investments of cash made by the Halmar Group and by Itinera Construções LTDA. The change during the period is due to (i) the higher cash investments (EUR +20.2 million) and (ii) the receipt in January 2019 of the dividend distributed by Primav Infraestrutura S.A. (EUR -8.5 million).

“Other current financial assets”—equal to EUR 13.3 million (EUR 4.4 million as at 31 December 2018)—refers to the balance of the Brazilian Bank Deposit Certificates (BDCs) inclusive of the interest accrued as at 31 December 2019. During the period, the BDC in place as at 31 December 2018 was reimbursed and in January and December 2019 BDCs were signed for a total amount equal to EUR 13.4 million. The valuation of the BDCs as at 31 December 2019 includes an amount equal to EUR 0.5 million related to the interest income accrued at that date and is net of an amount equal to approximately EUR 0.5 million related to the forex losses accounted to adjust the measurement of those securities to the EUR/BRL exchange rate as at 31 December.

## Note 10 – Cash and cash equivalents

These consist of:

	31 December 2019	31 December 2018
Bank and postal deposits	1,182,948	1,069,790
Cheques	34	120
Cash and cash equivalents on hand	14,555	17,723
<b>Total</b>	<b>1,197,537</b>	<b>1,087,633</b>

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



## Note 11 – Shareholders’ equity

### 11.1 – Share capital

As at 31 December 2019, the share capital consisted of 140,514,895 ordinary shares (98,998,600 ordinary shares as at 31 December 2018) without nominal value, for a total amount of EUR 70,257 thousand (EUR 49,499 thousand as at 31 December 2018), entirely subscribed and paid in. Following the completion of the merger by incorporation of SIAS S.p.A. into ASTM S.p.A., approved by the extraordinary shareholders’ meetings of those companies on 16 October 2019 (resolutions recorded on 17 October 2019 at the Turin Register of Companies) and taking effect on 31 December 2019, a total 41,516,295 ASTM shares were issued - in favour of SIAS shareholders other than ASTM - to service the exchange, for a capital increase equal to EUR 20,758 thousand. As a result of the aforementioned increase, the share capital of ASTM amounts to EUR 70,257 thousand.

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

Pursuant to IAS 1, the value of treasury shares is posted as an adjustment to the share capital. The balance as at 31 December 2019 is provided in the table below:

	Number of shares	Nominal Value (in euro)	% Share Capital	Average unit value (in euro)	Total equivalent (thousands of euro)
<b>31 December 2018</b>	<b>7,590,703</b>	<b>3,795,352</b>	<b>7.67%</b> (*)	<b>12.00</b>	<b>91,076</b>
Purchases	203,325	101,663	0.14% (**)	25.91	5,268
ASTM shares held by SINA S.p.A. (following exchange of SIAS shares)	2,149,409	1,074,705	1.53% (**)	17.27	37,130
ASTM shares held by ATIVA S.p.A. (following acquisition of control)	21,500	10,750	0.02% (**)	5.12	110
<b>31 December 2019</b>	<b>9,964,937</b>	<b>4,982,469</b>	<b>7.09%</b> (**)	<b>13.41</b>	<b>133,584</b>

(\*) Percentage of share capital before increase

(\*\*) Post increase share capital percentage

With regard to the above-mentioned aspects, the share capital as at 31 December 2019 is as follows (amounts in thousands of EUR):

<b>Share capital</b>	<b>70,257</b>
Treasury shares held	(3,897)
Treasury shares held by SINA S.p.A.	(1,075)
Treasury shares held by Ativa S.p.A.	(11)
<b>“Adjusted” share capital</b>	<b>65,274</b>

### 11.2 – Reserves

#### 11.2.1 – Share premium reserve

This item totalled EUR 147,361 thousand (EUR 147,361 thousand as at 31 December 2018).

#### 11.2.2 – Revaluation reserves

This item totalled EUR 9,325 thousand (EUR 9,325 thousand as at 31 December 2018).

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

#### 11.2.3 – Legal reserve

This item totalled EUR 10,538 thousand (EUR 10,538 thousand as at 31 December 2018).

11.2.4 – Reserve for the purchase of treasury shares

This “unavailable” reserve was created to purchase treasury shares, in execution of Shareholders’ Meetings resolutions. It totalled EUR 96,344 thousand (EUR 91,076 thousand as at 31 December 2018). This reserve was constituted by reclassifying the item “Retained earnings”.

11.2.5 – Purchased treasury shares

This item represents the contra-item paid by the parent company to purchase treasury shares. As illustrated in the “Valuation criteria”, this amount, totalling EUR 92,447 thousand, adjusts the shareholders’ equity reserves (net of the nominal value of treasury shares, amounting to EUR 3,897 thousand, which is deducted directly from the “share capital”).

11.2.6 – Reserve for revaluation at 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 2019, this reserve totalled a positive EUR 4,897 thousand, net of the related deferred tax effect (a negative EUR 1,295 thousand as at 31 December 2018). For changes in this item, please see Note 3 “Non-current financial assets”.

11.2.7 – 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 the foreign exchange hedge derivatives. As at 31 December 2019, this item showed a positive balance of EUR 17,653 thousand, net of the related deferred tax effect (positive balance of EUR 10,493 thousand as at 31 December 2018). This amount also reflects the pro-rata share of amounts related to companies consolidated using the “equity method”, for which reference is made to by the comments in Note 3 “Other equity investments” and “Other financial assets”. More specifically, the change in the year, amounting to EUR 7,160 thousand, is detailed below:

(amounts in thousands of EUR)

Adjustment to IRS (Companies consolidated on a “line-by-line basis”)	15,017
Tax effect on IRS adjustment (Companies consolidated on a “line-by-line basis”)	(3,617)
IRS adjustment/reversal (consolidated companies accounted for by the equity method)	(95)
<b>Total</b>	<b>11,305</b>
Of which:	
Share attributed to minority interests	4,145
<b>Share attributable to Parent Company’s Shareholders</b>	<b>7,160</b>
<b>Total</b>	<b>11,305</b>

11.2.8 – Exchange rate difference reserve

This reserve was negative EUR 54,522 thousand (negative for EUR 49,019 thousand as at 31 December 2018) and includes the foreign exchange differences related to the Itinera Group, the jointly controlled investee Primav Infraestructura S.A. and Ecorodovias Infraestructura e Logística S.A. and to the associated company Road Link Holdings Ltd. More specifically, the change in the period, amounting to EUR 5,503 thousand, is detailed below:

(amounts in thousands of EUR)

Foreign exchange adjustment effect Primav Infraestructura S.A. and Ecorodovias Infraestructura e Logística S.A.	(7,673)
Foreign exchange adjustment effect Road Link Holdings Ltd.	41
Foreign exchange adjustment effect (other companies accounted for on a line-by-line basis)	1,089
Tax effect on foreign exchange adjustment	92
<b>Total</b>	<b>(6,451)</b>
Of which:	
Share attributed to minority interests	(948)
<b>Share attributable to Parent Company’s Shareholders</b>	<b>(5,503)</b>
<b>Total</b>	<b>(6,451)</b>

11.2.9 – Reserve for discounting Employee Severance Indemnity

This reserve – which is negative for an amount of EUR 2,126 thousand (negative balance equal to EUR 1,267 thousand as at 31 December 2018) – includes the actuarial differences arising from the remeasurement of liabilities relating to “Employee benefits”.

11.2.10 – Retained earnings

This item totals EUR 2,324,286 thousand (EUR 1,604,622 thousand as at 31 December 2018). 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 change to this item—EUR 719.7 million—is the result of (i) the allocation of the pro-rata share of the net profit for 2018 (EUR +117.9 million), (ii) the effects deriving from the share capital increase following the incorporation of SIAS S.p.A. - net of the costs incurred for the merger transaction—(EUR +706.2 million) offset (iii) by the purchase of treasury shares and the consequent reclassification to “Reserve for the purchase of treasury shares” (EUR -5.3 million), (iv) by the Public Tender Offer and by the additional purchases of SIAS shares (EUR -87.9 million) and (v) by purchases of minorities and by other minor changes (EUR -11.2 million).

11.3 – Profit for the period

This item refers to profit/loss for the period equal to EUR 76,279 thousand (EUR 166,544 thousand in 2018).

11.4 Reconciliation statement of the shareholders' equity and the profit/loss for the period of ASTM S.p.A. and the corresponding values of the ASTM Group

<i>(amounts in millions of EUR)</i>	Shareholders' equity	Profit/(loss)
<b>ASTM S.p.A. as at 31 December 2018</b>	<b>1,824.3</b>	<b>48.7</b>
Shareholders' equity and profit of the consolidated companies	1,916.7	173.1
Book value of the consolidated companies	(1,815.2)	-
Reversal of dividends collected from the subsidiaries/associated companies	-	(55.3)
<b>ASTM Group as at 31 December 2018 - attributed to shareholders of the parent company</b>	<b>1,925.8</b>	<b>166.5</b>

<i>(amounts in millions of EUR)</i>	Shareholders' equity	Profit/(loss)
<b>ASTM S.p.A. as at 31 December 2019</b>	<b>2,634.8</b>	<b>167.8</b>
Shareholders' equity and profit of the consolidated companies	2,505.7	59.1
Book value of the consolidated companies	(2,537.6)	-
Reversal of dividends collected from the subsidiaries/associated companies	-	(150.7)
Reversal of write-down of subsidiaries	-	0.1
<b>ASTM Group as at 31 December 2019 - attributed to shareholders of the parent company</b>	<b>2,602.9</b>	<b>76.3</b>

11.5 – Reserves attributed to minority interests

As at 31 December 2019, this item amounted to EUR 357,016 thousand (EUR 1,151,140 thousand as at 31 December 2018). The decrease during the period in the reserves attributed to minority interests is mainly attributable to the merger by incorporation of SIAS S.p.A. In detail, this change is the result of: (i) the profit/loss for the period (EUR +93.6 million), (ii) the consolidation of ATIVA S.p.A. S.p.A. (EUR +20.9 million), (iii) the pro-rata share of the IRS valuation reserve (EUR +4.1 million), (iv) the pro-rata share of the change in the fair value reserve (EUR +1.7 million), offset (v) by the decrease due to the share swap following said merger (EUR -733.3 million), (vi) by the purchase of minorities – public tender offer for SIAS shares and other minor changes (EUR -111.5 million), (vii) by dividend distribution (EUR -68.3 million), (viii) by the pro-rata share of the “exchange differences” reserve (EUR -0.9 million), (ix) by the pro-rata share of the change to the reserve for discounting Employee Severance Indemnity (EUR -0.4 million).

The *Reserves attributed to minority interests* including significant minority interests are shown in detail below:

	% attributed to minority interests		Shareholders' Equity
	directly-held	mediated	
<i>(amounts in millions of EUR)</i>			
Autostrada dei Fiori S.p.A.	27.00	30.40	127.0
Società di Progetto Autovia Padana S.p.A.	49.00	49.07	82.4
SAV S.p.A.	28.73	30.44	43.6
SALT S.p.A.	4.77	4.77	31.8
ATIVA S.p.A.	27.66	27.66	25.6
Halmar Group	50.00	50.42	21.9
Autostrada Asti-Cuneo S.p.A.	35.00	37.90	19.2
Other companies	-	-	5.7
<b>Total</b>			<b>357.0</b>

The above-mentioned equity investments were deemed significant on the basis of quantitative parameters (impact of the related minority quota on the shareholders' equity of third parties at the reporting date) and qualitative parameters (activities carried out by third parties—motorway 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>	ATIVA S.p.A.	Autostrada dei Fiori S.p.A.	SAV S.p.A.	SALT p.A.	Autovia Padana S.p.A.	Autostrada Asti-Cuneo S.p.A.	Halmar Group
Net toll revenue <sup>(1)</sup>	128,939	228,114	69,431	291,541	61,069	19,871	-
Other motorway sector revenue <sup>(2)</sup>	4,908	6,726	852	11,237	835	51	-
EPC sector revenue	-	-	-	-	-	-	321,058
Other revenues	3,943	9,574	6,526	14,116	4,329	1,214	251
<b>Turnover (A)</b>	<b>137,790</b>	<b>244,414</b>	<b>76,809</b>	<b>316,894</b>	<b>66,233</b>	<b>21,136</b>	<b>321,309</b>
Operating costs <sup>(1)(2)</sup> (B)	(60,856)	(107,613)	(30,903)	(127,766)	(36,548)	(18,403)	(297,617)
<b>Gross operating margin (EBITDA) (A-B)</b>	<b>76,934</b>	<b>136,801</b>	<b>45,906</b>	<b>189,128</b>	<b>29,685</b>	<b>2,733</b>	<b>23,692</b>

<sup>(1)</sup> Amounts net of the fee/additional fee payable to ANAS

<sup>(2)</sup> Amounts net of revenue and costs for construction activities of non-compensated revertible assets

<i>(amounts in thousands of EUR)</i>	ATIVA S.p.A.	Autostrada dei Fiori S.p.A.	SAV S.p.A.	SALT p.A.	Autovia Padana S.p.A.	Autostrada Asti-Cuneo S.p.A.	Halmar Group
A) Cash	64,954	64,206	2,255	139,810	7,686	951	20,286
B) Financial receivables	26,603	103,858	12,354	302,274	16,578	4,515	27,142
C) Short-term borrowings	(6,035)	(22,634)	(16,843)	(463,344)	(11,459)	(192,892)	(7,729)
<b>D) Current net cash (A) + (B) + (C)</b>	<b>85,522</b>	<b>145,430</b>	<b>(2,234)</b>	<b>(21,260)</b>	<b>12,805</b>	<b>(187,426)</b>	<b>39,699</b>
E) Long-term borrowings	(3,292)	(189,727)	(40,045)	(150,880)	(152,696)	(50,060)	(12,144)
<b>F) Net financial indebtedness (D) + (E)</b>	<b>82,230</b>	<b>(44,297)</b>	<b>(42,279)</b>	<b>(172,140)</b>	<b>(139,891)</b>	<b>(237,486)</b>	<b>27,555</b>

With reference to the provisions of paragraphs 12 and 13 of IFRS 12 and taking into account the fact that the concession assets are governed by specific contractual arrangements with the Granting Body (as indicated in the paragraph "Concessions" in the explanatory notes) there are no significant restrictions or limitations to report on the use of certain assets or the settlement of liabilities.

The articles of association of a number of the motorway companies envisage qualifying majority approval for extraordinary transactions (transformation, merger, share capital increases, etc.).

## Note 12 – Provisions for risks and charges and Employee benefits

	31 December 2019	31 December 2018
Provision for restoration	133,509	152,013
Tax reserve	-	50
Other provisions	240,943	22,114
Employee benefits	43,980	40,220
<b>Total provisions for risks and charges and employee benefits</b>	<b>418,432</b>	<b>214,397</b>

### 12.1 Provision for restoration or replacement of non-compensated revertible assets.

The change to the "provision for restoration or replacement of non-compensated revertible assets" is due to (i) the allocation to the provision for renewal, for 2019, for EUR 102.9 million, (ii) the drawdown, represented by the total for maintenance projects for EUR 116.4 million, and (iii) the release of provisions equal to EUR 5 million of the remaining share of the provision for restoration of the A12 Stretch following the expiry of the concession on 31 July 2019.

### 12.2 Tax reserve

Following the adoption as of 1 January 2019 of IFRIC 23, the tax reserve equal to EUR 50 thousand was reclassified to the tax payables.

### 12.3 Other provisions

This item equal to EUR 240.9 million (EUR 22.1 million as at 31 December 2018) mainly moved due to (i) changes in the scope of consolidation (EUR +127.8 million), (ii) provisions for the period (EUR +97.8 million) and (iii) drawdowns (EUR -6.8 million).

For an amount equal to EUR 216.5 million this item refers to the "provision for concession risks", which refers to the risk related to lawsuits in process or that might arise with the Granting Body including with reference to the management of motorway stretches that has expired for the period between the expiry date of the individual concessions and the reporting date.

To that end, as already indicated in the Management Report of these financial statements, as at 31 December 2019, in the wake of the identification of a new licensee and at the request of the Granting Body, the following subsidiaries continue to manage their concessions under an extension (continuing to apply the concession agreements): ATIVA S.p.A. (of which the concession expired on 31 August 2016), SATAP S.p.A. - A21 Stretch (of which the concession expired on 30 June 2017) and SALT p.A. - A12 Stretch (of which the concession expired on 31 July 2019).

The aforementioned subsidiaries therefore assessed, with support from their legal, administrative and technical consultants, and taking into account the contractual obligations in force, the risks related to said current and potential lawsuits with the Granting Body. Having assessed these risks as "probable", the companies in question then quantified them and allocated specific provisions in their respective financial statements.

In addition, given that this is an assessment made by the individual companies with support from their own consultants and with no cross-examination with the counterparty, and considering the estimate as adequate for the existing risk, there is still a

possibility of incurring additional charges on top of the amounts of the provisions posted.

The remainder (equal to approximately EUR 24.5 million) of “other provisions” mainly refers to:

- EUR 5.7 million set aside for possible risks and charges borne by SALT 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 0.3 million set aside by Società di Progetto Autovia Padana S.p.A. for lawsuit expenses;
- EUR 0.9 million set aside by the subsidiary Autostrada dei Fiori S.p.A. for pending lawsuits and risks for works carried out;
- EUR 0.3 million set aside by Sinelec S.p.A. for lawsuit expenses;
- EUR 11.6 million set aside by the subsidiary Itinera S.p.A. for risks related to investments, for lawsuit expenses and for risks related to waste disposal;
- EUR 0.2 million refers to the provision for contractual risks made by the subsidiary Sina S.p.A.;
- EUR 4.5 million for bonuses related to the "managerial incentive system".

#### 12.4 – Employee benefits

As at 31 December 2019, this item totalled EUR 43,980 thousand (EUR 40,220 thousand as at 31 December 2018). Changes during the period were as follows:

<b>1 January 2019</b>	<b>40,220</b>
Period contributions <sup>(*)</sup>	2,775
Transfer from other companies not in the scope of consolidation	1
Change in the scope of consolidation	5,633
Indemnities advanced/liquidated during the period	(4,715)
Reclassifications and other changes	66
<b>31 December 2019</b>	<b>43,980</b>

<sup>(\*)</sup> inclusive of the actuarial profit posted to the statement of comprehensive income equal to approximately EUR 0.9 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	1.04% <sup>(1)</sup>
Annual inflation rate	1.20%
Annual rate of increase in severance pay	2.40%
Annual rate of salary increases (for Companies with less than 50 employees)	From 1% to 2.5%

#### Demographic assumptions

Mortality	RG 48 tables
Disability	INPS tables by age and gender
Retirement age	100% of requirements met
% of frequency of advances	From 1% to 4%
Revenues	From 1% to 10%

(1) In line with the requirements of the Order of Actuaries, the discounting process used the annual rate deriving from the *iBoxx Euro Corporate Bond index with “A” rating* as per the previous financial year, since it is considered most representative of the reality in which the ASTM Group operates. If the Group Companies had used the *iBoxx Euro Corporate Bond index with “AA” rating*, the payable for the “employee benefits” would be greater than around EUR 0.6 million, with an effect on the shareholders' equity (Group and minority interests) equal to around EUR 0.4 million net of the related tax effect.

Through its American subsidiaries and associated companies operating in the construction sector, the Group contributes to Multi-Employer Pension Plans that use the aggregate of the assets contributed to the plan in order to provide benefits to the

employees of the various entities, determining the levels of contributions and benefits independently of the identity of the entity that employs the employees. As envisaged by IAS 19, the Group accounts for these plans in the same way as the defined contribution plans.

### Note 13 – Other payables and contractual liabilities (non-current)

These consist of:

	31 December 2019	31 December 2018
To ANAS – Central Insurance Fund	117,272	120,930
Deferred income related to discounting the payable to ANAS – Central Insurance Fund	51,554	59,796
To others	36,997	24,486
<b>Total</b>	<b>205,823</b>	<b>205,212</b>

The payable “to ANAS - Central Insurance Fund” refers to operations undertaken by those parties in favour of the licensees SALT p.A. (A15 Stretch) 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 2019 and their developments until fully repaid is as follows:

(amounts in millions of EUR)	2019	2020	2021	2022	2023	2024	2025	2026	2027
SAV	75.4	68.7	56.8	43.8	29.9	15.2	-	-	-
SALT- A15 stretch	53.8	56.6	59.6	62.7	66.1	69.7	73.5	74.0	26.4
<b>TOTAL</b>	<b>129.2</b>	<b>125.3</b>	<b>116.4</b>	<b>106.5</b>	<b>96.0</b>	<b>84.9</b>	<b>73.5</b>	<b>74.0</b>	<b>26.4</b>

(\*) of which EUR 117.3 million as the non-current portion and EUR 11.9 million as the current portion (Note 19)

The item “deferred income related to discounting the payable to ANAS – Central Insurance Fund” collects the difference between the original amount of the payable and its discounted value. The charge from the discounting process is imputed to the income statement among “financial expenses”. At the same time, the amount previously deferred is posted to the item “other income”.

The item payables “to others” includes – for EUR 36.6 million – advances on works, from clients in accordance with law and to be recovered on the issue of interim payment certificates in proportion to the percentage of the work order carried out, only after 31 December 2020. The change in the item is attributable for EUR 12.2 million to the higher advances on works from clients following new orders and for EUR 0.3 million to the changes in the scope of consolidation.

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	47,039	70,233	117,272
Deferred income related to discounting the payable to ANAS – Central Insurance Fund	35,552	16,002	51,554
Other payables	36,997	-	36,997
<b>Total</b>	<b>119,588</b>	<b>86,235</b>	<b>205,823</b>

## Note 14 – Bank debt (non-current)

Bank debt totalled EUR 952,502 thousand (EUR 793,691 thousand as at 31 December 2018).

The change compared to the previous year is the result of (i) the reclassification to the “current portion of medium/long-term borrowings” of the instalments falling due in the next 12 months (EUR -237.9 million), (ii) the advance reimbursements for refinancing a number of contracts (EUR -49.6 million), (iii) the disbursement of new loans (EUR +443.9 million) and other minor changes (EUR +2.4 million).

The tables below show bank debt as at 31 December 2019 and 31 December 2018, indicating the related balance due (current and non-current portion) and summarising the principal conditions applied to each liability.

31 December 2019									
Lending bank	Company	Maturity	Initial amount	Interest rate	Balance as at 31 December 2019	Within 1 year	1 to 5 years	Beyond 5 years	
Unicredit Pool	ASTM	28/06/2024	199,099	Variable	199,099	-	199,099	-	
Unicredit Pool	ASTM	28/06/2024	35,000	Variable	35,000	-	35,000	-	
BPM	ASTM	14/11/2024	50,000	Variable	50,000	-	50,000	-	
CAIXA	ASTM	01/11/2020	50,000	Variable	50,000	50,000	-	-	
BPM	ASTM	30/04/2021	30,000	Variable	30,000	-	30,000	-	
BPM	ASTM	30/04/2021	20,000	Variable	20,000	-	20,000	-	
BNL	ASTM	16/06/2020	50,000	Variable	50,000	50,000	-	-	
UBI	ASTM	30/06/2020	50,000	Variable	50,000	50,000	-	-	
BPM	ASTM	14/11/2024	50,000	Variable	50,000	-	50,000	-	
Unicredit Intesa Cariparma pool	ASTM	15/12/2033	137,000	IRS	137,000	-	7,672	129,328	
Unicredit Intesa Cariparma pool	ASTM	15/12/2033	6,000	Variable	6,000	-	336	5,664	
Unicredit Intesa Cariparma pool	ASTM	15/12/2033	6,000	Variable	6,000	-	336	5,664	
Unicredit Intesa Cariparma pool	ASTM	15/12/2033	5,000	Variable	5,000	-	280	4,720	
Mediobanca, UniCredit and UBI (BEI funding)	ASTM	15/12/2024	24,500	Variable	17,500	3,500	14,000	-	
Mediobanca, UniCredit and UBI	ASTM	15/12/2024	143,500	Variable/IRS	102,500	20,500	82,000	-	
BEI	ASTM	15/12/2024	77,000	Variable	55,000	11,000	44,000	-	
BEI	ASTM	15/12/2020	25,000	IRS	4,167	4,167	-	-	
Mediobanca, UniCredit and UBI (BEI funding)	ASTM	15/12/2020	15,000	Variable	2,500	2,500	-	-	
Banca Passadore	ITINERA	30/12/2022	10,000	Variable	6,022	2,000	4,022	-	
Banca Bper	ITINERA	15/12/2021	30,000	Variable	15,000	7,500	7,500	-	
Banca BPM	ITINERA	31/01/2021	20,000	Variable	20,000	-	20,000	-	
Banca UBI	ITINERA	23/12/2022	30,000	Variable	30,000	7,500	22,500	-	
Banca Regionale Europea	SEA Segnaletica Stradale	10/04/2022	8,000	Variable	2,177	856	1,321	-	
M&T Bank	HALMAR	02/08/2029	5,900 <sup>(*)</sup>	Variable	5,165	263	1,050	3,852	
M&T Bank	HALMAR	01/04/2023	5,000 <sup>(*)</sup>	Variable	2,967	890	2,077	-	
G&M Bank	HALMAR				2,134	699	1,435	-	
Banca Intesa Sanpaolo (formerly OPI)	SATAP	15/06/2024	75,000	Variable/IRS	21,774	4,839	16,935	-	
Mediobanca (BEI funding)	SATAP	15/03/2022	15,000	Variable/IRS	3,000	1,200	1,800	-	
Mediobanca (BEI funding)	SATAP	15/06/2024	59,450	Variable/IRS	17,259	3,835	13,424	-	
Mediobanca	SATAP	15/12/2021	400,000	Variable/IRS	160,000	80,000	80,000	-	
Mediobanca	SATAP	31/12/2021	180,000	Variable/IRS	90,000	36,000	54,000	-	
Cassa Depositi e Prestiti	SATAP	31/12/2025	60,000	Variable	60,000	10,000	40,000	10,000	
				<b>Total</b>	<b>1,305,264</b>	<b>347,249</b>	<b>798,787</b>	<b>159,228</b>	
				Accruals and deferrals		368	(3,806)	(1,707)	
				<b>Total</b>		<b>347,617</b>	<b>794,981</b>	<b>157,521</b>	
<b>Total bank debt (non-current)</b>							<b>952,502</b>		

(\*) Original amount in USD

Almost all the medium- and long-term loan contracts in place as at 31 December 2019 entered into by the Italian companies require compliance with certain economic and financial parameters (covenants) that are normal for loans of this type. These parameters, up to 31 December 2019, were met. As regards the loans with M&T Bank entered into by the Halmar Group - on the basis of the current contractual agreements - the financial covenants envisaged by the aforesaid loans were met at the reporting date of the financial statements.

The interest on the loans is essentially tied to the EURIBOR (i.e. the reference IRS) plus an average weighted spread of 0.996% for an average residual duration of the payable of approximately 4 years and 5 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	1.141
Variable rate borrowings	0.902

As part of the financial structure that involves the centralisation of the Group's funding activities under the parent company ASTM S.p.A., the debt contracted by ASTM S.p.A., and subsequent transfer to the subsidiaries, 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 2018									
Lending bank	Company	Due date	Initial amount	Interest rate	Currency	Balance as at 31 December 2018	Within 1 year	1 to 5 years	Beyond 5 years
Unicredit	ASTM	31/01/2020	35,000	Variable	EUR	35,000	-	35,000	-
Banca BIIS – Intesa Group	SATAP	15/06/2024	75,000	Variable/IRS	EUR	26,613	4,839	21,774	-
Mediobanca (BEI funding)	SATAP	15/03/2022	15,000	Variable/IRS	EUR	4,200	1,200	3,000	-
Mediobanca (BEI funding)	SATAP	15/06/2024	59,450	Variable/IRS	EUR	21,095	3,835	17,260	-
Mediobanca	SATAP	13/12/2021	400,000	Variable/IRS	EUR	240,000	80,000	160,000	-
Mediobanca	SATAP	31/12/2021	180,000	Variable/IRS	EUR	126,000	36,000	90,000	-
Cassa Depositi e Prestiti	SATAP	31/12/2021	60,000	Variable	EUR	60,000	-	50,000	10,000
BNL – Mediobanca	SAV	15/12/2019	50,000	Variable	EUR	4,167	4,167	-	-
Crédit Agricole	LOGISTICA TIRRENICA	01/04/2019	3,400	Variable	EUR	178	178	-	-
Mediobanca, Unicredit and UBI (BEI funding)	SIAS (ASTM in 2019)	15/12/2024	24,500	Variable	EUR	21,000	3,500	14,000	3,500
Mediobanca, Unicredit and UBI	SIAS (ASTM in 2019)	15/12/2024	143,500	Variable IRS	EUR	123,000	20,500	82,000	20,500
BEI	SIAS (ASTM in 2019)	15/12/2024	77,000	Variable/IRS	EUR	66,000	11,000	44,000	11,000
BEI	SIAS (ASTM in 2019)	15/12/2020	25,000	IRS	EUR	8,333	4,167	4,166	-
Mediobanca, UniCredit and UBI (BEI funding)	SIAS (ASTM in 2019)	15/12/2020	15,000	Variable	EUR	5,000	2,500	2,500	-
UBI	SIAS (ASTM in 2019)	30/09/2019	70,000	Variable	EUR	70,000	70,000	-	-
BNL	SIAS (ASTM in 2019)	16/09/2019	30,000	Variable	EUR	30,000	30,000	-	-
Banca Popolare di Milano	SIAS (ASTM in 2019)	31/01/2019	50,000	Variable	EUR	50,000	50,000	-	-
CAIXA	SIAS (ASTM in 2019)	02/11/2020	50,000	Variable	EUR	50,000	-	50,000	-
Unicredit Intesa Cariparma pool	SIAS (ASTM in 2019)	15/12/2033	137,000	Variable	EUR	137,000	-	-	137,000
Unicredit Intesa Cariparma pool	SIAS (ASTM in 2019)	15/12/2033	6,000	Variable	EUR	6,000	-	-	6,000
M&T Bank	HALMAR	24/06/2034	2,513 (*)	Fixed	EUR	1,854	86	428	1,340
M&T Bank	HALMAR	25/03/2021	435 (*)	Fixed	EUR	173	78	95	-
M&T Bank	HALMAR	24/06/2019	3,188 (*)	Fixed	EUR	360	360	-	-
M&T Bank	HALMAR	31/03/2023	5,000 (*)	Variable	EUR	3,784	3,784	-	-
M&T Bank	HALMAR	19/09/2019	3,100 (*)	Variable	EUR	1,270	1,270	-	-
G&M	HALMAR	30/06/2020	1,705 (*)	Fixed	EUR	967	378	589	-
BANCA PASSADORE	Itinera	30/12/2022	10,000	Fixed	EUR	8,015	1,992	6,023	-
BANCA BPER	Itinera	15/12/2021	30,000	Fixed	EUR	22,500	7,500	15,000	-
Banca Carige	Taranto Logistica	30/09/2020	12,150	Fixed	EUR	12,150	-	12,150	-
Banca Regionale Europea	SEA Segnaletica Stradale	10/04/2022	8,000	Variable	EUR	3,013	836	2,177	-
CARIPARMA	Siteco Informatica	08/07/2019	65	Variable	EUR	8	8	-	-
						1,137,680	338,179	610,162	189,340
				Accruals and deferrals		(5,254)	556	(3,384)	(2,427)
						1,132,426	338,735	606,778	186,913
									<b>793,691</b>

(\*) Original amount in USD

## Note 15 – Hedging derivatives

This item amounts to EUR 20,729 thousand (EUR 35,730 thousand as at 31 December 2018) and refers to the fair value as at 31 December 2019 of the Interest Rate Swap contracts concluded by Group companies in order to prevent the risk deriving from changes in interest rates.

**Note 16 – Other financial liabilities (non-current)**

This item, equal to EUR 1,084,980 thousand (EUR 1,539,790 thousand as at 31 December 2018) is formed as follows:

	31 December 2019	31 December 2018
2010-2020 bond loan	-	498,323
2014-2024 bond loan	497,638	497,113
2018-2028 bond loan	542,590	541,747
Other payables	44,752	2,607
<b>Total</b>	<b>1,084,980</b>	<b>1,539,790</b>

The item “2010-2020 bond loan” referred – as at 31 December 2018 – to the “liability component” of the bond loan for EUR 500 million issued by SIAS in October 2010, traded on the Irish Stock Exchange. In these financial statements - given that maturity is envisaged on 26 October 2020 - the “liability component” of said bond loan has been reclassified in the item “other current financial liabilities”.

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 100,000 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 IFRS, 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 100,000 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 IFRS, 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 (08 February 2028) in a lump sum at par value.

The change to the item “other payables” is essentially due to the effects deriving from the application as at 1 January 2019 of the new *IFRS 16 Leases*, relating to the non-current portion of the financial payable; on the basis of the provisions of IFRS 16, the lease contracts payable (which do not constitute the provision of services) are accounted for by posted a financial liability to the equity-financial position, represented by the present value of future lease payments, against the posting of a right of use of the leased asset to the assets.

**Note 17 – Deferred tax liabilities**

This item totalled EUR 50,553 thousand (EUR 54,209 thousand as at 31 December 2018). For the breakdown of this item, please refer to Note 35 – Income taxes.

**Note 18 – Trade payables (current)**

Trade payables totalled EUR 447,864 thousand (EUR 350,500 thousand as at 31 December 2018).

**Note 19 – Other payables and contract liabilities (current)**

These consist of:

	31 December 2019	31 December 2018
Advance payments	119,286	84,646
Payables to welfare organisations	18,178	16,170
Payables due to employees	32,613	24,739
Payables for concession fees	27,072	23,619
Payables to ANAS – Central Insurance Fund	11,900	11,900
Payables for cross charges from consortium companies	73,332	63,075
Payables to Autostrada dei Fiori shareholders for option	10,341	10,341
Deferred income	8,975	12,796
Other payables	43,516	141,531
<b>Total</b>	<b>345,213</b>	<b>388,817</b>

The item “*advance payments*” includes advances received from buyers in accordance with the law and intended to be recovered based on the progress of the work. The change from the previous year mainly reflects the increase to the advance payments received from the EPC sector companies on overseas works.

“*Payables for concession fees*” represent the payable related to the concession fees to be paid to ANAS and to the Ministry of Economy and Finance, calculated on the motorway tolls and on the royalties received from service area operators. The item “*payables to ANAS – Central Insurance Fund*” represents the portion of the payable maturing in the next accounting period.

“*Payable for cross charges from consortium companies*” refers to the cross charge made by the consortium companies of the EPC sector and is posted net of the invoiced advance payments.

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 “*deferred income*” mainly refers to easement payments, grants received by SATAP S.p.A. from TAV S.p.A. and RFI S.p.A., and grants received by SAV S.p.A. from RAV S.p.A. and the Autonomous Region Valle d’Aosta.

In relation to the item “*other payables*” the change during the year is mainly attributable to the payment of the payables due to Intesa SanPaolo S.p.A. and Autostrade Lombarde S.p.A. related to: (i) the purchase from Autostrade Lombarde S.p.A. of Tangenziale Esterna S.p.A. shares for a total value of EUR 14.8 million, (ii) the purchase from Autostrade Lombarde S.p.A. of shares in Tangenziali Esterne di Milano S.p.A. for a total value of EUR 7.7 million, (iii) 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, (iv) 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) 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. for a total value of EUR 40.7 million.

**Note 20 – Bank debt (current)**

These consist of:

	31 December 2019	31 December 2018
Current account overdrafts and advances	146,984	96,760
Short-term loans	54	3,431
Maturing portion of medium- and long-term loans	347,617	338,735
<b>Total</b>	<b>494,655</b>	<b>438,926</b>

The change to the item “*current account overdrafts and advances*” is mainly attributable to the use, by Autostrada Asti-Cuneo S.p.A., SAV S.p.A., Società di Progetto Autovia Padana S.p.A., Halmar International LLC, Storstrøm Bridge JV I/S and Itinera S.p.A. of the available credit lines.

The change to “*short-term loans*” is attributable to the reimbursements made during the year.

The change to the “*maturing portion of medium- and long-term loans*” is the result of (i) the reimbursement of the instalments falling due in 2019 (EUR -335.3 million), (ii) the reclassification to the item “*bank debt (non-current)*” of the loan granted by M&T Bank to Halmar International LLC following the restoration of compliance with a covenant (EUR -2.1 million), (iii) the disbursement of new loans (EUR +108.5 million), (iv) the reclassification - from the item “*bank debt (non-current)*” - of the instalments falling due in the next 12 months (EUR +237.9 million), and (v) the difference between the interest and the amortised cost (EUR -0.1 million).

**Note 21 – Other financial liabilities (current)**

These consist of:

	31 December 2019	31 December 2018
SIAS 2010-2020 bond loan	503,349	4,130
SIAS 2014-2024 bond loan	14,887	14,887
SIAS 2018-2028 bond loan	8,007	8,007
Payables to connected companies	11,955	9,180
Other payables	32,864	26,557
<b>Total</b>	<b>571,062</b>	<b>62,761</b>

As at 31 December 2019, the item “*2010-2020 bond loan*” refers to the interest accrued as at that date on the “liability component” of the bond loan for EUR 500 million issued by SIAS in October 2010, traded on the Irish Stock Exchange. As established in the bond loan regulations, the bonds shall be redeemed upon maturity (26 October 2020) in a lump sum and therefore, as illustrated previously, the “liability component” of said bond loan was reclassified from the item “*other financial liabilities (long-term)*”.

The items “*SIAS 2014-2024 bond loan*” and “*2018-2028 bond loan*” refer to the payable to the bondholders for the interest accrued as at 31 December 2019.

The item “*payables to connected companies*” refers to payables to connected companies not belonging to the Group for tolls collected on behalf of Group licensees, which had not yet been allocated by the end of the period.

The item “*other payables*” mainly refers to (i) the payable related to the higher contribution received by the subsidiary Autostrada dei Fiori S.p.A. (A6 Turin-Savona stretch) related to Law 662/96 for investments in non-compensated revertible assets (EUR 14.1 million) and (ii) the current portion of the financial payable relating to the rights of use pursuant to IFRS 16 (EUR 17.8 million).

## **Note 22 – Current tax liabilities**

Current tax liabilities totalled EUR 46,466 thousand (EUR 15,226 thousand as at 31 December 2018) and refer to liabilities for corporate income tax (IRES), regional production tax (IRAP), VAT and personal income tax (IRPEF) withheld and direct overseas taxes related to Halmar International LLC and its subsidiaries. The change to this item is due both to the higher payable for VAT (EUR +10.4 million) and to the higher payable for corporate income tax (IRES) (EUR +18.3 million); this last change is mainly attributable to the effects deriving from the 2020 Finance Act, which introduced for the 2019, 2020 and 2021 tax periods the application of the additional corporate income tax (IRES) (+3.5%) on income from the execution of concession activities.

## Explanatory notes – Information on the income statement

In the comparative analysis between the data from 2019 and those from 2018, it is necessary to take into account that the concession managed by the subsidiary Società di Progetto Autovia Padana (“Autovia Padana”) took effect as of 1 March 2018, meaning that the management of the A21 Piacenza-Cremona-Brescia Stretch only contributed to the 2018 results for 10 months. In order to allow the effects of these changes to be assessed, specific notes have been added below. In addition, as part of the operating reorganisation of the ASTM Group following the merger by incorporation of SIAS into ASTM, the companies operating in the “construction” and “engineering” sectors and the company Euroimpianti S.p.A., operating in the sector of electrical and electronic systems, previously included with the companies in the “technology” sector, were concentrated into one single sector (the engineering, procurement and construction (“EPC”) sector. In order to allow for better comparison between the data, the figures related to the 2018 financial year have been reclassified for the aforementioned sectors.

### Note 23 – Revenue

#### 23.1 – Motorway sector revenue – operating activities

This item breaks down as follows:

	2019	2018
Net toll revenue	1,123,659	1,103,296
Fee/additional fee payable to ANAS	85,682	83,823
<b>Gross toll revenue</b>	<b>1,209,341</b>	<b>1,187,119</b>
Other accessory revenues	31,721	31,853
<b>Total motorway sector revenue</b>	<b>1,241,062</b>	<b>1,218,972</b>

The increase in “*net toll revenue*” - equal to EUR 20.4 million (+1.85%) - is attributable (i) for EUR 9.9 million (+0.90%) to the higher revenues of the licensee Autovia Padana (whose concession took effect on 1 March 2018 and whose motorway revenues, therefore, in 2018 were limited to the 1 March-31 December period), (ii) for EUR 5.9 million (+0.53%) to the growth in traffic volumes and (iii) for EUR 4.6 million (+0.42%) to the recognition as of 1 January 2019 of toll adjustments.

The change in the item “*fee/additional fee payable to ANAS*” (EUR +1.9 million) is due (i) for EUR 1.5 million to the fee/additional fee payable to ANAS by the licensee Autovia Padana and (ii) for EUR 0.4 million to the increase in traffic on the stretches managed by the other licensee companies. Based on the fact that the fees had been collected on behalf of ANAS, this increase wholly affected the item “operating costs”.

The “*other accessory revenues*” mainly refer to rental income on the service areas and crossing fees.

#### 23.2 – Motorway sector revenue – planning and construction activities IFRIC 12

This item totalled EUR 265,278 thousand (EUR 148,601 thousand in 2018) and refers to the “planning and construction” activities 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 booked under the item “*Other costs for services*”.

23.3 – EPC sector revenue

This revenue breaks down as follows:

	2019	2018
Revenue for works and planning and changes in contract work in progress	782,425	489,842
Other revenues	30,924	23,398
<b>Total</b>	<b>813,349</b>	<b>513,240</b>

The change to the item “*revenue for works and planning and changes in contract work in progress*” is mainly attributable to the considerable growth in volumes of activities carried out overseas by the Itinera Group. In particular, in 2019 the overseas production of the EPC sector was equal to EUR 612.7 million (EUR 320.3 million in 2018), of which EUR 321.3 million in the United States (through the American subsidiaries of the Halmar Group), EUR 123.6 million in Europe, EUR 102.7 million in the Middle East, EUR 33.1 million in Brazil and EUR 32 million in Africa.

This amount was posted net of the intercompany “production” related to maintenance and expansion services performed on the motorway network by the mentioned companies for the Group motorway companies.

23.4 – EPC sector revenue – planning and construction activities IFRC 12

This item totalled EUR 17,751 thousand (EUR 37,365 thousand in 2018) and refers to the “planning and construction activities” of the Taranto port platform (infrastructure node of the Port of Taranto – Logistics Platform) that – according to IFRC 12 – is recognised among revenues with regards to both the portion implemented internally and that implemented by Third Parties. A similar amount of costs was booked against these revenues under item “*Other costs for services*”.

23.5 – Technology sector revenue

This revenue breaks down as follows:

	2019	2018
Revenues and change in contract work in progress, work in progress, semi-finished products, finished goods and other	23,021	19,219
Other revenues	133	766
<b>Total</b>	<b>23,154</b>	<b>19,985</b>

This is the total amount of “production” carried out for third parties by the subsidiaries Sinelec S.p.A. and Safe Road S.c.ar.l., of which approximately EUR 0.4 million carried out overseas. 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 companies. The change with respect to the previous year is mainly attributable to the greater amount of works carried out for third parties by the subsidiary Sinelec S.p.A.

23.6 – Other revenues

This revenue breaks down as follows:

	2019	2018
Claims for damages	16,204	4,447
Recovery of expenses and other income	50,435	31,015
Share of income resulting from the discounting of the payable due to ANAS – Central Insurance Fund	8,242	8,461
Works on behalf of third parties	8,802	8,397
Operating grants	666	1,935
<b>Total</b>	<b>84,349</b>	<b>54,255</b>

The item “claims for damages” includes the refunds – by insurance companies – of the costs incurred by the motorway companies for repair to the motorway network following accidents and other damages, as well as the requests made by the construction companies with reference to existing contracts.

The change to the item “recovery of expenses and other income” is attributable (i) for EUR 11 million to the higher values paid by the motorway companies to the service areas being returned by the previous sub-licensees, (ii) for EUR 5 million to the release of provisions of the provision for restoration of the A12 Stretch for the portion exceeding the maintenance projects carried out upon expiry of the concession for that stretch on 31 July 2019, (iii) to the release of the discounting of the payable to Tubosider S.p.A. following the transfer of the payable (EUR +3.8 million) and (iv) to the reduction of the payable for earn-outs related to the purchase by HALMAR in previous years (EUR +1.3 million).

The item “share of income resulting from the discounting of the payable due to ANAS – Central Insurance Fund” refers to the share related to the difference – which was previously deferred – between the original amount of the payable and its present value.

The increase to the “works on behalf of third parties” is mainly attributable to the higher revenues from consortium companies achieved by the subsidiary SATAP S.p.A.

## Note 24 – Payroll costs

This item can be broken down as follows:

	2019	2018
Salaries and wages	272,763	216,730
Social security contributions	71,144	58,137
Allocations to payroll provisions	30,795	20,933
Other costs	11,570	6,644
<b>Total</b>	<b>386,272</b>	<b>302,444</b>

The overall increase to the “payroll costs” is the result of (i) the increase in the number of employees in the technology, EPC and services sectors (EUR +75.1 million), (ii) the changes in the scope of consolidation (EUR +3.6 million), (iii) higher costs for lawsuits and voluntary redundancy payments (EUR +2.9 million), (iv) higher costs related to the renewal of the National Labour Collective Agreement and the complementary agreement relating to the motorway sector (EUR +1.6 million) and (v) the increase in managerial incentives (EUR +0.7 million).

Average employee staffing breaks down by category as follows:

	2018	Change in the scope of consolidation <sup>1</sup>	Other changes	2019
Executives	150	2	19	171
Middle managers	233	1	51	285
Office workers	2,715	(9)	218	2,925
Workers	1,131	(22)	574	1,683
<b>Total</b>	<b>4,229</b>	<b>(28)</b>	<b>863</b>	<b>5,064</b>

<sup>1</sup> This item does not include the amounts related to ATIVA S.p.A., whose acquisition of control took place at the end of 2019; the data related to that company (and its subsidiaries) have been consolidated in these financial statements limited to the balance sheet components only.



**Note 25 – Costs for services**

This expense item breaks down as follows:

	2019	2018
Maintenance of non-compensated revertible assets	44,802	46,600
Other costs related to non-compensated revertible assets	18,298	19,799
Subcontracting	300,164	172,839
Overhead on consortium costs	87,349	52,085
Works on behalf of third parties	73,757	59,086
Technical design activities	30,944	25,493
Seconded personnel and contract workers	27,927	12,104
Other payroll costs	16,388	15,011
Transport	13,733	7,486
Insurance	19,712	17,064
Utilities	20,823	17,145
Costs for construction activities carried out by third parties non-compensated revertible assets (IFRIC 12)	133,646	107,637
Other costs for services	108,193	95,112
<b>Total</b>	<b>895,736</b>	<b>647,461</b>

The change to “costs for services” compared to the previous year is mainly attributable to the higher costs incurred by the companies operating in the EPC sector following the increase in the related production.

The item “*maintenance of non-compensated revertible assets*” is recognised net of intercompany “production” carried out by Group companies operating in the “construction” and “technology” sectors in favour of motorway companies. The total amount of **maintenance and other costs related to non-compensated revertible assets** carried out in the reporting period (gross of intergroup eliminations) amounted to **EUR 174.2 million** (EUR 163.8 million in 2018); the final increase with respect to the previous period is attributable to both the higher costs incurred by Autovia Padana S.p.A. and to the change in the planning of interventions by other motorway companies.

**Note 26 – Costs for raw materials**

This expense item breaks down as follows:

	2019	2018
Raw materials	154,243	103,395
Consumables	60,421	30,669
Changes in inventories of raw materials, consumables and merchandise	(3,802)	(5,526)
<b>Total</b>	<b>210,862</b>	<b>128,538</b>

This item refers to production materials, ancillary materials and consumables and mainly relates to the subsidiaries forming part of the EPC and Technology sectors. The increase compared to the previous year is related to the higher volumes of production carried out.

## Note 27 – Other costs

This expense item breaks down as follows:

	2019	2018
Concession fee pursuant to article 1, par. 1020 of Italian Law No. 296/06	27,339	26,851
Fee pursuant to article 19, par. 9-bis of Italian Law Decree no. 78/09	85,682	83,823
Sub-concession fee	6,285	6,108
Leases and rental expenses	16,669	14,989
Other operating expenses	24,770	22,682
<b>Total</b>	<b>160,745</b>	<b>154,453</b>

The item “concession fee pursuant to art. 1, paragraph 1020 of Italian 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 +0.2 million).

The item “fee pursuant to art. 19, paragraph 9-bis of Italian 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 stretches managed by the licensees and the concession fee for the licensee Società di Progetto Autovia Padana S.p.A. (EUR +1.5 million).

The change to the “sub-concession fee” - calculated on the royalties received from the service areas - was substantially due to the positive change in revenues from royalties both of Autovia Padana S.p.A. and of the other licensee companies.

Following the application as of 1 January 2019 of the new IFRS 16 (Leases), the “leases and rental expenses” only refer to contracts maturing within 12 months or to contracts for which the underlying assets are configured as low-value assets. The change compared to the previous financial year is the result of (i) the effects deriving from the application of IFRS 16 (EUR -8.6 million) and (ii) the new short-term lease contracts signed by the subsidiaries operating in the EPC and technology sectors.

## Note 28 – Capitalised costs on fixed assets

This item, amounting to EUR 1,071 thousand (EUR 1,379 thousand in 2018), refers to internal works carried out within the Group and capitalised as an increase to tangible assets.

## Note 29 – Amortisation, depreciation and write-downs

This item breaks down as follows:

	2019	2018
Intangible assets:		
• Other intangible assets	3,497	3,787
• Non-compensated revertible assets	294,552	299,869
Tangible assets:		
• Buildings	3,125	2,827
• Plant and machinery	3,449	3,065
• Industrial and commercial equipment	5,334	3,769
• Other assets	2,668	2,612
• Rights of use	12,072	1,841
<b>Total amortisation and depreciation</b>	<b>324,697</b>	<b>317,770</b>
Write-down of goodwill and other write-downs	480	1,355
<b>Total amortisation, depreciation and write-downs</b>	<b>325,177</b>	<b>319,125</b>

### Note 30 – Adjustment of the provision for restoration/replacement of non-compensated revertible assets

The adjustment of the provision for restoration/replacement of non-compensated revertible assets is detailed as follows:

	2019	2018
Use of the provision for restoration/replacement of non-compensated revertible assets	(116,454)	(114,976)
Allocation to provision for restoration/replacement of non-compensated revertible assets	102,926	118,194
<b>Net adjustment of the provision for restoration and replacement of non-compensated revertible assets</b>	<b>(13,528)</b>	<b>3,218</b>

The use of the provision for restoration, replacement or maintenance of non-compensated revertible assets represents all maintenance costs borne by the motorway companies during the period. The provision includes the amount needed to update the fund to meet scheduled maintenance programmes in the financial plans attached to the individual concessions in later accounting periods, in order to ensure the appropriate functionality and safety of the respective motorway infrastructures. The different amount of the net adjustment of the provision for restoration and replacement of non-compensated revertible assets is, among other things, attributable to the change in the maintenance work programme.

### Note 31 – Other provisions for risks and charges

The provisions for risks and charges in the 2019 financial year totalled approximately EUR 92 million (EUR 0.7 million in 2018); for an amount equal to EUR 83.4 million, this item refers to the provisions made during the year by the subsidiaries SATAP S.p.A. (A21 Stretch) and SALT p.A. (A12 Stretch) for the “concession risk”, which refers to the risk related to lawsuits in process or that might arise with the Granting Body including with reference to the management of motorway stretches that has expired for the period between the expiry date of the individual concessions and the reporting date. To that end, as already indicated in previous sections of these financial statements, as at 31 December 2019, in the wake of the identification of a new licensee and at the request of the Granting Body, the aforesaid companies continue to manage their concessions under an extension (continuing to apply the concession agreements).

For the remaining part, equal to approximately EUR 8.6 million, this item refers to provisions made by companies operating in the EPC sector.

### Note 32 – Financial income

This item breaks down as follows:

	2019	2018
<b>Income from unconsolidated investments:</b>		
• dividends from other businesses	1,771	4,439
• capital gains on sale of investments	-	24,809
<b>Total</b>	<b>1,771</b>	<b>29,248</b>
<b>Interest income and other financial income</b>		
• from credit institutions	629	657
• from financial assets	12,121	11,364
• from exchange differences	1,292	608
• other	23,132	1,503
<b>Total</b>	<b>37,174</b>	<b>14,132</b>
<b>Total financial income</b>	<b>38,945</b>	<b>43,380</b>

The item “*dividends from other businesses*” mainly refers to the dividends collected from Assicurazioni Generali S.p.A. (EUR 0.5 million), Salini Impregilo S.p.A. (EUR +0.4 million), Tunnel Guest S.p.A. (EUR 0.2 million), Mediobanca S.p.A. (EUR 0.1 million) and Nuova Codelfa S.p.A. (EUR +0.1 million).

In the 2018 financial year the item “*capital gains on sale of investments*” referred to the capital gain made following the sale of the equity investment in Autostrade Lombarde S.p.A. (EUR 20.1 million) and the equity investment in Bre.Be.Mi. S.p.A. (EUR 4.5 million).

The item interest income “*from credit institutions*” refers to interest income accrued on the cash holdings at credit institutions.

The item “*interest and income from financial assets*” mainly includes income from insurance policies for EUR 3.8 million (EUR 4.4 million in 2018) and interest income on loans disbursed to investee companies for EUR 7.4 million (EUR 6.7 million in 2018).

The item “*exchange differences*” equal to EUR 1.3 million (EUR 0.6 million in 2018) includes the exchange rate adjustments related to the 2019 financial year and shows a growth linked to the increased activities carried out overseas by the companies operating in the EPC sector.

The change to the item “*other*” is attributable (i) for EUR 19.5 million to the recognition in the income statement of the positive difference between the fair value, at the acquisition date, of the non-controlling interest previously held in ATIVA S.p.A. and its carrying value and (ii) for EUR 2.2 million to the positive change to the fair value of the cash investment funds.

## Note 33 – Financial expenses

### 33.1 – Financial expenses

This item breaks down as follows:

	2019	2018
<b>Interest expense:</b>		
• on loans	12,538	12,633
• on current accounts	610	394
<b>Miscellaneous interest expense:</b>		
• from Interest Rate Swap agreements	17,299	22,973
• from financial discounting	8,807	9,081
• from 2010-2020 bond loan	23,396	23,367
• from 2014-2024 bond loan	17,400	17,382
• from 2018-2028 bond loan	9,780	8,750
• from financial lease contracts	894	34
<b>Other financial expenses</b>		
• exchange differences	1,436	968
• other financial expenses	2,170	4,320
<b>Total</b>	<b>94,330</b>	<b>99,902</b>
<b>Capitalised financial expenses <sup>(1)</sup></b>	<b>(15,164)</b>	<b>(14,085)</b>
<b>Total</b>	<b>79,166</b>	<b>85,817</b>

<sup>(1)</sup> As reported in Note 1 – Intangible assets/Concessions of non-compensated revertible assets, an amount equal to EUR 15.2 million was capitalised under the item “non-compensated revertible assets”.

The decrease in the item “*interest expense on loans*” (taking account also of the interest expense on interest rate swap agreements) is due to the lower average debt to credit institutions compared to 2018.

Interest expense related to “*financial discounting*” of non-current liabilities refers to payables to the Central Insurance Fund and ANAS (EUR 8.3 million) and to the “*financial component*” of the provision for the employee severance indemnity (EUR 0.5 million).

The interest expense on the “2010-2020 bond loan” represents the expenses accrued in the year on the bond loan issued, by SIAS, on 19 October 2010.

The interest expense on the “2014-2024 bond loan” represents the expenses accrued in the year on the bond loan issued, by SIAS, on 6 February 2014.

The interest expense on the “2018-2028 bond loan” represents the expenses accrued in the year on the bond loan issued, by SIAS, in February 2018.

The change to the item interest expense “from financial lease contracts” is mainly attributable to the adoption of IFRS 16 with effect as of 1 January 2019.

The item “other financial expenses” in 2018 included the negative change to the fair value of the JP Morgan and Pharus investment funds for an amount equal to EUR 1.5 million; in 2019 this change was positive and posted to the financial income.

### Note 34 – Profit (loss) of companies accounted for by the equity method

The details of this item are as follows:

	2019	2018
<b>Revaluations (write-downs) of equity investments:</b>		
• Asci Logistik GMBH	5	-
• Asta S.p.A.	(137)	378
• Ativa S.p.A.	2,549	9,273
• Ativa Immobiliare S.p.A.	19	15
• Autostrada Broni Mortara S.p.A.	(145)	(304)
• CIM S.p.A.	(301)	(15)
• Cis Beton GMBH	(37)	-
• Ecorodovias Infraestrutura e Logistica S.A.	(7,507)	2,049
• FEDERICI STIRLING BATCO LLC	(519)	(6,059)
• LETIMBRO S.ca.r.l., in liquidation	(804)	-
• Mill Basin Bridge Constructors	(4,667)	(5,655)
• PRIMAV INFRAESTRUTURA S.A.	(83,522)	(1,659)
• Ponte Nord S.p.A.	-	(26)
• Road Link Holding Ltd.	1,136	1,016
• Rivalta Terminal Europa S.p.A.	(145)	(164)
• SITAF S.p.A.	12,039	12,684
• SITRASB S.p.A.	500	617
• Tangenziale Esterna S.p.A.	(4,493)	(4,675)
• Tangenziali Esterne di Milano S.p.A.	(4,360)	(5,219)
• Vado Intermodal Operator S.c.p.a.	(115)	(97)
<b>Total</b>	<b>(90,504)</b>	<b>2,159</b>

For the pro-rata portion, this item includes the results achieved by the investee companies measured using the equity method and includes an amount equal to EUR 0.8 million allocated to the provision for risks against the negative shareholders' equity of a number of investee companies.

With reference to the adjustment of the investee companies Ecorodovias Infraestrutura e Logistica S.A. and Primav Infraestrutura S.A., note that the adjustment for the year includes the effects of extraordinary expenses resulting from new contractual obligations and sanctions established as part of the agreements signed with the authorities of the States of Paraná and São Paulo which envisage the closure of the investigations involving Ecorodovias Infraestrutura e Logistica S.A. and its subsidiaries related to offences committed before the entry of the ASTM Group into the share capital of the Brazilian company<sup>1</sup>.

<sup>1</sup> For further information, reference is made to the section “Other information” in the Explanatory Notes.

**Note 35 – Taxes**

This item can be broken down as follows:

	2019	2018
<b>Current taxes:</b>		
• Corporate income tax (IRES)	111,518	90,014
• Regional production tax (IRAP)	24,556	19,895
• International taxes	2,358	176
	<b>138,432</b>	<b>110,085</b>
<b>Taxes (prepaid)/deferred:</b>		
• Corporate income tax (IRES)	(33,704)	(1,814)
• Regional production tax (IRAP)	(32)	(124)
• International taxes	176	-
	<b>(33,560)</b>	<b>(1,938)</b>
<b>Taxes related to prior years</b>		
• Corporate income tax (IRES)	(16,687)	535
• Regional production tax (IRAP)	(104)	(335)
	<b>(16,791)</b>	<b>200</b>
<b>Total</b>	<b>88,081</b>	<b>108,347</b>

The overall amount of the “taxes” related to the 2019 financial year includes both the positive outcome of an “ACE” tax clearance application in the financial years 2013-2018 (lower taxes for EUR 17.1 million) and the additional corporate income tax (IRES) of 3.5% on the income deriving from activities carried out on the basis of motorway concessions provided by Law no. 160 of 27.12.2019 (higher taxes for EUR 7.6 million).

During the period, with “shareholders’ equity” as contra-item, “deferred taxes” were debited for approximately EUR 3.4 million related to the fair value measurement of both “financial assets” and “interest rate swaps”, as well as the actuarial components related to the Employee Severance Indemnity and foreign exchange adjustment.

In compliance with paragraph 81 (c) of IAS 12, we provide below the reconciliation of the (“effective” and) “theoretical” income taxes posted to the financial statements as at 31 December 2019 and 2018.

	2019		2018	
<b>Period income before taxes</b>	<b>257,973</b>		<b>397,605</b>	
<b>Effective income taxes</b>	<b>80,348</b>	<b>31.15%</b>	<b>88,376</b>	<b>22.23%</b>
<b>Lower taxes (compared to the theoretical rate):</b>				
• lower taxes on dividends	404	0.16%	1,012	0.25%
• lower taxes on capital gains from sales of equity investments by participation exemption	-	-	5,954	1.50%
• adjustment of equity accounted investments	-	-	518	0.13%
• other changes	11,405	4.42%	3,313	0.83%
• <i>change of control effect</i>	4,677	1.81%	-	-
• net effect of international taxes	(2,534)	-0.98%	(176)	-0.04%
<b>Higher taxes (compared to the theoretical rate):</b>				
• taxes on intercompany dividends, non-deductible write-downs and other changes	(3,060)	-1.19%	(3,573)	-0.90%
• effect of increased concession rate for 2019	(7,606)	-2.95%	-	-
• adjustment of equity accounted investments	(21,721)	-8.42%	-	-
<b>Theoretical income taxes</b>	<b>61,913</b>	<b>24.00%</b>	<b>95,424</b>	<b>24.00%</b>

Reconciliation between "effective" and "theoretical" rates (regional production tax (IRAP)):

	2019		2018	
<b>Value added (Regional production tax taxable base - IRAP)</b>	<b>388,698</b>		<b>437,883</b>	
<b>Effective income taxes</b>	<b>24,524</b>	<b>6.31%</b>	<b>19,771</b>	<b>4.52%</b>
<b>Higher/Lower taxes (compared to the theoretical rate):</b>				
• Net miscellaneous deductible expenses	(9,365)	-2.41%	(2,694)	-0.62%
<b>Theoretical income taxes</b>	<b>15,159</b>	<b>3.90%</b>	<b>17,077</b>	<b>3.90%</b>

The table below shows the total amount of deferred tax income and expenses (posted to the income statement and statement of comprehensive income) and the total deferred tax credits and liabilities (posted to the statement of financial position).

	31 December 2018	Changes entered in the income statement (*)	Changes entered in the statement of comprehensive income	Difference in scope and other changes	31 December 2019
<b>Deferred tax credits</b> related to: (**)					
• intangible assets not capitalised in accordance with IAS/IFRS	(28)	11		21	4
• provisions to tax deferral reserves	8,829	18,530		42	27,401
• maintenance costs exceeding deductible share	5,914	(1,527)	13	21	4,421
• valuation of financial assets and IRS at fair value	8,965	(19)	(3,821)		5,125
• effects of the recalculation of amortisation of non-compensated revertible assets (IFRIC 12)	54,780	(2,946)			51,834
• maintenance costs restoration provision (corporate income tax - IRES)	42,550	2,120			44,670
• maintenance costs restoration provision (regional production tax - IRAP)	8,000	-			8,000
• actuarial appraisal of the Employee Severance Indemnities Reserve	669	138	12		819
• leased assets (IFRS 16)	-	(12)		35	23
• other	16,825	13,480	392	2,442	33,139
<b>Total deferred tax assets (Note 4)</b>	<b>146,504</b>	<b>29,775</b>	<b>(3,404)</b>	<b>2,561</b>	<b>175,436</b>
<b>Deferred tax liabilities</b> related to: (**)					
• leased assets (IFRS 16)	(980)	6		(24)	(998)
• valuation of work in progress	(1,357)	(433)			(1,790)
• valuation of financial assets at fair value	-	(130)	(120)		(250)
• actuarial appraisal of the Employee Severance Indemnities Reserve	(653)	(227)	245		(635)
• effects of the recalculation of amortisation of non-compensated revertible assets (IFRIC 12)	(50,585)	5,301			(45,284)
• other	(634)	(732)	(166)	(64)	(1,596)
<b>Total deferred tax liabilities (Note 17)</b>	<b>(54,209)</b>	<b>3,785</b>	<b>(41)</b>	<b>(88)</b>	<b>(50,553)</b>

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

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

## Note 36 – Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing the Group share of net profit/loss by the average number of outstanding shares during the period. The average number of shares is calculated taking into account the average number of treasury shares held by the Parent Company and its Subsidiaries.

(amounts in thousands of EUR)	2019	2018
Net profit – Group share	76,279	166,544
Average number of outstanding shares during the period	91,317,700	92,072,718
<b>Earnings per share (euro per share)</b>	<b>0.835</b>	<b>1.809</b>
Number of ordinary shares	98,998,600	98,998,600
Weighted average of treasury shares held during the period	(7,680,900)	(6,925,882)
Weighted average of ordinary shares in circulation during the period <sup>(1)</sup>	91,317,700	92,072,718

(1) The figure does not take account of the number of shares issued as part of the merger by incorporation of SIAS S.p.A. into ASTM S.p.A., nor the number of shares in ASTM S.p.A. held by the subsidiaries SINA S.p.A. and ATIVA S.p.A. since these transactions were completed at the end of the year.

During the 2019 and 2018 financial years, no options, warrants or equivalent financial instruments on dilutive “potential” ordinary shares were recorded.

## Note 37 – Information on the cash flow statement

### 37.1 – Change in the scope of consolidation

	2019	2018
<u>Consolidation</u>		
<i>Ativa Group</i>	65,800	-
<i>Sea Segnaletica Stradale S.p.A.</i>	-	3,927
<i>Interstrade S.p.A.</i>	-	419
<u>De-consolidation</u>		
<i>BMM S.c.ar.l.</i>	(226)	-
<b>Total change in the scope of consolidation</b>	<b>65,574</b>	<b>4,346</b>

### 37.2 – Change in net working capital

	2019	2018
Inventories	(50,857)	(72,984)
Trade receivables	(37,137)	(33,752)
Current tax assets	5,821	(6,273)
Receivables due from others	66,410	(23,701)
Trade payables	75,781	93,343
Other current payables	(18,517)	61,051
Current tax liabilities	26,352	(9,698)
<b>Total</b>	<b>67,851</b>	<b>7,986</b>

### 37.3 – Other changes from operating activities

	2019	2018
Use of Employee Severance Indemnity provision	(4,715)	(3,755)
Use of provisions for risks and other changes	(9,416)	1,065
<b>Total</b>	<b>(14,131)</b>	<b>(2,690)</b>



### **Note 38 – Significant non-recurring events and transactions**

Without prejudice to the effects on the shareholders' equity attributed to minority interests following the merger by incorporation of SIAS S.p.A. into ASTM S.p.A. (said merger led to no changes to the scope of consolidation since the incorporated company was already consolidated on a "line-by-line basis" in the financial statements of the ASTM Group), the 2019 financial year has not been influenced by significant non-recurring events and transactions – as defined by Consob Communication no. DEM/6064293<sup>1</sup>.

### **Note 39 – 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.

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

## Other information

Information is shown below with regard to (i) the commitments undertaken by the Group Companies, (ii) fair value measurement, (iii) financial risk management, (iv) related-party transactions, (v) Ecorodovias Infraestructura e Logistica S.A. and (vi) public disbursement transparency disclosure. For information about the Group, “**Significant subsequent events**”, the “**Business outlook**” and the “**Allocation of profits proposal**”, please see the “Management Report”.

### (i) Commitments undertaken by the Companies of the Group

In this regard, please note the following:

#### Performance bonds

- Performance bonds, equal to EUR 125.3 million, issued by several banks and insurance companies, in the interest of motorway companies<sup>1</sup> in favour of the Ministry of Infrastructures and Transport to guarantee the good management of concession operating activities, 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 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 0.9 million issued by SATAP S.p.A. in favour of Concessioni Autostradali Lombarde in the interest of Aurea S.c.ar.l., to guarantee the commitments undertaken by it.
- 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 - pro-rata - 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 0.7 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 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 Turin – 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 - Turin Savona stretch) and SALT p.A. (A15 La Spezia – Parma stretch), Società di Progetto Autovia Padana S.p.A., Sina S.p.A., SEA Segnaletica Stradale S.p.A., Taranto Logistica, S.p.A., Consorzio Sintec S.c.ar.l., Urbantech, Argo Costruzioni e Infrastrutture S.c.a.rl., to guarantee the proper execution of the works for EUR 109.3 million.
- The performance bond issued by an insurance company on behalf of the company SAV S.p.A. in favour of the Autonomous Region of Valle d'Aosta in accordance with the concession 168/2010 – for the permanent occupation of areas in the public domain for EUR 0.1 million.
- The guarantee issued by ASTM S.p.A. in favour of the Danish client *The Danish Road Directorate* on behalf of the subsidiary Itinera S.p.A. for works for the construction of the Storstrøm Bridge for a total amount of DKK 172 million (equal to EUR 23 million converted at the exchange rate of EUR 7.4715 as at 31 December 2019). This guarantee, issued for the good execution of the works, is reduced according to the progress of the works, subject to achievement of the milestones

<sup>1</sup> 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.

defined within the contract.

- The Itinera Group issued pro-rata and non-solidary corporate guarantees to financial institutions for credit lines in the interest of operating companies for a maximum of EUR 141.1 million; as at 31 December 2019, the effective commitment/use was equal to EUR 15.5 million.
- The Itinera Group issued, through credit and insurance institutions, commercial guarantees (trade finance) for EUR 567.2 million to clients for the good execution of works (performance bonds), contract advances (advance bonds), release of guarantee withholdings (retainment bonds) and instalments for settlement and clearance of tender-related expenses (bid bonds) as part of its ordinary business operations and sales activities.
- Lastly, Itinera S.p.A. became guarantor for the American insurance companies that support Halmar International LLC in the issue of commercial bonds (bid bonds, performance bonds, etc.) and signed specific Indemnity Agreements totalling USD 1,270 million (EUR 1,130.7 million); as at 31 December 2019, the quota of works still to be completed totalled EUR 543.9 million.

#### Commitments and guarantees

##### *Sistema Tangenziale Esterna*

With regard to the agreements for the investment in “Sistema Tangenziale Esterna”, the subsidiaries ASTM S.p.A. and SATAP S.p.A. had guarantees in place, pursuant to the Equity Contribution Agreement, for the payment, if certain conditions are met, of EUR 22.7 million as equity reserve and approximately EUR 1.2 million to cover any other charges and costs, also of a tax nature. These guarantees were issued as autonomous first demand performance bonds, issued to Tangenziale Esterna S.p.A. on 8 April 2014.

Following the additional purchases made during the 2019 financial year, ASTM S.p.A. and SATAP S.p.A., increased proportionally, the commitments set out in the Equity Contribution Agreement, including increasing the equity reserve guarantees up to a total of EUR 33.5 million.

##### *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.

##### *Commitments undertaken with the Revenue Office regarding payment of Group VAT*

ASTM S.p.A. provided guarantees to the Revenue Office—for a total amount of EUR 49.5 million—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.

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On 3 December 2004, an “additional agreement” was signed between ANAS, ASTM S.p.A. and SATAP S.p.A. according to which – following the transfer to SATAP of the agreement for the “Turin-Milan” stretch – over time ASTM S.p.A. would maintain shareholding control of SATAP S.p.A. and would assume a guarantee towards ANAS S.p.A. equal to EUR 75.1 million, which corresponds to the value of the assets in the ASTM cash funds that are not included in the business segment being allocated, exceeding 10% of the shareholders’ equity of ASTM as stated in the financial statements as at 31 December 2004”.

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

Concerning the 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 “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 values posted to the financial statements:

2010-2020 bond loan <i>(amounts in millions of EUR)</i>	31 December 2019	31 December 2018
• value posted to the financial statements	503 <sup>(1)</sup>	502
• official market listing	518	532

(1) Payable: EUR 499 million + interest: EUR 4 million

The “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 values posted to the financial statements:

2014-2024 bond loan <i>(amounts in millions of EUR)</i>	31 December 2019	31 December 2018
• value posted to the financial statements	513 <sup>(1)</sup>	512
• official market listing	551	527

(1) Payable: EUR 498 million + interest: EUR 15 million

The “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 values posted to the financial statements:

2018-2028 bond loan <i>(amounts in millions of EUR)</i>	31 December 2019	31 December 2018
• value posted to the financial statements	551 <sup>(1)</sup>	550
• official market listing	551	489

(1) Payable: EUR 543 million + interest: EUR 8 million

Derivatives

As at 31 December 2019, 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 2019 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		31/12/2019		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	50,000	-2,969	Loan	116,000	13/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	30/06/2009	13/12/2021	44,000	-2,070	Loan		13/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	30/06/2009	31/12/2021	22,000	-1,046	Loan		31/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	30/06/2009	31/12/2021	44,000	-3,396	Loan		13/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	15/06/2009	15/06/2024	17,260	-1,585	Loan	17,260	15/06/2024
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	15/06/2009	15/06/2024	21,774	-2,067	Loan	-2,067	15/06/2024
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	30/06/2009	31/12/2021	90,000	-3,883	Loan	-3,883	31/12/2021
SATAP	Interest Rate Swap	Interest Rate Swap	Morgan Stanley	EUR	15/06/2009	15/03/2022	3,000	-132	Loan	3,000	15/03/2022
SATAP	Interest Rate Swap	Interest Rate Swap	Mediobanca	EUR	07/05/2012	15/12/2024	15,000	-888	Loan	30,000	15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	Unicredit	EUR	11/05/2012	15/12/2024	15,000	-858	Loan		15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	SOGE	EUR	05/07/2012	15/12/2024	10,000	-547	Loan	10,000	15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	NOMURA	EUR	18/10/2012	15/12/2024	10,000	-496	Loan	10,000	15/12/2024
SATAP	Interest Rate Swap	Interest Rate Swap	BNP PARIBAS	EUR	15/12/2014	15/12/2024	27,500	-752	Loan	27,500	15/12/2024
SAV	Interest Rate Swap	Change in interest rate	Mediobanca	EUR	17/12/2012	15/12/2020	1,667	-15	Intercompany loan	1,667	15/12/2020
SAV	Interest Rate Swap	Change in interest rate	Banca Akros	EUR	17/06/2013	15/12/2020	2,500	-25	Intercompany loan	2,500	15/12/2020
<b>Total</b>								<b>-20,729</b>			

**(iii) Financial risk management**

In compliance with IFRS 7, we specify that in the normal conduct of its business operations, the ASTM Group is potentially exposed to the following financial risks:

- “market risk” mainly from exposure to interest rate fluctuations and to the changes in foreign exchange rates;
- “credit risk” deriving from the exposure to potential losses arising from the failure of the counterparty to meet its obligations;
- “liquidity risk” from a lack of financial resources suitable for business operations and repayment of liabilities assumed in the past.

The risks cited above are broken down below:

*Market risk*

With regard to the risks connected with the *fluctuation of interest rates*, the ASTM Group strategy has been designed to contain this risk mainly by carefully monitoring the dynamics associated with interest rates. More specifically, this risk has been strongly reduced by signing “hedging agreements”: at present, about 69% 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 2019, 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 “credit standing” of the counterparty. In particular, the type of clients in the EPC sector essentially includes public entities, which are creditworthy by nature, and public and private clients with a high credit standing. This leads to the consideration that credit risk is unlikely, whereas cases of extension to collection times beyond the contractual terms and requests for dilution of debt are more likely and in practice, much more frequent. Also note that for the construction companies the credit risk exposure analysis based on the overdue payments is scarcely significant since the receivables are measured jointly with the other working capital items that represent the net exposure to clients in relation to all ongoing works (inventories of works in progress, advance payments, any advances, etc.) and in particular to the payables due to sub-contractors and suppliers in general as a result of which, as part of the management of the operating leverage, the maturities were aligned as much as possible with collection from the clients.

Nevertheless, all companies forming part of the Group constantly monitor the trade receivables and write down positions for which partial or total default is identified. 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. Unfortunately, it should be noted that in recent years, the number of financial defaults and related collective procedures involving companies operating in the construction sector and the related supply chain has increased considerably, including companies of primary credit standing. Unfortunately, this has affected a number of companies operating in partnerships with the subsidiary Itinera S.p.A. on a number of works contracts, with inevitable negative consequences in operating terms, as well as economic and financial terms considering the many commercial relationships and the related accounting entries of receivables and liabilities that arise in particular with regard to the consortium companies in Italy and the JVs overseas, which are typical operating instruments used for the joint execution of works.

Credit risk arising from open positions in financial derivative transactions can 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.

*Liquidity risk*

The "liquidity risk" is the risk that financial resources available may be insufficient to cover maturing obligations. The ASTM Group believes that the generation of cash flow, together with the planned diversification of financing sources and the current debt maturity, guarantee being able to satisfy scheduled financial requirements. The table below show the breakdown of financial liabilities in place as at 31 December 2019 by maturity date. The amounts shown below also include interest payments (we clarify that the interest on variable-rate loans is calculated based on the last available rate as at the reference date, keeping it constant to maturity).

Company	Total financial flows (**)		Maturity (*)					
	Capital	Interest	Within 1 year		2 to 5 years		Beyond 5 years	
			Capital	Interest	Capital	Interest	Capital	Interest
ASTM	199,099	4,577	-	1,280	199,099	3,297	-	-
ASTM	35,000	805	-	225	35,000	580	-	-
ASTM	50,000	1,968	-	459	50,000	1,509	-	-
ASTM	50,000	179	50,000	179	-	-	-	-
ASTM	30,000	228	-	168	30,000	60	-	-
ASTM	20,000	152	-	112	20,000	40	-	-
ASTM	50,000	241	50,000	241	-	-	-	-
ASTM	50,000	114	50,000	114	-	-	-	-
ASTM	50,000	1,968	-	459	50,000	1,509	-	-
ASTM	137,000	31,519	-	2,672	7,672	10,873	129,328	17,974
ASTM	6,000	1,380	-	117	336	476	5,664	787
ASTM	6,000	1,380	-	117	336	476	5,664	787
ASTM	5,000	1,151	-	98	280	397	4,720	656
ASTM	17,500	795	3,500	254	14,000	541	-	-
ASTM	102,500	2,844	20,500	861	82,000	1,983	-	-
ASTM	55,000	2,704	11,000	869	44,000	1,835	-	-
ASTM	4,167	48	4,167	48	-	-	-	-
ASTM	2,500	42	2,500	42	-	-	-	-
ITINERA	6,022	40	2,000	21	4,022	19	-	-
ITINERA	15,000	65	7,500	46	7,500	19	-	-
ITINERA	30,000	269	7,500	112	22,500	157	-	-
ITINERA	20,000	119	-	110	20,000	9	-	-
SEA Segnaletica Stradale	2,177	11	856	4	1,321	7	-	-
HALMAR	5,165	1,454	263	179	1,050	621	3,852	653
HALMAR	2,967	222	890	114	2,077	108	-	-
HALMAR	2,134	109	699	49	1,435	60	-	-
SATAP	21,774	2,236	4,839	852	16,935	1,384	-	-
SATAP	3,000	141	1,200	92	1,800	49	-	-
SATAP	17,259	1,718	3,835	655	13,424	1,063	-	-
SATAP	160,000	8,298	80,000	5,876	80,000	2,422	-	-
SATAP	90,000	6,514	36,000	4,193	54,000	2,321	-	-
SATAP	60,000	2,235	10,000	660	40,000	1,489	10,000	86
<b>Total loans</b>	<b>1,305,264</b>	<b>75,525</b>	<b>347,249</b>	<b>21,278</b>	<b>798,787</b>	<b>33,304</b>	<b>159,228</b>	<b>20,943</b>
ASTM	500,000	22,500	500,000	22,500	-	-	-	-
ASTM	500,000	84,375	-	16,875	500,000	67,500	-	-
ASTM	550,000	80,437	-	8,938	-	35,750	550,000	35,749
<b>Total bond loans</b>	<b>1,550,000</b>	<b>187,312</b>	<b>500,000</b>	<b>48,313</b>	<b>500,000</b>	<b>103,250</b>	<b>550,000</b>	<b>35,749</b>
ASTM GROUP (IFRS 16)	62,507	3,468	17,809	969	38,299	2,028	6,399	471
<b>Total financial liabilities</b>	<b>2,917,771</b>	<b>266,305</b>	<b>865,058</b>	<b>70,560</b>	<b>1,337,076</b>	<b>138,582</b>	<b>715,627</b>	<b>57,163</b>

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

(\*\*) The above-mentioned hedging agreements on interest rate fluctuations have been included when calculating the flow of interest on loans.

It is worth highlighting that the payable due to ANAS - Central Insurance Fund as at 31 December 2019 amounts to EUR 180.7 million. The discounted value of said payable totals EUR 129.2 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 13 – Other long-term payables:

<i>(amounts in millions of EUR)</i>	2019	2020	2021	2022	2023	2024	2025	2026	2027
SAV	93.5	82.1	65.9	49.3	32.8	16.2	-	-	-
SALT A15 stretch	87.3	86.8	86.3	85.8	85.3	84.8	84.3	80.2	28.0
<b>TOTAL</b>	<b>180.7</b>	<b>168.8</b>	<b>152.2</b>	<b>135.1</b>	<b>118.0</b>	<b>100.9</b>	<b>84.3</b>	<b>80.2</b>	<b>28.0</b>

The **credit lines** of the ASTM Group companies can essentially be broken down as follows:

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

With reference to the bond loans issued as part of the EMTN Programme, reference should be made to the description in *Note 16 – Other financial liabilities (non-current)* and *Note 21 – Other financial liabilities (current)*.

The “medium- and long-term loans” of Group companies had all been disbursed as at 31 December 2019, except for:

- a loan granted to the subsidiary SATAP S.p.A. by Cassa Depositi e Prestiti S.p.A.
- a loan granted to ASTM S.p.A. by UniCredit S.p.A., Intesa SanPaolo S.p.A. and Cariparma S.p.A.

For each ASTM Group company, the following table illustrates the total of medium- and long-term loans granted, with an indication of (i) the amount used (book value) and (ii) the amount available, not yet disbursed as at 31 December 2019.

<b>Medium- and long-term loans</b>		
<i>(amounts in thousands of EUR)</i>	<b>amount used as at 31 December 2019</b>	<b>amount available as at 31 December 2019</b>
SATAP S.p.A.	352,033	290,000
ASTM S.p.A.	869,766	116,000
ITINERA S.p.A.	71,022	-
Halmar International LLC	10,266	-
SEA Segnaletica Stradale	2,177	-
<b>Total</b>	<b>1,305,264</b>	<b>406,000</b>



For each ASTM Group company, the following table illustrates the total of uncommitted credit lines – set up mainly for revolving current account overdrafts – with an indication of (i) the amount used (book value) and (ii) the amount available as at 31 December 2019.

Uncommitted credit lines		
Company	amount used as at 31 December 2019	amount available as at 31 December 2019
Autostrada Asti Cuneo S.p.A.	15,369	14,671
Autostrada dei Fiori S.p.A.	-	33,500
Euroimpianti S.p.A.	-	7,500
Società di Progetto Autovia Padana S.p.A.	10,000	-
SALT p.A.	8	22,300
SATAP p.A.	-	33,000
SAV S.p.A.	8,602	34,400
ASTM S.p.A.	-	118,500
Sinelec Usa S.p.A.	-	4,000
Sinelec S.p.A.	-	-
Itinera Group	113,059	236,350
Sina	-	1,900
SITECO	-	200
<b>Total</b>	<b>147,038</b>	<b>506,321</b>

In addition, ASTM S.p.A. was granted back-up committed facilities equal to EUR 50 million issued by CaixaBank S.A.

**(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 Italian Civil Code/IAS 24 and the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010 as amended, are described below. This procedure, which is published in the sector "Procedures and documents" available on the website [www.astm.it](http://www.astm.it), sets out the rules governing the approval, management and public disclosure of related-party transactions carried out by the ASTM Group, directly or through Subsidiaries, in order to guarantee the transparency and procedural and substantive fairness of transactions.

The table below shows the commercial and financial income statement figures arising from related-party transactions.

STATEMENT OF FINANCIAL POSITION

<i>(amounts in thousands of EUR)</i>	31 dicembre 2019	Parent companies	Subsidiaries of parent companies	Jointly controlled and associated companies	Other related parties <sup>(1)</sup>	TOTAL RELATED PARTIES	% IMPACT OF FINANCIAL STATEMENT ITEMS
<b>Assets</b>							
<b>Non-current assets</b>							
Intangible assets							
goodwill	121,492	-	-	-	-	-	0.0%
other intangible assets	21,518	-	-	-	-	-	0.0%
concessions – non-compensated revertible assets	2,810,379	-	-	-	-	-	0.0%
<b>Total intangible assets</b>	<b>2,953,389</b>						
Tangible assets							
property, plant, machinery and other assets	142,889	-	-	-	-	-	0.0%
rights of use	62,769	2,202	3,314	-	-	5,516	8.8%
<b>Total tangible assets</b>	<b>205,658</b>						
Non-current financial assets							
equity accounted investments	887,135	-	-	-	-	-	0.0%
other equity investments	114,820	-	-	-	-	-	0.0%
other non-current financial assets	947,956	-	-	134,903	-	134,903	14.2%
<b>Total non-current financial assets</b>	<b>1,949,911</b>						
Deferred tax credits	175,436						
<b>Total non-current assets</b>	<b>5,284,394</b>						
<b>Current assets</b>							
Inventories and contract assets	286,096	-	1,193	16,328	523	18,044	6.3%
Trade receivables	284,840	98	10,632	53,768	844	65,342	22.9%
Current tax assets	30,459	-	-	-	-	-	0.0%
Other receivables	125,555	2,097	14,661	37,370	-	54,128	43.1%
Current financial assets	389,275	-	-	502	-	502	0.1%
<b>Total</b>	<b>1,116,225</b>						
Cash and cash equivalents	1,197,537						
<b>Total current assets</b>	<b>2,313,762</b>						
<b>Total assets</b>	<b>7,598,156</b>						
<b>Shareholders' equity and liabilities</b>							
<b>Shareholders' equity</b>							
Shareholders' equity attributed to owners of the parent company							
share capital	65,274						
reserves and earnings	2,537,587						
<b>Total</b>	<b>2,602,861</b>						
Capital and reserves attributed to minority interests	357,016						
<b>Total shareholders' equity</b>	<b>2,959,877</b>						
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Provisions for risks and charges and employee benefits	418,432	-	-	-	1,148	1,148	0.3%
Trade payables	-	-	-	-	-	-	
Other payables and contract liabilities	205,823	-	-	-	-	-	0.0%
Bank debt	952,502	-	-	-	-	-	0.0%
Hedging derivatives	20,729	-	-	-	-	-	0.0%
Other financial liabilities	1,084,980	1,766	3,010	-	-	4,776	0.4%
Deferred tax liabilities	50,553	-	-	-	-	-	0.0%
<b>Total non-current liabilities</b>	<b>2,733,019</b>						
<b>Current liabilities</b>							
Trade payables	447,864	-	13,302	21,623	73	34,998	7.8%
Other payables and contract liabilities	345,213	-	1,627	78,579	1,552	81,758	23.7%
Bank debt	494,655	1,922	-	(295)	-	-	0.0%
Other financial liabilities	571,062	470	359	-	-	829	0.1%
Current tax liabilities	46,466	-	-	-	-	-	0.0%
<b>Total current liabilities</b>	<b>1,905,260</b>						
<b>Total liabilities</b>	<b>4,638,279</b>						
<b>Total shareholders' equity and liabilities</b>	<b>7,598,156</b>						

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

The main relationships between the companies of the Group, arranged by items in the financial statements, are the following:

- recording the right of use of property, following the application of the IFRS 16 accounting standard, relating to the

- parent company Aurelia S.r.l. for EUR 2.2 million and to the companies subject to the control of the parent company for EUR 3.3 million (mainly from Codelfa S.p.A. for EUR 1.3 million, Appia S.r.l. for EUR 1.4 million and Argo Finanziaria S.p.A. for EUR 0.5 million);
- receivables recognised as non-current financial assets from jointly controlled and associated companies for EUR 134.9 million; in particular from Tangenziale Esterna S.p.A. for EUR 107.8 million against loans granted by ASTM S.p.A. and SATAP S.p.A., from Federici Stirling Batco LLC for EUR 16.8 million, from Tunnel Frejus S.c.ar.l. for EUR 3 million and from Nichelino Village S.c.ar.l. for EUR 1 million against loans granted by Itinera S.p.A. and from SABROM S.p.A. against loans granted by the Group companies for an overall EUR 5 million;
  - inventories and contract assets for EUR 18 million of which:
    - EUR 1.2 million from the companies controlled by parent companies in particular from G&A S.p.A. for EUR 0.7 million and Baglietto S.p.A. for EUR 0.4 million;
    - EUR 16.3 million from jointly controlled and associated companies, in particular from Consorzio Canello-Frasso Telesino for EUR 9.3 million, SITAF S.p.A. for EUR 3.8 million and Tessera S.c.ar.l. for EUR 2.3 million;
  - trade receivables for EUR 65.3 million, specifically:
    - for services provided by Itinera S.p.A. to companies controlled by parent companies for EUR 6 million of which EUR 2.8 million from Codelfa S.p.A., EUR 1.5 million from Baglietto S.p.A. and EUR 1 million from Tomato Farm S.r.l.;
    - trade receivables for services provided by SEA Segnaletica Stradale S.p.A. to companies subject to the control of the parent companies for EUR 1 million, in particular from Autosped G S.p.A.;
    - trade receivables for services provided by Sinelec S.p.A. to companies controlled by parent companies for EUR 2.6 million in particular from Truck Rail Container S.p.A. for EUR 1.1 million;
    - trade receivables for services provided by Itinera S.p.A. to jointly controlled and associated companies for EUR 32 million, of which EUR 8.2 million from Aurea S.c.ar.l., EUR 7.6 million from Letimbro S.c.ar.l., EUR 4.3 million from Consorzio Costruttori TEEM S.c.ar.l., EUR 3.8 million from Cervit S.c.ar.l., EUR 1.8 million from Tunnel Frejus S.c.ar.l., EUR 1.5 from Federici Stirling Batco LLC, EUR 1.3 million from Consorzio Canello-Frasso Telesino Consorzio CFT and EUR 1 million from Ponte Nord S.p.A.;
    - trade receivables for services to SATAP S.p.A. from the jointly controlled and associated company Aurea S.c.ar.l. for EUR 6.3 million;
    - trade receivables for services provided by SINA S.p.A. to jointly controlled and associated companies for EUR 1.8 million, in particular from SA.BRO.M. S.p.A. for EUR 0.7 million;
    - trade receivables recognised by Halmar International LLC to the associated company Mill Basin Bridge Constructors for EUR 3.9 million;
    - trade receivables for services provided by Lambro S.c.ar.l. to Consorzio Costruttori TEEM for EUR 4.3 million;
    - trade receivables from the associated company Tessera S.c.ar.l. to Euroimpianti S.p.A. and Itinera S.p.A. totalling EUR 1.9 million;
  - other receivables for EUR 54.1 million, specifically:
    - receivables from the parent company Aurelia S.r.l. for EUR 2.1 million, of which EUR 1.5 million from ASTM S.p.A. and EUR 0.5 million from SINA S.p.A.;
    - receivables due to Itinera S.p.A. from the company subject to the control of the parent company Argo Finanziaria S.p.A. for EUR 11.8 million following the transfer of receivables previously due from Tubosider S.p.A.;
    - other receivables to Itinera S.p.A. from the associated company Letimbro S.c.ar.l. for EUR 18.3 million;
    - receivables for loans granted by Autostrada dei Fiori S.p.A. to Rivalta Terminal Europa S.p.A. for EUR 17 million and Vado Intermodal Operator S.p.A. for EUR 1.4 million;

- current financial assets from jointly controlled and associated companies for EUR 0.5 million related to the loan disbursed by ASTM S.p.A. to Ativa Immobiliare S.p.A.;
- other financial liabilities attributable to the application of the new IFRS 16 to the operating leasing contracts existing with the parent company Aurelia S.r.l. (EUR 1.8 million long-term portion and EUR 0.5 million for the short-term portion) and with the companies subject to the control of the parent companies for an overall EUR 3.2 million (EUR 2.9 million long term and EUR 0.3 million short term);
- trade payables for a total of EUR 35 million related to:
  - services provided by the company subject to the control of the parent companies Autosped G S.p.A. to ASTM Group companies totalling EUR 1.8 million;
  - services provided to Itinera S.p.A. by companies controlled by parent companies for EUR 4 million from Codelfa S.p.A., for EUR 3.7 million from Tubosider S.p.A. and for EUR 1.3 million from Gale S.r.l.;
  - services provided to Itinera S.p.A. by jointly controlled and associated companies for EUR 9.2 million, of which EUR 7.5 million from Consorzio Canello-Frasso Telesino and EUR 0.8 million from Tunnel Frejus S.c.ar.l.;
  - amounts posted by Società Attività Marittime S.p.A. to the associated company Darsene Nord Civitavecchia S.c.ar.l. for EUR 3.9 million;
  - amounts posted by SATAP S.p.A. for EUR 5.6 million to the jointly controlled and associated company Aurea S.c.ar.l.;
  - services provided by the jointly controlled company Consorzio Costruttori TEEM to the associated company Lambro S.c.ar.l for EUR 1.5 million;
- other payables and contract liabilities for EUR 84.8 million, of which:
  - EUR 71.8 million related to payables of Itinera S.p.A. to jointly controlled and associated companies (EUR 20.7 million to Letimbro S.c.ar.l., EUR 15.9 million to CMC Itinera JV S.c.p.A., EUR 7 million to Tunnel Frejus S.c.ar.l., EUR 5.7 million to Aurea S.c.ar.l., EUR 5.1 million to Consorzio Costruttori TEEM, EUR 2.5 million to Tessera S.c.ar.l., EUR 4.1 million to Cervit S.c.ar.l., EUR 3.6 million to Tangenziale Esterna S.p.A., EUR 3.2 million to Malco S.c.ar.l. and EUR 2.5 million to Consorzio Canello-Frasso Telesino);
  - EUR 4 million related to payables of Società Attività Marittime S.p.A. to the jointly controlled companies (to Mose Bocca di Chioggia for EUR 2.8 million and Mose Treporti for EUR 1.2 million);
  - EUR 3.5 million related to payables of Itinera S.p.A. to other related parties following the acquisition and subsequent incorporation of Interstrade S.p.A. in the 2018 financial year.

**INCOME STATEMENT**

<i>(amounts in thousands of EUR)</i>	Year 2019	Parent companies	Subsidiaries of parent companies	Jointly controlled and associated companies	Other related parties (*)	TOTAL RELATED PARTIES	% IMPACT OF FINANCIAL STATEMENT ITEMS
<b>Revenue</b>							
motorway sector – operating activities	1,241,062	-	-	-	-	-	0.0%
motorway sector – planning and construction activities IFRIC 12	265,278	-	-	-	-	-	0.0%
EPC sector	813,349	-	4,664	56,546	2,055	63,265	7.8%
EPC sector – planning and construction activities IFRIC 12	17,751	-	-	-	-	-	0.0%
technology sector	23,154	-	895	6,150	-	7,045	30.4%
Other	84,349	80	481	14,905	74	15,540	18.4%
<b>Total Revenues</b>	<b>2,444,943</b>	-	-	-	-	-	0.0%
Payroll costs	(386,272)	-	-	-	(2,536)	(2,536)	0.7%
Costs for services	(895,736)	-	(2,776)	(113,396)	(6,031)	(122,203)	13.6%
Costs for raw materials	(210,862)	-	(9,981)	(131)	(89)	(10,201)	4.8%
Other Costs	(160,745)	(18)	(318)	(245)	(8)	(589)	0.4%
Capitalised costs on fixed assets	1,071	-	-	-	-	-	0.0%
Amortisation, depreciation and write-downs	(325,177)	(489)	(404)	-	-	(893)	0.3%
Adjustment of the provision for restoration/replacement of non-compensated revertible assets	13,528	-	-	-	-	-	0.0%
Other provisions for risks and charges	(92,052)	-	-	-	-	-	0.0%
Financial income:	-	-	-	-	-	-	0.0%
from unconsolidated investments	1,771	-	-	-	-	-	0.0%
other	37,174	8	74	7,822	-	7,904	21.3%
Financial expenses:	-	-	-	-	-	-	0.0%
interest expense	(75,560)	(74)	(139)	(24)	-	(237)	0.3%
other	(3,606)	-	-	-	-	-	0.0%
Profit (loss) of companies accounted for by the equity method	(90,504)	-	-	-	-	-	0.0%
<b>Profit (loss) before taxes</b>	<b>257,973</b>	-	-	-	-	-	0.0%
Taxes							
Current taxes	(123,851)	-	-	-	-	-	0.0%
Deferred taxes	35,770	-	-	-	-	-	0.0%
<b>Profit (loss) for the period</b>	<b>169,892</b>	-	-	-	-	-	-

(1) Amounts inclusive of the relationships and fees related to the Directors, Auditors and other key management personnel of the Group as described in the "Report on Remuneration".

More specifically, the main relationships between the companies of the Group, arranged by items in the financial statements, are the following:

- EPC sector services provided by the Group totalling EUR 63.3 million, including:
  - to companies subject to the control of the parent companies for EUR 4.6 million, in particular by Itinera S.p.A. in favour of Codelfa S.p.A. (for EUR 2.9 million) and of Baglietto S.p.A. (for EUR 1.5 million);
  - to jointly controlled and associated companies for EUR 45.9 million, in particular by Itinera S.p.A. to Consorzio Canello-Frasso Telesino for EUR 14.1 million, to Aurea S.c.ar.l. for EUR 12.5 million, to Sifat S.p.A. for EUR 5.6 million, to Tessera S.c.ar.l. for EUR 5.4 million and to Cervit S.c.ar.l. for EUR 2.4 million; of SEA Segnaletica Stradale S.p.A. to ATIVA S.p.A. for EUR 2 million; of Halmar International LLC to the jointly controlled company Mill Basin Bridge Constructors for EUR 2 million;
  - to other related parties for EUR 2 million prevalently from Itinera S.p.A. to Sviluppo Cotorossi S.p.A.;
  - to jointly controlled and associated companies (for EUR 1.5 million) in particular to Aurea S.c.ar.l., Sifat S.p.A. and Tangenziale Esterna S.p.A., provided by SINA S.p.A.;
  - mainly to the jointly controlled and associated companies (for EUR 9.1 million), in particular to Tessera S.c.ar.l. (EUR 7.2 million) provided by Euroimpianti S.p.A.;
- IT support services provided by Sinelec S.p.A. (technology sector) for EUR 7 million, of which EUR 4.9 to ATIVA S.p.A.;
- other services totalling EUR 15.5 million, of which:
  - EUR 7 million related to services provided by SATAP S.p.A. to the associated company Aurea S.c.ar.l.;
  - EUR 7.3 million related to services provided by the group or cross charges of costs due by other jointly controlled and associated companies (Ativa S.p.A. for EUR 2.2 million, Tessera S.c.ar.l. for EUR 0.8 million, Cervit S.c.ar.l. for EUR 0.8 million, CMC Itinera JV S.c.p.a. for EUR 0.7 million, Tunnel Frejus S.c.ar.l. for EUR 0.7 million, EcoRodovias Infraestrutura e Logística S.A. for EUR 0.6 million and Ecorodovias Concessionoes e Serviços S.A. for EUR 0.3 million);

- costs for services for EUR 117.6 million related to:
  - provision of services provided by the companies controlled by the parent company for EUR 2.8 million, of which EUR 1.7 million from Autosped G S.p.A. prevalently in favour of Itinera S.p.A.;
  - services from jointly controlled and associated companies totalling EUR 113.4 million, in particular from Tessera S.c.ar.l. (EUR 34.7 million), from Cervit S.c.ar.l. (EUR 13 million), from Consorzio Canello-Frasso Telesino (EUR 11 million), from Tunnel Frejus S.c.ar.l. (EUR 6 million), from CMC Itinera JV (EUR 4.7 million), from Letimbro S.c.ar.l. (EUR 2.3 million) and from Malco S.c.ar.l. (EUR 2 million) in favour of Itinera S.p.A.; other costs for services related to the services provided by Aurea S.c.ar.l. in favour of SATAP S.p.A. for EUR 5.6 million and in favour of Itinera S.p.A. for EUR 5.7 million;
- costs incurred for the purchase of raw materials from companies subject to the control of the parent companies for EUR 10 million for group purchases mainly from Gale S.r.l. for EUR 4 million, from Tubosider S.p.A. for EUR 3.6 million and from Autosped G S.p.A. for EUR 2 million;
- financial income from related parties for a total of EUR 7.8 million of which EUR 6.9 million from Tangenziale Esterna S.p.A.

In addition, costs for services includes expenses incurred by the ASTM Group for insurance premiums brokered by P.C.A. S.p.A. and AUGUSTAS S.p.A. totalling EUR 17.5 million.

As reported in the section related to “changes in the scope of consolidation”, the ASTM Group acquired control of the ATIVA Group at the end of 2019, for this reason the consolidation only took place for the financial balances; the income statement figures of the related parties therefore include any costs and revenues that the companies forming part of the ASTM Group incurred towards the companies forming part of the ATIVA Group during 2019.

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

- on 9 May 2019, the company ASTM S.p.A. sold all the shares held in Baglietto S.p.A. (10,817,280 shares) to Argo Finanziaria S.p.A. for a total value of EUR 9.5 million;
- Albenga Garesio Ceva S.p.A. purchased 14,424 treasury shares from Aurelia S.r.l. for approximately EUR 0.2 million;
- Società Attività Marittime (SAM) S.p.A. purchased 1,300 shares in ACI S.c.p.A. (equal to 1%) from Itinera S.p.A. for a value of EUR 1 thousand;

It is also noted that the subsidiaries SINA S.p.A. and ATIVA S.p.A. held 2,149,408 and 21,500 shares respectively of the parent company ASTM S.p.A. as at 31 December 2019.

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.

**Relationships and related party transactions – Information documents****Information pursuant to art. 13, paragraph 3, letter c) of the Regulation containing provisions on related party transactions adopted by CONSOB with resolution no. 17221 of 12 March 2010 and subsequent amendments**

- **Information document relating to significant related party transactions**

On 20 June 2019, the information document illustrating the prospective merger by incorporation of SIAS S.p.A. into ASTM S.p.A. was prepared pursuant to art. 5 and Annex 4 of the “*regulation containing provisions on related party transactions*”, CONSOB resolution no. 17221 of 12 March 2010 and subsequent amendments and additions, and art. 6 of the “*Procedure for transactions with related parties*” adopted by ASTM on 26 November 2010, and subsequent amendments and additions.

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On 18 December 2019, Consob issued the authorisation to publish the prospectus related to the admission to trading on the Electronic Stock Market (MTA) organised and managed by Borsa Italiana S.p.A. of the ASTM S.p.A. ordinary shares deriving from the merger by incorporation of SIAS S.p.A. into ASTM S.p.A.

Pursuant to art. 2391-bis of the Civil Code, note that – on the basis of the general principles indicated by CONSOB as well as corporate governance laws – related party transactions (carried out directly, or through subsidiaries) are carried out on the basis of rules which ensure transparency, as well as substantial and procedural correctness.

**(v) Ecorodovias Infraestrutura e Logística S.A.**

With reference to investments in the motorway sector in Brazil, ASTM holds, directly and indirectly (through the company Primav Infraestrutura S.A.), 49.21% of Ecorodovias Infraestrutura e Logística S.A. (“Ecorodovias”). In the consolidated financial statements of the ASTM Group, these investments are accounted for using the “equity method”.

**(a) Ecovia – Ecocataratas | State of Paraná**Leniency agreement with the MPF-PR

As already reported in the 2018 financial statements and in the condensed interim financial report as at 30 June 2019, 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 for the first time the police investigation no. 5002963-29.2015.404.7013 conducted by the Federal Prosecutor’s Office of the State of Paraná (“MPF-PR”), incorporated into criminal case no. 5003165-06.2019.4.04.7000 at the 23rd Federal Lower Court of Curitiba regarding offences committed before the entry of ASTM into the share capital of the Brazilian investee company by some former managers and executives of Ecorodovias and its subsidiaries Ecovia Caminho do Mar (“Ecovia”) and Rodovia das Cataratas – Ecocataratas (“Ecocataratas”).

This investigation led Ecorodovias and its subsidiaries to sign, on 12 August 2019, a leniency agreement (“*acordo de leniência*”) with the MPF-PR, negotiated by the Brazilian investee company with the support of leading Brazilian law firms, which envisages the closure of the investigations involving Ecorodovias and its subsidiaries following the payment by the companies of an indemnity equal to BRL 400,000,000.00<sup>1</sup>, of which BRL 30,000,000.00<sup>2</sup> is to be paid as a penalty and the remaining amount (BRL

<sup>1</sup> EUR 88.6 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 6.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL



370,000,000.00<sup>1</sup>) for damages, in the form of works and a toll reduction.

In particular: (i) the penalty of BRL 30,000,000.00<sup>2</sup> was paid by Ecorodovias on 1 October 2019; (ii) the toll reduction for a total BRL 220,000,000.00<sup>3</sup> will be borne by Ecovia for an amount equal to BRL 100,000,000.00<sup>4</sup> and by Ecocataratas for BRL 120,000,000.00<sup>5</sup>; and (iii) the execution of works for a total BRL 150,000,000.00<sup>6</sup>—to be carried out and paid for by 2021—will be borne by Ecovia for an amount of BRL 20,000,000.00<sup>7</sup> and by Ecocataratas for BRL 130,000,000.00<sup>8</sup>. The toll reduction in favour of the users, equal to 30%, began on 1 October 2019 and shall be applied to all toll booths managed by the two subsidiaries for at least twelve months.

The agreement had no consequences on the integrity of the current members of the administrative bodies of Ecorodovias and its subsidiaries, but requires that Ecovia and Ecocataratas improve their internal compliance procedures and their internal control systems – in order to adjust them to the provisions, aimed at preventing the risk of further crimes, of Chapter IV of Brazilian Decree no. 8420/2015 (which governs Brazilian Anti-Corruption Law no. 12846/2013)—and that these improvements be monitored by an independent third party.

Ecorodovias then disclosed to the market and its shareholders on 6 September 2019 that the leniency agreement had been approved (the day before) by the 5th Chamber of Coordination and Review of the Federal Public Prosecutor's Office, thus becoming effective. Specifically, in addition to the above, the MPF-PR accepted the addition of a clause according to which the Brazilian investee company and its subsidiaries could offset the sums identified by the leniency agreement with other payments they might bear in relation to possible government authority actions regarding the same events of the agreement. In addition, the MPF-PR waived the request from March 2019 for preventive seizure of the sums of money on the current accounts of Ecovia and Ecocataratas (equal to BRL 185,368,000<sup>9</sup>): this waiver was subsequently ratified by the Federal Region Court of the Fourth Region and the sums were released on 10 February 2020.

Lastly, in order to strengthen the capital position of Ecorodovias, which already during the meeting on 14 March 2019, the Board of Directors of the Brazilian investee company—when approving its draft financial statements for the year ended 31 December 2018—had taken the decision, for prudential reasons, not to propose to the shareholders' meeting to distribute additional dividends to those already distributed during the year, allocating all the remaining profit resulting from the 2018 financial statements (equal to BRL 215,546,418.70<sup>10</sup>) to the reserves (of which approximately BRL 18,725,499.53<sup>11</sup> to the legal reserve) and that the shareholders' meeting of Ecorodovias had voted in favour of the Board of Directors' proposal on 16 April 2019.

Following the signing of the leniency agreement with the MPF-PR, first with the financial results of the quarter ended 30 September 2019 (published on 29 October 2019) and later with the financial statements for the year ended 31 December 2019 (published on 18 February 2020), Ecorodovias informed the market and its shareholders that the entire amount identified by it had been allocated to the financial statements and that the expenses had been considered as non-deductible for tax purposes. With specific reference to the works to be carried out, given that at present there is no definitive scheduling, Ecorodovias classed a sum equal to BRL 198,582,000<sup>12</sup> as non-current liabilities.

In relation to the significant profiles for the assets of the Brazilian investee company and its subsidiaries, in Note 24 of the annual financial statements as at 31 December 2019 which describes the matter in question, Ecorodovias reported that on 31 October

<sup>1</sup> EUR 81.9 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 6.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>3</sup> EUR 48.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>4</sup> EUR 22.1 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>5</sup> EUR 26.6 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>6</sup> EUR 33.2 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>7</sup> EUR 4.4 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>8</sup> EUR 28.8 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>9</sup> EUR 41 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>10</sup> EUR 47.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>11</sup> EUR 4.1 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>12</sup> EUR 44 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

2019 it had been informed by the General Controllers' Office of the State of Paraná ("GCE-PR") regarding the start of an administrative procedure involving it intended to ascertain the liability of the Brazilian investee company for illegal acts committed against the public administration and that identical notices had then been received by Ecovia on 1 November 2019 and by Ecocataratas on 4 November 2019.

The Brazilian investee company also reported that following these notices (i) Ecorodovias and its subsidiaries filed their preliminary defence; (ii) the MPF-PR received a letter from the GCE-PR with which it was requested to share the annexes to the leniency agreement; (iii) the MPF-PR, in response to said letter, argued that it was not possible to use the information contained in the leniency agreement to impose sanctions – or in any case other penalties that could have a collateral effect on the employees of the companies – for a greater amount than that already identified by the agreement and therefore requested the State of Paraná to confirm the terms and conditions of the leniency agreement in their entirety; (iv) though said administrative procedure is currently ongoing, Ecorodovias and its indirect subsidiary Ecorodovias Concessões e Serviços S.A. ("ECS") informed the market on 7 January 2020 that they had learned of the publication of GCE Resolution no. 67/19, issued by the GCE-PR, which provided for the temporary suspension of the rights of Ecovia and Ecocataratas to participate in new tenders or sign contracts with the public administrations of the State of Paraná; and (v) Ecovia and Ecocataratas had therefore submitted an application to counter GCE Resolution no. 67/19, given that it was not possible to apply sanctions unless an administrative procedure had been carried out prior and had guaranteed full right to defence or cross-examination. This application is currently pending before the competent court.

#### Civil action by the State of Paraná

With the same communication published on 12 August 2019 with which the Brazilian investee company informed the market and its shareholders of the signing of the leniency agreement with the MPF-PR – described in detail first in the financial results of the quarter ended 30 September 2019 then in the financial statements for the year ended 31 December 2019 – Ecorodovias reported that, in the wake of the final stages of negotiating the agreement and following an ordinary check by the local lawyers of Ecorodovias, it had learned of the existence of a civil action started on 11 July 2019 by the State of Paraná – through the *Procuradoria Geral do Estado* ("PGE") – and by the State Department of Highways of Paraná against Ecorodovias, Ecovia, ECS, Primav Infraestrutura S.A., Primav Construções e Comércio S.A., C.R. Almeida S/A Engenharia e Construções, Participare – Administração e Participações LTDA and the *Associação Brasileira de Concessionárias de Rodovias*.

In the civil action, now pending before the 1st Federal Lower Court of Curitiba, the State of Paraná contests a series of illegal acts allegedly committed before the entry of ASTM into the share capital of Ecorodovias, largely overlapping with those of the leniency agreement signed by Ecorodovias with the MPF-PR, and formulates the following requests: (a) nullity of (i) the process of assigning the concessions that took place in 1997; (ii) concession agreement no. 076/97 of Ecovia; and (iii) all amendments to the same made thereafter; (b) review of the contracts due to an excessive expense that motorway users had to bear, through the payment of damages; (c) reimbursement of the damages deriving from the failure to comply with the contractual obligations; (d) joint and several conviction of the companies summoned to court deriving from the failure to comply with the contractual obligations; and (e) payment of non-material damage.

Specifically, the state authorities identified the total sums of BRL 4,945,904,000.00<sup>1</sup>—as an estimate of the material damages allegedly caused by the illegal conduct, which, according to the line of reasoning of the plaintiff authorities, would correspond to the total revenues made by Ecovia throughout the entire concession—and of BRL 500,000,000.00<sup>2</sup>—as non-material damage—that the companies summoned to court would be required to pay jointly and severally where the Federal Court of Curitiba ruled the accusations made by the State of Paraná as proven. Injunctive measures were also requested against all companies

<sup>1</sup> EUR 1,095.3 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 110.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

summoned in order to guarantee the future payment of the sums.

When assessing the details of the disputes and the best defensive strategy to take, Ecorodovias appointed two different leading Brazilian law firms to formulate preliminary opinions in relation to the accusations: both opinions received by the Brazilian investee company showed various inconsistencies and clear gaps in the claims of the state authorities and, in particular, one opinion argued that the risk for the companies to pay a part equal to BRL 4,736,699,580.00<sup>1</sup> of the total of the aforementioned possible material damage and for all non-material damage requested by the state authorities was “*remote*”. The same lawyers then argued that the risk of payment of the remainder of the non-material damage was “*possible*”.

Nevertheless, as soon as Ecorodovias was informed of the civil action in question launched by the state authorities, the federal prosecutors of the MPF-PR accepted the addition to the leniency agreement signed on 12 August 2019 and approved on 5 September 2019 of (i) a clause that acknowledges the existence of the civil action and which requires that the MPF-PR act as overseer; (ii) a clause that allows Ecorodovias and its subsidiaries to request the total or partial deduction from the BRL 400,000,000.00<sup>2</sup> identified by the leniency agreement of any sanctions arising from the civil action for the same events relating to the agreement itself; and (iii) a clause that requires the approval of the leniency agreement—though not as a condition precedent of its effects—also from the judge of the 1st Federal Lower Court of Curitiba which will rule on the civil action.

The civil action is currently pending.

#### **(b) Eco 101 | State of Espírito Santo**

With the financial results of the quarter ended 30 September 2019, Ecorodovias provided information regarding the criminal investigations currently involving its subsidiary Eco101 Concessionaire de Rodovias S.A. (“Eco101”) in the State of Espírito Santo. In particular, the investigations currently conducted by the Brazilian federal police with the support of the Federal Court of Auditors were already the subject of the Material Fact published by Ecorodovias on 12 April 2019 and focus on potential irregularities of the technical reports sent by Eco101 in relation to the motorway stretches within its remit.

With the communication to the market on 12 April 2019, Ecorodovias already reported that (i) it had promptly offered its collaboration with the authorities by sending all requested information and (ii) it had immediately launched its own internal audit to verify the facts under investigation.

In the financial statements for the year ended 31 December 2019, the Brazilian investee company then informed the market and its shareholders of the decision to launch an internal investigation in relation to the events under investigation and that said work would be carried out with the assistance of independent external consultants.

In particular, their forensic report, prepared by the external professionals appointed, highlighted that (i) no documents were found in support of the investigation assumption that the employees of the *Agência Nacional de Transportes Terrestres* (“ANTT”) had known about the stated amendments that Eco101 had allegedly made to the technical reports sent by Eco 101 to the ANTT; (ii) no documents had been found that confirmed the stated illegal relationships between Eco101 and ANTT representatives; and (iii) no proof had been found in relation to the supposed use of those technical reports to obtain loans from the Brazilian Development Bank (“BNDES”).

Lastly, Ecorodovias specified that it was currently analysing the results of the forensic reports prepared during the internal investigation.

<sup>1</sup> EUR 1,048.9 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 88.6 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

**(c) Ecovias | State of São Paulo**

In the annual financial statements for the year ended 31 December 2019, Ecorodovias also announced that on 20 June 2018 it had received letter no. 1460/2018, sent by the 3rd Prosecution Office of Public and Social Assets of the State of São Paulo (“MP-SP”), through which it was informed of the start of investigation (of civil nature) no. 14.0695.000489/2018-2 was asked for information in relation to contracts signed with a third-party services company in 2009 and 2010, to the services provided, to the conditions of those services and to the internal approvals regarding those contracts.

In particular, that investigation was launched following the publication of an article by the newspaper *Estado de São Paulo* on 14 May 2018, which reported that a team of federal prosecutors from the State of Paraná were allegedly in possession of electronic documents that would prove that a third-party services company, controlled by a former consultant from the *Departamento de Estradas de Rodagem* of the State of São Paulo, had received payments between 2009 and 2010 for BRL 3,200,000.00<sup>1</sup> from Ecovia and Ecocataratas.

On 6 August 2018, Ecorodovias provided all the clarifications requested in the communication received from the prosecutors of São Paulo, sent a copy of the contractual agreements and provided explanations regarding the nature and conditions of the services provided by the aforementioned services company and the internal approvals of said contracts.

Ecorodovias also reported in the same note in the financial statements that during the inquiries related to the aforementioned investigations, the relevant investigating authority had also deemed it necessary to process that investigation alongside another two previously launched investigations—in particular, no. 43.0695.0001071/2014-9 and no. 14.0615.0000295/2018-8—since they all concerned possible illegal acts committed in relation to the motorway concessions of the State of São Paulo.

In relation to these investigations, on 6 April 2020 Ecorodovias published a Material Fact with which it informed the market and its shareholders that, on the same date, Ecorodovias, ECS and the subsidiary Concessionária Ecovias dos Imigrantes S.A. (“Ecovias”) had signed a civil Non-Prosecution Agreement (“*acordo de não persecução cível*”, also referred to as “NPA”) with the MP-SP, which envisages the closures of the investigations involving Ecovias and other Ecorodovias group companies following the payment by Ecovias of an overall amount equal to BRL 638,000,000.00<sup>2</sup>, broken down as follows: (i) BRL 290,000,000.00<sup>3</sup> as an indemnity towards the São Paulo State Treasury; (ii) BRL 263,800,000.00<sup>4</sup> as collective moral damages; (iii) BRL 27,400,000.00<sup>5</sup> as restitution for the São Paulo State Treasury; (iv) BRL 54,800,000.00<sup>6</sup> as a penalty pursuant to the Brazilian Administrative Improbability Act; and (v) BRL 2,000,000.00<sup>7</sup> as payment towards the São Paulo State Diffuse Interests Fund (“FID”).

Following negotiations between the MP-SP, the São Paulo State Secretariat of Logistics and Transportation and Ecovias, the overall amount shall be paid as follows: (a) BRL 450,000,000.00<sup>8</sup> will be invested in public utility works not originally planned in the Ecovias concession agreement which will involve the construction, within eight years, possibly reduced to five, of a 2-km avenue near the Mackenzie Engineering School Road Complex in São Paulo and improvement works on the *Anchieta* motorway; (b) BRL 150,000,000.00<sup>9</sup> through rate reductions equal to 10% in favour of users of the *Anchieta* and *Imigrantes* motorways, which will be applied to the toll booths managed by Ecovias situated in Riacho Grande and Piratininga between 21:00 and 05:00; (c) BRL 36,000,000.00<sup>10</sup>, divided into six instalments, will be paid to the São Paulo Treasury; (d) BRL 2,000,000.00<sup>11</sup> will be paid to the FID.

<sup>1</sup> EUR 0.7 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 141.3 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>3</sup> EUR 64.2 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>4</sup> EUR 58.4 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>5</sup> EUR 6.1 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>6</sup> EUR 12.1 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>7</sup> EUR 0.4 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>8</sup> EUR 99.7 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

<sup>9</sup> EUR 33.2 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>10</sup> EUR 8 million at the exchange rate as at 31 December 2019: EUR 4.5157/BRL

<sup>11</sup> EUR 0.4 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

Ecorodovias has estimated that the average annual outlay for Ecovias to pay off the obligations assumed pursuant to the NPA will be R\$ 48,000,000.00<sup>1</sup> – net of taxes. The amounts related to public utility works shall be included in the Ecovias concession agreement and accounted for in accordance with international accounting standards. Ecorodovias will, on the other hand, directly bear the sanctions identified in letters (c) and (d) above, including BRL 12,000,000.00<sup>2</sup> deriving from other commitments.

In addition, the NPA contains other provisions that require Ecorodovias and Ecovias to produce evidence and to adopt measures to improve the internal control systems.

In order to allow for the continuation of the activities of Ecovias and support the public's interest, pursuant to the NPA, the MP-SP undertakes to suspend all administrative or criminal proceedings and investigations – including proceedings pursuant to the Administrative Improbability Act – involving Ecovias and the other Ecorodovias Group companies, in order to avoid imposing further sanctions on those companies in relation to the same illegal events based on the NPA and other information received from the MP-SP.

In the same Material Fact, Ecorodovias also specified that (i) it had only recently discovered the details of the illegal events underlying the NPA and, with the objective of protecting the interests of the Ecorodovias Group and its shareholders, had begun to communicate with the MP-SP in compliance with the confidentiality obligations imposed by law and by the Confidentiality Agreement signed with the MP-SP; (ii) it had received, alongside Ecovias and ECS, the first draft of the possible agreement from MP-SP on 2 March 2020; (iii) it had signed the NPA on 6 April 2020, following a period of negotiation, thereby determining a consensual cessation, among other things, of the aforementioned investigations no. 43.0695.0001071/2014-9, 14.0615.0000295/2018-8 and no. 14.0695.000489/2018-2; and (iv) the leniency agreement signed by Ecorodovias, ECS and Ecocataratas with the MPF-PR on 12 August 2019 would not be amended following the signing of the NPA with the MP-SP.

The NPA will be submitted for the ratification of the Superior Council of the Public Prosecution Service and of the Lower Treasury Court of the Capital of the State of São Paulo.

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<sup>1</sup> EUR 10.6 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

<sup>2</sup> EUR 2.7 million at the exchange rate on 31 December 2019: EUR 4.5157/BRL

**(vi) Public Disbursement Transparency Disclosure**

Pursuant to article 1, paragraphs 125-129 of Law 124/2017, as amended by the “Security” Decree Law 113/2018 and the “Simplification” Decree Law 135/2018, we provide the Disclosure on “subsidies, contributions, paid positions and economic advantages of any nature” provided to the Group in 2019 by public administrations or by a series of entities similar to the same<sup>1</sup> with which it has economic relationships:

<b>Disbursing entity</b>	<b>Description</b>	<b>Amount collected in thousands of EUR</b>
Autorità di Sistema Portuale del Mar Ionio - Port of Taranto Trade Port	Grant for the completion of the Taranto port platform	19,959
ANAS S.p.A.	Bernate-Ticino Bypass pursuant to art. 3 Law no. 295/98 - Law no. 449/1998, art. 50 paragraph 1 let. G Law no. 448/1992	5,660
Fondimpresa	Training courses	118
I.G.R.U.E.	EU EIP project	210
Autonomous Region Valle d’Aosta	Experimental procedure intended to optimise vehicle movement affecting the municipalities of the “Aosta plain” for the purposes of greater fluidity and safety of the traffic and containment of the environmental impact	203
Photovoltaic grant	Photovoltaic grant	70
I.G.R.U.E.	Crocodile 2 project	31
	<b>Total ASTM Group</b>	<b>26,251</b>

<sup>1</sup> The parties identified as a source of the payments that require disclosure are:

- public administrations and parties under article 2-*bis* of Italian Legislative Decree no. 33 of 14 March 2013;
- subsidiaries, de facto or de jure, directly or indirectly, of public administrations, including companies with shares listed in regulated markets and their investee companies;
- state-controlled companies, including those that issue shares listed in regulated markets and their investee companies

Certification of the  
Consolidated Financial Statements  
pursuant to Article 154-*bis*  
of Italian Legislative Decree 58/98

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**Certification of the Consolidated Financial Statements  
pursuant to Art. 154-*bis* of Italian Legislative Decree 58/98**

- The undersigned Umberto Tosoni as Chief Executive Officer and Alberto Pernigotti as Manager in charge of drawing up the corporate accounting documentation of ASTM S.p.A. —Parent Company—also taking into account the provisions of article 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998, hereby certify:
  - the adequacy with regard to the characteristics of the business and
  - the actual implementationof the administrative and accounting procedures for preparing the consolidated financial statements for 2019.
  
- Furthermore, it is attested that:
  - the Consolidated Financial Statements as at 31 December 2019:
    - a) are prepared in compliance with the international accounting standards approved by the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and the Council dated 19 July 2002;
    - b) correspond to the books and accounting entries;
    - c) provide a true and correct representation of the equity, economic and financial position of the issuer and all the businesses included in the consolidation;
  
  - the Management Report contains a reliable analysis of management performance and results of the Company and of all the companies included in the consolidation together with a description of the main risks and uncertainties to which they are exposed.

Tortona, 14 April 2020

Chief Executive Officer

*Umberto Tosoni*

The Manager in charge of drawing up  
the corporate accounting documents

*Alberto Pernigotti*

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## Independent Auditors' Report

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## ***Independent auditor's report***

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

To the Shareholders of  
ASTM SpA

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### ***Report on the Audit of the Consolidated Financial Statements***

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#### ***Opinion***

We have audited the consolidated financial statements of ASTM SpA and its subsidiaries (the “ASTM Group”), which comprise the balance sheet as of 31 December 2019, the income statement, the other comprehensive income, the cash flow statement, the statement of changes in shareholders’ equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the ASTM Group as of 31 December 2019, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### ***Basis for Opinion***

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

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#### ***PricewaterhouseCoopers SpA***

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 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d’Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



## **Key Audit Matters**

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

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### **Key Audit Matters**

### **Auditing procedures performed in response to key audit matters**

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#### **Evaluation of the recoverability of goodwill and intangible assets referring to concessions (non-compensated revertible assets)**

*"Valuation criteria", paragraph "Impairment test" and note 1 - "Intangible assets"*

Among the intangible assets of the consolidated financial statements as at 31 December 2019, the ASTM Group recognizes non-compensated revertible assets related to the concessions of the motorway sector, equal to Euro 2,768.7 million, plus Euro 76.4 million of goodwill allocated to them, which together represent approximately 37% of total consolidated assets.

Within the ASTM Group, each motorway concession company is an autonomous cash-generating unit, which the business plans of each motorway refer to.

The valuation of these intangible assets, and in particular the analysis of their recoverability through the performance of the impairment test, is the result of a process that is significantly affected by the estimates made by management, in particular with reference to expected traffic flows, future investments and to the elements composing the discounting rate.

In accordance with the accounting principles and with the impairment procedure approved by the Board of Directors on 5 March 2020 (the

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;
- 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;
- verification of the correct determination of the balance sheet carrying amounts of the assets and liabilities attributable to each Cash Generating Unit, including



“Procedure”), the aforementioned intangible assets have been tested for impairment at the balance sheet date in order to ascertain the possible presence of an impairment loss.

We considered the valuation of the recoverability of non-compensated revertible assets and goodwill as a key audit matter, taking into account the significance of their values and the high degree of judgment necessary for the determination of the main assumptions used in the determination of the recoverable amount.

goodwill allocated to them, used as a comparison with the recoverable amount;

- verification of sensitivity analysis.

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

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

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

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

The Board of Statutory Auditors (“Collegio Sindacale”) is responsible for overseeing, in the terms prescribed by law, the ASTM Group’s financial reporting process.

### ***Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements***

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



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

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





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

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

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

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

On 28 April 2017, the Shareholders' meeting of ASTM SpA engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

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

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

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#### ***Report on Compliance with other Laws and Regulations***

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

Management of ASTM SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the ASTM Group as of 31 December 2019, including their consistency with the relevant consolidated financial statements and their compliance with the law.



We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the ASTM Group as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the ASTM Group as of 31 December 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the ASTM Group and its environment obtained in the course of the audit, we have nothing to report.

***Declaration pursuant to Article 4 of the Consob Regulation implementing Legislative Decree 30 December 2016, No. 254***

The directors of ASTM SpA are responsible for the preparation of the consolidated non-financial statement pursuant to Legislative Decree 30 December 2016, No. 254. We verified the approval of the consolidated non-financial statement by the directors.

Pursuant to Article 3, paragraph 10 of Legislative Decree 30 December 2016, No. 254, this consolidated non-financial statement is the subject of a separate attestation of conformity by another auditor.

Turin, 29 April 2020

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*