autostrade per l'italia

Press Release

AUTOSTRADE PER L'ITALIA GROUP'S RESULTS ANNOUNCEMENT FOR NINE MONTHS ENDED 30 SEPTEMBER 2020

Consolidated results for 9M 2020[1]

- **Results for 9M 2020 reflect impact of the Covid-19 pandemic**
- **Traffic on Group's motorway network down 26.6%**
- **Operating revenue of €2,297m down €819m (26%)**
- **Gross operating profit (EBITDA) of €491m down €1,412m (down €1,199m on like-for-like basis)[2] , reflecting, in addition to impact of the pandemic, additional provisions of €500m for repair and replacement of motorway infrastructure and provisions of €200m for risks and charges in relation to undertakings given by Autostrade per l'Italia in latest settlement proposal submitted to Government**
- **Loss attributable to owners of parent totals €292m, compared with profit of €759m for 9M 2019, marking deterioration of €1,051m (€906m on like-for-like basis)[2]**
- **Capital expenditure totals €345m**
- **Work continues on improvement maintenance plan for Autostrade per l'Italia's**

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[1] In addition to the reported amounts in the statutory consolidated financial statements, this press release also presents and analyses alternative performance indicators ("APIs"), such as EBITDA, operating cash flow and capital expenditure. A detailed description of the principal APIs used in the following consolidated financial review, including an explanation of the term "like-for-like basis", used in describing changes in certain consolidated financial indicators, is provided in the "Explanatory notes" below.
[2] The term "like-for-like basis" strips out the impact of the collapse of a section of the Polcevera road bridge, the estimated additional costs linked to resolution of the dispute with the Ministry of Infrastructure and Transport, the difference in the discount rates applied to provisions and the 3.5% IRES surtax payable by infrastructure operators, as described in greater detail in the "Explanatory notes".

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motorway infrastructure in the regulatory period 2020-2024

- **Operating cash flow of €540m down €642m (down €692m on like-for-like basis)[(2)]**
- **Group's net debt at 30 September 2020 totals €8,388m, down €4m compared with 31 December 2019 (€8,392m)**
- **Talks with authorities aimed at bringing end to dispute over alleged serious breaches of Concession Arrangement are ongoing, above all with regard to approval of Financial Plan**

Rome, 13 November 2020 – The Board of Directors of Autostrade per l'Italia SpA ("ASPI" or the "Company"), chaired by Giuliano Mari, met on 12 November 2020 to approve the Autostrade per l'Italia Group's results announcement for the nine months ended 30 September 2020 ("9M 2020").

The international financial reporting standards (IFRS) endorsed by the European Commission and in effect as at 30 September 2020 were used in the preparation of the accounts for the first nine months of 2020. The standards are substantially unchanged with respect to those used in the preparation of the consolidated financial statements for the year ended 31 December 2019.

During preparation of the results announcement for the nine months ended 30 September 2020, the ability of the Company and the Group to continue as going concerns was assessed in accordance with the Italian Civil Code and IFRS.
On completion of the assessment, the Board of Directors of Autostrade per l'Italia concluded that the uncertainties that emerged were surmountable and it was, therefore, deemed appropriate to prepare the results announcement for the nine months ended 30 September 2020 on a going concern basis. This followed an assessment of all the relevant information and was based on the assumption that it is reasonably likely that agreement will be reached with the Ministry of Infrastructure and Transport (the "MIT" or the "Grantor") and the Government, thereby bringing to an end the dispute over alleged serious breaches of the Concession Arrangement initiated on 16 August 2018.
During the first nine months of 2020, the spread of the Covid-19 epidemic, the Italian Government's declaration of a health emergency and the resulting restrictions on movement

had a significant impact on the performance of traffic. This has had an estimated overall impact on EBITDA of approximately €664m (€453m after tax).

With regard to the collapse of a section of the Polcevera road bridge on 14 August 2018, as at 30 September 2020:

- at the request of the Special Commissioner for Genoa, the Company has paid out a total of €408m, including €354m net of the remaining advance payment for the start-up of work and VAT, which was covered by use of the related provisions for repair and replacement (of which €129m in the first nine months of 2020);
- compensation of €63m has been paid from provisions for risks and charges to the families of the victims and the injured, as well as to cover legal expenses and provide financial support to small businesses and firms (including €12m in the first nine months of 2020).

The decision to exempt road users in the Genoa area from the payment of tolls in the first nine months of 2020 has resulted in an estimated reduction in toll revenue of €10m (a total of €26m in 2019 and 2018).

With regard to efforts to resolve the dispute over allegations of serious breaches of the Concession Arrangement initiated by the Grantor on 16 August 2018, as described below, there has been extensive engagement with the MIT in 2020 through to the date of preparation of this press release. On 11 July 2020, this resulted in the Company submitting a new proposal with a view to reaching an agreement. In response, on 15 July 2020, the Cabinet Office announced that, in view of the proposed settlement, the Government "has decided to begin the process of formalising the settlement provided for by law, without prejudice to the fact that the right to revoke the concession will only be waived once the settlement agreement has been finalised".

In addition, again with regard to the undertakings given alongside submission of the new proposal, on 14 September 2020, ASPI submitted a revised Financial Plan, prepared on the basis of the guidelines set out in the Transport Regulator's resolution 71/2019 and bearing in mind the progress of the talks with the Government.

In recognition of (i) progress of the talks with the MIT and the Ministry of the Economy and Finance through to the date of this press release, and (ii) the content of the above Financial Plan, the above proposal of 11 July 2020 commits Autostrade per l'Italia, among other things, to covering total costs of €3,400m at its own expense, an increase of €500m compared with the amount proposed on 5 March 2020. This includes:

a) €1,500m to be used to fund toll discounts and other initiatives benefitting road users, already recognised in "Other provisions for risks and charges" at the time of preparation of the Annual Report for 2019;
b) €1,200m to fund additional maintenance of the infrastructure operated under concession in the regulatory period 2020-2024;
c) €700m in expenses to be borne by ASPI, entailing further provisions for risks of charges of €200m in the first nine months of 2020, linked to demolition and reconstruction of the Polcevera road bridge, exemptions from the payment of tolls in the Genoa area throughout 2020 and other related expenses.

Following approval of the Interim Report for the six months ended 30 June 2020, in line with the commitments agreed with the Government and provided for in subsequent correspondence and latterly in the letter of 8 October 2020 (as described in more detail in the section, "Significant regulatory and legal aspects", the sum of €1,200m was included in the overall amount of €3,400m in place of the equivalent sum of €1,200m to fund the additional maintenance of infrastructure referred to in point b) above. This new sum of €1,200m is to fund capital expenditure to be borne entirely by the Company. It should, however, be noted that the updated Financial Plan, last submitted on 14 September 2020, includes an improvement maintenance plan amounting to €1,200m, the cost of which is to be recovered in accordance with the guidelines in the transport regulator's resolution 71/2019.
In terms of accounting presentation, it should in any even be noted that ASPI's provisions for repair and replacement take into account the cost of the above improvement maintenance plan.

The scope of consolidation as at 30 September 2020 is substantially unchanged with respect to 31 December 2019.

The Group did not enter into non-recurring, atypical or unusual transactions, either with third or related parties, in either of the comparative periods.

Group operating review

Traffic performance

Traffic during the first nine months of 2020 was significantly impacted by the effect of the spread of Covid-19 in Italy from the last week in February, and by the restrictions on movement imposed by the authorities in response to the resulting health emergency.

Traffic on the motorway network operated by Autostrade per l'Italia and its subsidiaries declined 26.6% in the first nine months of 2020 compared with the same period of the previous year. The reduction primarily regarded the number of kilometres travelled by vehicles with 2 axles, which is down 29.2%, whilst the figure for vehicles with 3 or more axles is down 9.4%.

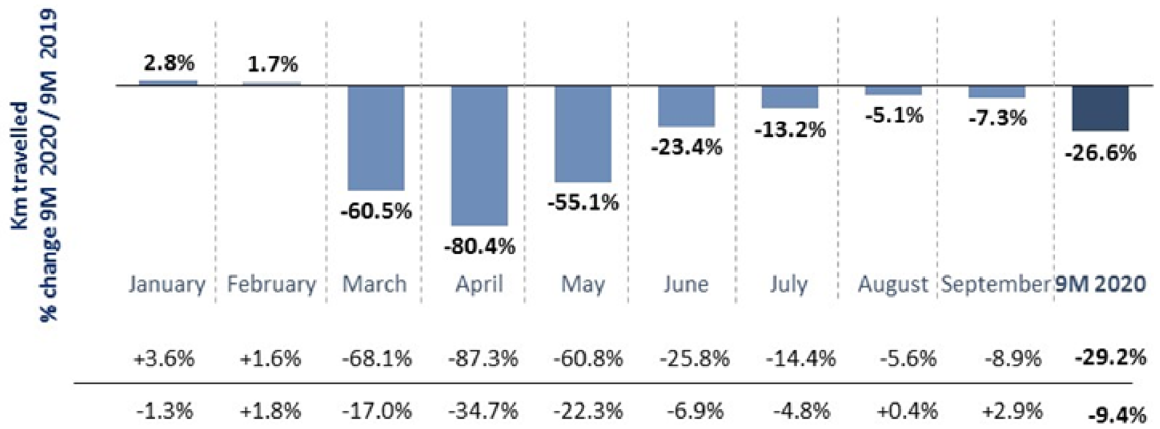
In the last quarter (July to September), traffic was down 8.6% compared with the same quarter in 2019.

Traffic on the network operated under concession in 9M 2020

OPERATOR	KM TRAVELLED (IN MILLIONS) 9M 2020	9M 2019	% change
Autostrade per l'Italia	27,158.4	37,035.1	-26.7%
Autostrade Meridionali	945.4	1,280.8	-26.2%
Tangenziale di Napoli	519.2	692.3	-25.0%
Società Autostrada Tirrenica	198.4	250.1	-20.7%
Raccordo Autostradale Valle d'Aosta	67.6	89.8	-24.7%
Società Italiana per il Traforo del Monte Bianco	6.2	9.1	-32.1%
TOTAL AUTOSTRADE PER L'ITALIA GROUP	28,895.2	39,357.2	-26.6%

Figures in millions of kilometres travelled, after rounding to the nearest decimal place.
The performance includes the leap-year effect, equal to 0.22%.

Monthly traffic trends on the network operated under concession in 9M 2020



Capital expenditure

Capital expenditure on the motorways operated by the Group continued in the first nine months of 2020, with investment amounting to €345m.

(€m)	9M 2020	9M 2019
Autostrade per l'Italia -projects in Agreement of 1997	85	162
Autostrade per l'Italia - projects in IV Addendum of 2002	82	75
Autostrade per l'Italia: other capital expenditure (including capitalised costs)	138	126
Other operators (including capitalised costs)	5	10
Total investment in infrastructure operated under concession	**310**	**373**
Investment in other intangible assets	23	13
Investment in property, plant and equipment	12	9
Total capital expenditure	**345**	**395**

With regard to Autostrade per l'Italia, work on the following projects continued in the first nine months of 2020:

- projects included in the Agreement of 1997, with particular regard to the widening of the A1 between Barberino and Florence North and between Florence South and Incisa to three lanes. The most important of the works completed is the boring of the Santa Lucia Tunnel. The tunnel forms part of the planned upgrade of the Barberino–Florence North section of the A1, which is a natural continuation of the *Variante di Valico*. Boring of the tunnel began on 26 April 2017 and was completed on 8 June 2020;
- projects included in the IV Addendum of 2002, with particular regard to works involved in completion of the widening to three lanes of the A14, the interventions included in the second phase of the Tunnel Safety Plan, preparatory work for the Genoa Bypass (the so-called *Gronda*) and work on the fifth lane of the A8 motorway between Milan and the Lainate Link Road;
- other capital expenditure, with particular regard to the continuation of work on the development of new technologies and ongoing improvements to quality and safety standards on the network, as well as to the major works involved in the upgrade and improvement of infrastructure, primarily relating to construction of the fourth free-flow lane for the A4 in the Milan area.

Group financial review

Consolidated operating results

"**Operating revenue**" for the first nine months of 2020 totals €2,297m, a reduction of €819m compared with the comparative period (€3,116m).

"**Toll revenue**" of €2,124m is down €693m compared with the first nine months of 2019 (€2,817m). This reflects the fall in traffic on the network, registered from the end of February 2020 and amounting to a reduction of 26.6%(a fall of approximately 24% after taking into account the positive effect of ASPI's traffic mix). This essentially reflects the negative impact of the limitations and restrictions on movement that followed the spread of Covid-19. In the last quarter (July to September), traffic was down approximately 8.6%.
It should be noted that toll revenue for the first nine months of 2020 includes €225m (€293m in the same period of 2019) in surcharges matching the addition to the concession fee payable to ANAS and accounted for in operating costs under the item "concession fees". The reduction of €68m is linked to the decline in kilometres travelled during the first nine months of 2020. After stripping out the above surcharges, total revenue is down €625m compared with the first nine months of 2019.

"**Other operating income**" amounts to €173m (€299m in the first nine months of 2019), a decline of €126m. This primarily reflects reduced income from motorway service areas, following a reduction in sales and measures taken by Autostrade per l'Italia to support oil and food service providers affected by the Covid-19 emergency. In addition, it should be noted that the figure for the first nine months of 2019 included insurance proceeds of approximately €38m, following agreement with the Company's insurance company regarding quantification of the amount payable solely under existing third-party liability insurance policies for the Polcevera road bridge.

The "**Cost of materials and external services**" amounts to €809m, an increase of €188m compared with the first nine months of 2019 (€621m). The change reflects the costs connected with work on reconstruction of the Polcevera road bridge (€129m in the first nine months of 2020 and €182m in the comparative period). The impact of these costs on EBITDA is broadly offset by use of the related provisions for repair and replacement accounted for in the “Operating change in provisions”. After stripping out these costs, the increase is €241m and is essentially linked to increased maintenance work on the network, above all at Autostrade per l’Italia, regarding the continued implementation of network surveillance, inspection, maintenance and safety programmes. The programmes are connected with implementation of the improvement maintenance plan for Autostrade per l’Italia’s network infrastructure, due to be carried out in the regulatory period 2020-2024 (in line with the Financial Plan submitted to the MIT).

“**Concession fees**”, totalling €275m, are down €86m compared with the first nine months of 2019 (€361m), reflecting the peformance of traffic, toll revenue and sub-concession arrangements.

“**Net staff costs**” of €328m are down €40m compared with the first nine months of 2019 (€368m). This essentially reflects the following:

- a reduction of 215 in the average workforce, mainly linked to a slowdown in turnover among toll collectors, the reduction in activity brought about by the Covid-19 emergency and the absence of seasonal toll collectors at Autostrade per l’Italia in June 2020 (following activation of the ordinary wage guarantee fund or *CIGO*), partially offset by the recruitment of new operating and technical personnel;
- a decrease in the average cost, primarily due to a reduction in costs linked to the above activation of the ordinary wage guarantee fund and other effects of the Covid-19 emergency, partially offset by an increase in costs following renewal of the national collective labour agreement;
- a reduction in the fair value of management incentive plans.

The **“Operating change in provisions”** generated expense, primarily following net new provisions of €394m (income following the net use of provisions totalling €137m in the comparative period). The performance is essentially linked to:

- the operating change in the provisions for the repair and replacement of motorway infrastructure which, after stripping out the effect of the use of provisions to fund demolition and reconstruction of the Polcevera road bridge (€129m paid from provisions made in previous years), results in net provisions of €322m. These provisions essentially relate to the improvement maintenance plan for Autostrade per l’Italia’s network infrastructure, due to be carried out in the regulatory period 2020-2024 (in line with the

Financial Plan submitted to the MIT);

- new provisions for risks and charges of €200m made by Autostrade per l'Italia (€136m after the related taxation), reflecting an updated estimate of the additional costs to be incurred in connection with ongoing talks with the Government and the MIT aimed at settling the dispute between the parties, as described above.

"**Gross operating profit**" (**EBITDA**) of €491m is down €1,412m compared with the first nine months of 2019 (€1,903m). This essentially reflects Laminate the above impact on revenue of the restrictions on movement introduced in response to the outbreak of Covid-19 and the operating change in provisions. On a like-for-like basis, EBITDA is down €1,199m (62%).

"**Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work**" amount to €500m, an increase of €11m compared with the comparative period (€489m).

The "**Operating loss**" **(negative EBIT)** of €9m marks a deterioration of €1,423m compared with the first nine months of 2019 (a profit of €1,414m).

"**Net other financial expenses**" of €369m are up €52m compared with the same period of 2019 (€317m), essentially due to the change in the accounting treatment of derivatives reclassified as not qualifying for hedge accounting in 2019.

"**Tax benefits**" amount to €88m for the first nine months of 2020 (tax expense of €397m in the same period of 2019). The change reflects:

- an increase in deferred tax income at Autostrade per l'Italia on provisions for repair and replacement (€113m);
- the recognition of deferred tax income in the first nine months of 2020 (€64m) as a result of an updated estimate of the additional costs to be incurred in connection with ongoing talks with the Government and the MIT aimed at settling the above dispute between the parties;
- reduced current tax expense compared with the comparative period (down €215m), essentially linked to the impact of Covid-19 in the first nine months of 2020.

The **"Loss for the period"** of €295m compares with a profit of €769m for the first nine months of 2019. On a like-for-like basis, the loss amounts to €126m, a deterioration of €919m compared with the profit for the first nine months of 2019.

The “**Loss for the period attributable to owners of the parent**”, amounting to €292m, compares with a profit of €759m for the first nine months of 2019. On a like-for-like basis, the loss marks a deterioration of €906m compared with the profit for the first nine months of 2019.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT (*)

€m	9M 2020	9M 2019	Increase/(Decrease) Absolute	%
Toll revenue	2,124	2,817	-693	-25
Other operating income	173	299	-126	-42
Total operating revenue	**2,297**	**3,116**	**-819**	**-26**
Cost of materials and external services	-809	-621	-188	30
Concession fees	-275	-361	86	-24
Net staff costs	-328	-368	40	-11
Operating change in provisions	-394	137	-531	n.s.
Total net operating costs	**-1,806**	**-1,213**	**-593**	**49**
Gross operating profit/(loss) (EBITDA)	**491**	**1,903**	**-1,412**	**-74**
Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work	-500	-489	-11	2
Operating profit/(loss) (EBIT)	**-9**	**1,414**	**-1,423**	**n.s.**
Financial income/(expenses), net	-369	-317	-52	16
Share of profit/(loss) of investees accounted for using the equity method	-6	-1	-5	n.s.
Profit/(Loss) before tax from continuing operations	**-384**	**1,096**	**-1,480**	**n.s.**
Income tax expense	88	-327	415	n.s.
Profit/(Loss) from continuing operations	**-296**	**769**	**-1,065**	**n.s.**
Profit/(Loss) from discontinued operations	1	-	1	n.s.
Profit for the period	**-295**	**769**	**-1,064**	**n.s.**
Profit/(Loss) attributable to non-controlling interests	-3	10	-13	n.s.
Profit/(Loss) attributable to owners of the parent	**-292**	**759**	**-1,051**	**n.s.**

	9M 2020	9M 2019	Increase/ (Decrease)
Basic earnings/(loss) per share attributable to the owners of the parent (€)	**-0.47**	**1.22**	**-1.69**
of which:			
- from continuing operations	-0.47	1.22	-1.69
- from discontinued operations	-	-	-
Diluted earnings/(loss) per share attributable to the owners of the parent (€)	**-0.47**	**1.22**	**-1.69**
of which:			
- from continuing operations	-0.47	1.22	-1.69
- from discontinued operations	-	-	-

(*) The reconciliation with the statutory consolidated income statement is provided in the section, "Explanatory notes".

Consolidated financial position

As at 30 September 2020, “**Non-current non-financial assets**”, totalling €17,697m, are down €311m compared with 31 December 2019 (€18,008m). This primarily reflects the amortisation of intangible assets deriving from concession rights (€452m), partially offset by investment during the period in construction services for which additional economic benefits are received (€105m) and an updated estimate of future investment in construction services for which no additional benefits are received, partly as a result of the significant decline in interest rates during the period (€35m).

“**Working capital**” reports a negative balance of €3,986m (a negative balance of €3,692m as at 31 December 2019). The increase of €294m primarily reflects a combination of the following:

- a €268m increase in the current portion of provisions for construction services required by contract, primarily due to an updated estimate of investment to be carried out in the next twelve months;
- an increase of €170m in the current portion of provisions, reflecting the previously mentioned provisions of €200m connected with the updated estimate of the additional costs to be incurred in connection with ongoing talks with the Government and the MIT aimed at settling the dispute between the parties, as described above;
- a €48m reduction in trading liabilities, essentially due to a decline in amounts payable by Autostrade per l’Italia to the operators of interconnecting motorways and in tolls in the process of settlement, reflecting the decline in traffic during the period caused by Covid-19, and a decrease in amounts payable to suppliers, primarily due to the performance of capital expenditure and supplies of goods and services during the period under review.

“**Non-current non-financial liabilities**”, totalling €3,382m, are down €322m compared with 31 December 2019 (€3,704m). This primarily reflects:

- a reduction of €440m in the non-current portion of provisions for construction services required by contract, essentially due to reclassification of the current portion (€473m), partially offset by an updated estimate of investment to be carried out through to the end of the concession (€35m);
- a reduction of €99m in deferred tax liabilities;
- a €222m increase in the non-current portion of provisions, primarily following the above-

mentioned new provisions for the repair and replacement of motorway infrastructure.

"**Net invested capital**" totals €10,329m, a reduction of €283m compared with 31 December 2019 (€10,612m).

"**Equity**" amounts to €1,941m (€2,220m as at 31 December 2019). "**Equity attributable to owners of the parent**", totalling €1,587m, is down €277m compared with 31 December 2019 (€1,864m), essentially reflecting the loss for the period. "**Equity attributable to non-controlling interests**" of €354m is down €2m compared with 31 December 2019 (€356m).

As at 30 September 2020, the Group's "**Net debt**" amounts to €8,388m, a reduction of €4m compared with 31 December 2019 (€8,392m).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

€m	30 September 2020	31 December 2019	Increase/ (Decrease)
Non-current non-financial assets (A)	17,697	18,008	-311
Working capital (B)	-3,986	-3,692	-294
Gross invested capital (C=A+B)	13,711	14,316	-605
Non-current non-financial liabilities (D)	-3,382	-3,704	322
NET INVESTED CAPITAL (E=C+D)	10,329	10,612	-283
Equity attributable to owners of the parent	1,587	1,864	-277
Equity attributable to non-controlling interests	354	356	-2
Total equity (F)	1,941	2,220	-279
Non-current net debt (G)	7,184	9,334	-2,150
Current net debt /(funds) (H)	1,204	-942	2,146
Net debt (I=G+H)	8,388	8,392	-4
NET DEBT AND EQUITY (L=F+I)	10,329	10,612	-283

(*) The reconciliation with the statutory consolidated statement of financial position is provided in the section, “Explanatory notes”.

With regard to net debt, it should be noted that, solely for the purposes provided for in paragraph 69 of IAS 1, as at 30 September 2020 a portion of the medium/long-term borrowings from the European Investment Bank (“EIB”) and Cassa Depositi e Prestiti (“CDP”), amounting to a total of €1,467m, has been reclassified to the current portion of medium/long-term borrowings. The fact that the downgrade of the Company’s debt to below investment grade in January 2020 gives the EIB and, in relation to its share of the debt, CDP the right to request additional protections continues to apply. Only were such protections not judged to be reasonably satisfactory, the banks would have the right to request early repayment of the existing debt. At the date of preparation of this document, neither the EIB or CDP has made any request for early repayment.

In March 2020, the Company redeemed bonds with a remaining nominal value of €502m, paying coupon interest of 4.375% and guaranteed by Atlantia. The Company also made use of €350m (subject to a fixed rate of 1.5% and maturing on 15 December 2020) of the first €400m tranche of the credit facility agreed with Atlantia maturing on 15 January 2021 (to be used by 15 December 2020). The use forms part of the financial support that Atlantia has committed to provide the Company in the form of a loan of up to €900m. The facility breaks down into two tranches to be disbursed by 31 December 2020 and maturing on 31 December 2021. The support is subject to the Company’s continued ability to operate as a going concern and the absence of events or circumstances – that cannot be resolved by such financial support – that could prevent the Company from meeting its debt obligations.

Also with regard to the financial position, in May 2020, Autostrade per l'Italia began the process of applying for a credit facility of €1,250m that would benefit from a guarantee provided by SACE under art. 1, paragraph 7 of law Decree 23 of 8 April 2020 (the so-called *Liquidità* Decree). The Company believes it can access this guarantee in view of its role in managing "critical and strategic infrastructure" and its "impact on employment and the labour market". At the date of preparation of this results announcement, the arrangement process is still ongoing.

As at 30 September 2020, the Group has lines of credit amounting to €1,405m with a weighted average residual term to maturity of approximately five years and a weighted average residual drawdown period of approximately one year and seven months. Talks are continuing with Cassa Depositi e Prestiti with the aim of assessing whether or not the suspensive conditions that would permit the disbursement of funds under the revolving credit facility granted to Autostrade per l'Italia in 2017 by the above institution have been met.

Consolidated cash flow

"**Net cash from operating activities**" in the first nine months of 2020 amounts to €381m, a reduction of €892m compared with the comparative period of 2019 (an inflow of €1,273m). This reflects:

- a decrease of €642m in operating cash flow, reflecting the negative impact of the spread of Covid-19 (€453m) and a reduction in cash generated by operations. On a like-for-like basis, operating cash flow for the first nine months of 2020 is down €692m (51%) compared with the comparative period;
- an increase in the outflow for movements in operating capital and non-financial assets and liabilities (totalling €250m). The outflow of €159m in the first nine months of 2020 primarily reflects the above increase in trading liabilities.

"**Cash used for investment in non-financial assets**", totalling €344m, is down €50m compared with the first nine months of 2019 (€394m), essentially due to reduced capital expenditure during the period.

"**Net equity cash outflows**" amount to zero in the first nine months of 2020, marking a reduction of €319m compared with the comparative period. This reflects dividends declared by Autostrade per l'Italia and other Group companies and payable to non-controlling shareholders in the same period of 2019.

In addition, other changes during the first nine months of 2020 have resulted in an increase in net debt of €33m (€192m in the first nine months of 2019), essentially due to the increase in fair value losses on derivative financial instruments that do not qualify for hedge accounting.

The overall impact of the above cash flows decreased net debt by €4m in the first nine months of 2020 compared with 31 December 2019.

STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT(*)

€m	9M 2020	9M 2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Operating cash flow	540	1,182
Change in operating capital	-38	13
Other changes in non-financial assets and liabilities	-121	78
Net cash generated from/(used in) operating activities (A)	**381**	**1,273**
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Capital expenditure	-345	-395
Government grants related to assets held under concession	-	2
Increase in financial assets deriving from concession rights (related to capital expenditure)	-	1
Purchases of investments	-	-3
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	1	1
Net cash from/(used in) investment in non-financial assets (B)	**-344**	**-394**
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders	-	-319
Net equity cash inflows/(outflows) (C)	**-**	**-319**
Increase/(Decrease) in cash and cash equivalents during period (A+B+C)	**37**	**560**
Other changes in net debt (D)	**-33**	**-192**
Decrease/(Increase) in net debt for period (A+B+C+D)	**4**	**368**
Net debt at beginning of period	**-8,392**	**-8,813**
Net debt at end of period	**-8,388**	**-8,445**

(*) The reconciliation with the statutory consolidated statement of cash flows is provided in the section, “Explanatory notes”.

Significant regulatory and legal aspects

In addition to the information already provided in the Annual Report for 2019 and the Interim Report for the six months ended 30 June 2020, this section provides details of updates or new developments relating to significant regulatory and legal events affecting Group companies and occurring through to the date of approval of this results announcement for the nine months ended 30 September 2020.

Talks with the Government regarding the procedure for serious breach of the Concession Arrangement

Recent talks with the Ministry of Infrastructure and Transport (the "MIT" or the "Grantor"), the Ministry of the Economy and Finance (the "MEF") and the Cabinet Office are aimed at resolving the dispute resulting from the MIT's allegations of serious breaches of the Concession Arrangement following the collapse of a section of the Polcevera road bridge. Following a series of letters sent by Autostrade per l'Italia ("ASPI") on 11, 13, 14 and 15 July 2020 (the latter two also signed by the parent, Atlantia), containing a proposal for the settlement of the above dispute, and the Government's acceptance of the solutions set out in the letters (as announced by the Cabinet Office on 15 July), a meeting between ASPI, the MIT, the MEF and the Cabinet Office was held on 31 July 2020 with a view to bringing the dispute to an end and agreeing on the related documents. During the meeting, the three Government departments handed over two draft documents, respectively called the "Agreement" and the "Outline Addendum to the Single Concession Arrangement". Among other things, the two documents are intended to amend numerous provisions in the concession arrangement and the operator's obligations, to revise many elements of the Financial Plan, and to establish the procedures to be followed and the conditions to be met in order to settle the dispute and render the Addendum and the Financial Plan effective. On 4 August 2020, having noted that there were differences between the nature of certain obligations and commitments to be assumed by the operator under the above documents and those previously agreed on, ASPI sent the above departments drafts of the "Agreement" and the "Outline Addendum to the Single Concession Arrangement", indicating the changes needed in order for the two documents to match the previously agreed terms of the proposed settlement.

On 23 September 2020, the Government resubmitted the draft agreement, stating that it had applied a number of the changes proposed by ASPI and specifying that, with regard to the changes it could not accept, the provision making effectiveness of the settlement agreement conditional on the outcome of the talks between Atlantia and Cassa Depositi e Prestiti (“CDP”) could not be removed.

In response to this latter communication, on 29 September 2020, ASPI submitted the Agreement to the above Government departments, with a copy sent to Atlantia, to be finalised and ratified. The Agreement contained the changes deemed necessary to comply with the commitments given and just one request for removal of the above condition precedent linking effectiveness of the settlement with completion of the transaction that would result in CDP acquiring a stake in ASPI. In the same letter, ASPI stated that, were the Government to be unwilling to conclude the agreement previously reached, the rights granted under the Concession Arrangement, and previously referred to in the latter dated 22 June 2020, would continue to apply.

Talks were held with the Government departments in the following weeks, and are still in progress, with a view to reaching an agreement.

On 2 October, ASPI followed up on previous correspondence regarding the allegations made as part of the dispute over serious breaches of its Concession Arrangement, to which the Grantor had never replied. ASPI thus sent the Grantor a copy of the Technical Report drawn up by its consultants in connection with the criminal case brought before the Court of Genoa. The Report identifies the effective causes that led to the collapse of a section of the Polcevera road bridge, linked to events for which the Operator cannot be held responsible. The Technical Report points to clear evidence of unseen defects during construction of the bridge that were in no way observable during maintenance activity, and a number of related external events.

Declaring a willingness to quickly arrange a meeting to provider further clarification, ASPI thus requested that the dispute be brought swiftly to an end.

On 2 October, ASPI also informed ANAS that, on the basis of the analyses and checks being carried out as part of the pre-trial investigation, the Polcevera road bridge suffered from a number of construction defects that were neither observable or predictable, reserving the right to take any action or file any claim against ANAS in relation to its then role as the contracting authority responsible for commissioning the bridge’s construction, and without prejudice to any right of recourse.

On 8 October 2020, ASPI informed the MIT, the MEF and the Cabinet Office that it was willing to reach a negotiated settlement of the dispute. In this regard, “solely for the purpose of further facilitating conclusion of the Agreement”, the Company expressed its willingness to sign the

Agreement attached to the letter from the Government dated 23 September without any changes, with the sole exception of removal of the condition precedent linking effectiveness of the settlement with completion of the transaction that would result in CDP acquiring a stake in ASPI for the reasons explained in previous correspondence.

On 5 November 2020, with reference to the letter of 8 October 2020 in which ASPI expressed its willingness to sign the Agreement, and noting that such Agreement, together with the revised Financial Plan and the Addendum, form indivisible parts of any agreement settling the dispute, ASPI sent the Grantor the draft Addendum with the proposed changes previously discussed with the Grantor. The letter of 5 November also contained a request for a meeting so as to rapidly arrive at a final version of the Addendum.

Five-yearly update of ASPI's Financial Plan

With regard to the five-yearly update of the Financial Plan, following submission of the updated Financial Plan on 23 July, specifying that the Plan cannot be considered in isolation, but must, if it is to be valid, be taken together with the Addendum and the Settlement Agreement as indivisible parts of the overall agreement. In a letter dated 3 August 2020, the MIT set out its conclusions regarding the proposed Plan, setting out the changes to be made.

On 1 September 2020, following talks with the Grantor and the Government, ASPI submitted a further version of the Financial Plan, taking into account the Grantor's observations contained in the letter of 3 August 2020 and the outcome of later discussions with officials from the MEF.

Following further talks with the Grantor and the Government, on 14 September, ASPI again submitted the Financial Plan, containing a number of clarifications and summary tables requested by the Grantor.

On 14 October 2020, the Transport Regulator ("ART") published the opinion provided to the MIT in accordance with art. 43 of Law Decree 201 of 2011 regarding the update of the Financial Plan relating to the Single Concession Arrangement between ANAS and ASPI, on its website. The regulator's opinion expresses certain reservations regarding the Plan drawn up by ASPI which, though it substantially applies the Tariff System devised by ART, includes a number of clear differences in terms of application that could potentially be reflected in the level of the tolls charged to road users.

On 17 October 2020, ASPI sent the Grantor and the other Government departments its observations on the opinion published by ART on the proposed update of the Financial Plan. The Company noted that, despite the ongoing legal dispute over introduction of the regulator's new tariff system, ASPI was willing to evaluate potential application of the new system under procedures agreed on with the Grantor, as part of the agreed settlement of the dispute over serious breaches and alongside finalisation of the Agreement and the Addendum to the Single Concession Arrangement. In view of this, ASPI invited the departments involved to take all the necessary steps to rapidly approve the Financial Plan submitted on 14 September 2020 on the previously agreed basis, and to quickly sign the Agreement bringing an end to the dispute, in accordance with the terms set out in the previous letter of 8 October 2020, in relation to which the Company is immediately willing to reach agreement on the Addendum.

In its letter dated 22 October 2020, the Grantor, in response to the proposed Financial Plan submitted by ASPI on 14 September 2020 and the regulator's opinion, requested ASPI to amend the proposed plan and to provide clarifications, details and documentation regarding a number of concerns raised by the regulator.

In this regard, talks with the Ministry are ongoing with the aim of concluding the procedure for updating the Financial Plan.

Extraordinary tunnel inspections – Ministerial Circular no. 6736/61A1 of 19 July 1967 – Launch of a procedure for serious breach pursuant to art. 8 of the Single Concession Arrangement

With regard to the announcement of 22 July 2020, marking the launch of a procedure for breaches pursuant to art. 8 of the Single Concession Arrangement, relating to the inspections conducted by ASPI on tunnels along the network it operates, above all in the Liguria region, on 21 August 2020, ASPI sent its observations to the Grantor. The Company requested closure of the procedure due to the absence of the serious breaches it was accused of committing, requesting in any event to be heard in order to provide further clarification.

ASPI's observations contain a thorough report setting out the state of discussions and correspondence with the Grantor regarding the procedures for inspecting motorway tunnels. This unequivocally shows, on the one hand, that both operators and the Grantor were working on the basis of a uniform interpretation of the related legislation until May 2020 whilst, on the other, demonstrating that the Grantor continuously altered its interpretation of the above legislation in the period between the end of May and July 2020. Moreover, the report shows that ASPI rapidly complied with any requirements regarding the procedures for inspecting motorway tunnels communicated by the Grantor in this latter period, even when they were in conflict with one another.

Investigation by the Public Prosecutor's Office in Genoa

The collapse of a section of the Polcevera road bridge has resulted in criminal action before the Court of Genoa against 39 personnel, including executives and other people employed at the Company's Rome headquarters and the relevant area office in Genoa, in relation to offences provided for in articles: 449-434 of the criminal code ("accessory to culpable collapse"); 449-432 of the criminal code ("violation of transport safety regulations aggravated by culpable disaster"); 589-*bis*, paragraph 1 of the criminal code ("culpable vehicular homicide"); 590-*bis*, paragraph 1 of the criminal code ("grievous or very grievous bodily harm caused by road traffic violations"); 589, paragraphs 1, 2 and 3 of the criminal code ("culpable homicide resulting from breaches of occupational health and safety regulations"); 590, paragraphs 1, 3 and 4 of the criminal code ("negligent injury resulting from breaches of occupational health and safety regulations"). Three of Autostrade per l'Italia's executives were subsequently also placed under investigation for the offence provided for in articles 110 and 479 of the criminal code ("false statements by a public officer in a public office"). As part of the same procedure, Autostrade per l'Italia is also under investigation pursuant to art. 25-*septies* of Legislative Decree 231/2001, relating to "Culpable homicide or grievous or very grievous bodily harm resulting from breaches of occupational health and safety regulations".

Two pre-trial investigations were arranged by the preliminary investigating magistrate. The first, aimed at ascertaining the conditions at the disaster scene, concluded with the filing of an initial report prepared by experts on 31 July 2020, followed by a hearing to examine it on 20 September 2019. With regard to the second pre-trial hearing, the purpose of which is to determine the causes of the collapse, at the hearing held on 14 July 2020, following the swearing in of a new court-appointed expert, the preliminary investigating magistrate further extended the deadline for completion of the expert investigation until 15 October 2020 and, as a result, the deadline for filing the expert technical report until 31 October 2020. The hearing at which the report is to be discussed is now scheduled to take place from 1 December 2020.

Subsequently, on 15 October, following a request from the court-appointed experts to carry out further technical examinations, the preliminary investigating magistrate further extended the deadline for completion of the expert investigation until 30 October 2020 and, as a result, the deadline for filing the expert technical report until 30 November 2020. The hearing at which the report is to be discussed is now scheduled to take place on 11 January 2021.

Award of the concession for the A3 Naples-Pompei-Salerno motorway

With regard to Autostrade Meridionali's appeal to the Campania Regional Administrative Court against the decision to award the SIS Consortium the new concession to operate the A3 Naples-Pompei-Salerno motorway, requesting its cancellation after suspension of the award, on 13 May 2020, the Court rejected Autostrade Meridionali's request for a provisional injunction halting the award and, at the same time, scheduled a hearing on the merits of the case to be held on 7 October 2020. Following this hearing, on 21 October 2020, the Campania Regional Administrative Court's ruling, turning down Autostrade Meridionali's appeal, was published. As a result, the appeal lodged by SIS was ruled inadmissible.

Investigation conducted by the Public Prosecutor's Office in Genoa regarding the installation of integrated safety and noise barriers on the A12

The new strand of the investigation, resulting from two accidents on 6 November 2016 and 17 January 2017 following the failure of this type of barrier on the Rio Rezza and Rio Castagna road bridges on the A12, regards the offences in articles 110 (aiding and abetting), 81 (continuing offence), 356 (public procurement fraud, with the aggravating circumstances referred to in paragraph 2 of art. 355, paragraph 2.1), categorised as a breach of a public procurement contract, where the offence was committed in relation to goods or works to be used for land transport), 432 (violation of transport safety regulations) and 61.9) (with the aggravating circumatance that the offence was committed in breach of the duties associated with a public role in management of the motorway network operated under concession) of the criminal code.

On 11 November 2020, the preliminary investigating magistrate imposed precautionary measures on four former managers and two engineers still employed by Autostrade per l'Italia SpA.

Specifically, the Company's 3 former managers are now under house arrest, whilst another former and the 2 employees still employed by the Company have been suspended from holding any public office for a period of 12 months. They are also banned from carrying out any related activity, and are temporarily banned from carrying out any similar activity for any public or private entity, with regard to road or transport safety, for a period of 12 months.

As regards the two personnel still employed, the Company suspended them, whilst reserving the right to take further action once the full facts are known.

All of the barriers (located on approximately 60 km of the 3,000 km of network) were inspected and appropriate steps taken to make them safe between the end of 2019 and January 2020, following a careful inspection of the entire motorway network conducted by the Company in order to assess the barriers' collision- and wind-resistance.
At the same time, at the beginning of 2020, the company agreed with the Grantor that it would replace the barriers. The cost of replacement, amounting to approximately €170m, will be borne entirely by the Company.

However, in view of the seriousness of the alleged offences, the Company, once an exhautive reconstruction of the events has been completed, reserves the right to take any and all steps necessary in order to safeguard its reputation through the appropriate channels.

Corporate events

On 14 September 2020, Atlantia SpA's Board of Directors approved a dual-track process for the sale of the parent's stake in ASPI.
This process could take place vis the following:

- the outright sale of the 88% stake in ASPI via a competitive auction;
- a partial, proportional demerger and transfer of 55% and 33% interests in ASPI to the newly established Autostrade Concessioni e Costruzioni SpA, to be listed on the stock exchange once Atlantia no longer holds an interest in the company;
- both transactions are subject to certain conditions precedent, including conclusion of the Settlement Agreement between ASPI and the MIT and the consent of both companies' lenders and bondholders.

Subsequently, on 13 October 2020, Atlantia SpA's Board of Directors confirmed their willingness to consider an offer from Cassa Depositi e Prestiti ("CDP"), acting together with other Italian and international investors, that could lead to an agreement for the outright sale of Atlantia's 88.06% stake in its subsidiary, Autostrade per l'Italia SpA, provided that such offer represented a fair market value for the investment. Talks are still ongoing.

Once the transaction and the resulting change of control have been completed, the process of obtaining the consent of lenders and bondholders will take place through a consent solicitation process. This is necessary to obtain waivers of the right to exercise early repayment provisions for certain bonds and loans and for the removal of guarantees provided by Atlantia to lenders on ASPI's behalf.

Outlook and risks or uncertainties

At the date of preparation of this announcement, there are significant ongoing uncertainties surrounding Autostrade per l'Italia's concession and regulatory framework and the resulting financial and liquidity risks, which have also been caused by the restrictions on movements introduced in order to combat the spread of the Covid-19 pandemic.

The resulting reductions in traffic are having a negative impact on the ability of Group companies to generate cash to fund planned investment and to service debt.

The Group has responded to the consequences of the decline in traffic by rapidly taking steps to implement cost efficiencies and cuts and partially revise its investment programme, whilst continuing to ensure continued investment in the safety of infrastructure. The Group is also looking into taking advantage of the measures made available by the Government to mitigate the impact.

It is not at this time possible to foresee how the situation will develop or how long it will take for traffic and the Group's activities to return to pre-existing conditions. A preliminary sensitivity analysis, conducted with the support of leading research organisations, results in an estimated annual decline in traffic of up to 30% compared with the previous year. This would lead to an estimated reduction in Autostrade per l'Italia's revenue of up to €1,000m. The assumptions underlying such a sensitivity analysis are, however, subject to change depending on events and on a number of risk factors and uncertainties. in this regard, on 3 November, the Government reintroduced a number of restrictions on mobility and movement, similar to those in place in the period from March to June 2020. We do not, at this time, expect the measures adopted so far by the Government to result in an overall annual reduction in traffic in excess of 30% compared with the previous year. Group companies are closely monitoring developments in the situation and further cost efficiencies, as well as the potential for taking advantage of Government measures designed to mitigate the impact on the financial position.

Explanatory notes

Like-for-like performance indicators

The following table shows a reconciliation of like-for-like consolidated amounts, for the two comparative periods, for gross operating profit (EBITDA), profit for the period, profit for the period attributable to owners of the parent and operating cash flow and the corresponding amounts presented in the reclassified consolidated financial statements shown above.

		9M 2020				9M 2019			
€m	Note	Gross operating profit (EBITDA)	Profit/(Loss) for the period	Profit/(Loss) attributable to owners of the parent	Operating cash flow	Gross operating profit (EBITDA)	Profit/(Loss) for the period	Profit/(Loss) attributable to owners of the parent	Operating cash flow
Reported amounts (A)		**491**	**-295**	**-292**	**540**	**1,903**	**769**	**759**	**1,182**
Adjustments for non like-for-like items									
Impact connected with collapse of a section of the Polcevera road bridge	(1)	-13	-9	-9	-130	18	14	14	-184
Estimated additional costs to be incurred in relation to resolution of the dispute with the MIT	(2)	-200	-136	-136	-				
3.5% IRES surtax on motorway operators	(3)	-	-8	-8	-2	-	-	-	-
Change in discount rate applied to provisions	(4)	-29	-16	-13	-2	-47	-38	-35	-
Sub-total (B)		**-242**	**-169**	**-166**	**-134**	**-29**	**-24**	**-21**	**-184**
Like-for-like amounts (C) = (A)-(B)		**733**	**-126**	**-126**	**674**	**1,932**	**793**	**780**	**1,366**

Notes:
The term "like-for-like basis", used in the description of changes in certain consolidated performance indicators, means that amounts for comparative periods have been determined by eliminating:

1) from consolidated amounts for the first nine months of 2020 and the first nine months of 2019, the after-tax impact on the income statement and on operating cash flow of (i) reductions in toll revenue, (ii) payments made at the request of the Special Commissioner for Genoa in relation to reconstruction of the Polcevera road bridge, and (iii) the compensation paid to victims' families and the injured, to cover legal expenses and to fund the financial support provided to small businesses and firms;
2) from consolidated amounts for the first nine months of 2020, the impact on the income statement of the estimated additional costs to be incurred in relation to the ongoing talks with the Government and the MIT aimed at resolving the dispute between the parties, compared with the provisions already made as at 31 December 2019;
3) from consolidated amounts for the first nine months of 2020, the overall impact linked to the increase in current tax expense and remeasurement of the deferred tax assets and liabilities of operators resulting from the IRES surtax introduced by the 2020 Stability Law with effect from 2019;
4) from consolidated amounts for the first nine months of 2020 and the first nine months of 2019, the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group's liabilities.

Alternative performance indicators

The Group's performance is assessed on the basis of a number of alternative performance indicators ("APIs"), calculated on the same basis used in the Group's Annual Report for 2019, to which reference should be made. In application of the CONSOB Ruling of 3 December 2015, governing implementation in Italy of the guidelines for alternative performance indicators ("APIs") issued by the European Securities and Markets Authority (ESMA), the composition of each indicator and reconciliations with reported amounts are provided below:

- "**Gross operating profit (EBITDA)**", the synthetic indicator of earnings from operations, calculated by deducting the operating change in provisions and operating costs, with the exception of amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for the costs to be incurred over time in relation to the renewal of infrastructure operated under concession by Società Italiana per Azioni per il Traforo del Monte Bianco, from operating revenue;
- "**Operating profit (EBIT)**", the indicator that measures the return on the capital invested in the business, calculated by deducting amortisation, depreciation, impairment losses, reversals of impairment losses and the above provisions for the costs to be incurred over time in relation to the

renewal of infrastructure operated under concession by Società Italiana per Azioni per il Traforo del Monte Bianco from EBITDA. Like EBITDA, EBIT does not include the capitalised component of financial expenses relating to construction services, which is shown in a specific item under financial income and expenses in the reclassified income statement, whilst being included in revenue in the consolidated income statement in the statutory financial statements;

- "**Net invested capital**", showing the total value of non-financial assets, after deducting non-financial liabilities;
- "**Net debt**", indicating the portion of net invested capital funded by net financial liabilities, calculated by deducting "Current and non-current financial assets" from "Current and non-current financial liabilities";
- "**Capital expenditure**", indicating the total amount invested in development of the Group's businesses, calculated as the sum of cash used in investment in property, plant and equipment, in assets held under concession and in other intangible assets, excluding investment linked to transactions involving investees;
- "**Operating cash flow**", indicating the cash generated by or used in operating activities. Operating cash flow is calculated as profit for the period + amortisation/depreciation +/- impairments/reversals of impairments of assets +/- provisions/releases of provisions in excess of requirements and uses of provisions + other adjustments + financial expenses from discounting of provisions +/- share of profit/(loss) of investees accounted for using equity method +/- (losses)/gains on sale of assets +/- other non-cash items +/- deferred tax assets/liabilities recognised in profit or loss.

A number of APIs, calculated as above, are also presented after certain adjustments applied in order to provide a consistent basis for comparison over time. These "like-for-like changes", used in the analysis of changes in gross operating profit (EBITDA), profit for the period, profit for the period attributable to owners of the parent and operating cash flow, have been calculated by excluding, where present, the impact of: (i) changes in the scope of consolidation, and (ii) events and/or transactions not strictly connected with operating activities that have an appreciable influence on amounts for at least one of the two comparative periods. The section, "Explanatory notes – Like-for-like performance indicators", included in this announcement, provides a reconciliation of like-for-like indicators and the corresponding amounts presented in the reclassified consolidated financial statements, in addition to details of the adjustments made.

Reconciliation of the reclassified and statutory financial statements

Reconciliations of the income statement, statement of financial position and statement of cash flows, as prepared under IFRS, with the corresponding reclassified financial statements presented above are shown below.

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT WITH THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT

€m	9M 2020						9M 2019					
Reconciliation of items	Reported basis			Reclassified basis			Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Toll revenue			2,124			2,124			2,817			2,817
Revenue from construction services			105						95			
Revenue from construction services - government grants and cost of materials and external services	*(a)*	*90*					*(a)*	*86*				
Capitalised staff costs - construction services for which additional economic benefits are received	*(b)*	*7*					*(b)*	*6*				
Revenue from construction services: capitalised financial expenses	*(c)*	*8*					*(c)*	*3*				
Revenue from construction services provided by sub-operators	*(d)*	*-*					*(d)*	*-*				
Other revenue	*(e)*		173				*(e)*		299			
Other operating income				*(e+d)*		173				*(e+d)*		299
Revenue from construction services provided by sub-operators				*(d)*	-					*(d)*	-	
Total revenue			**2,402**						3,211			
TOTAL OPERATING REVENUE						**2,297**						**3,116**
Raw and consumable materials			**-59**		-59				-202		-202	
Service costs			**-990**		-990				-706		-706	
Gain/(Loss) on sale of elements of property, plant and equipment			-		-				-		-	
Other operating costs			**-313**						-420			
Concession fees	*(f)*		-275				*(f)*		-361			
Lease expense			-7		-7				-4		-4	
Other			-31		-31				-55		-55	
Use of provisions for construction services required by contract				*(j)*	*188*					*(j)*	*260*	
Revenue from construction services: government grants and capitalised cost of materials and external services				*(a)*	*90*					*(a)*	*86*	
Use of provisions for renewal of motorway infrastructure				*(i)*	-					*(i)*	-	
COST OF MATERIALS AND EXTERNAL SERVICES						-809						-621
CONCESSION FEES				*(f)*		-275				*(f)*		-361
Staff costs	*(g)*		**-352**				*(g)*		-392			
NET STAFF COSTS				*(g+b+k)*		-328				*(g+b+k)*		-368
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						-394						137
Operating change in provisions			**-408**						124			
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			-193		-193				150		150	
(Provisions)/Uses of provisions for renewal of motorway infrastructure			-14						-13			
Provisions for renewal of motorway infrastructure	*(h)*	*-14*					*(h)*	*-13*				
Uses of provisions for renewal of motorway infrastructure	*(i)*	-					*(i)*	-				
Provisions/(Uses) of provisions for risks and charges			-201		-201				-13		-13	
TOTAL NET OPERATING COSTS						**-1,806**						**-1,213**
GROSS OPERATING PROFIT/(LOSS) (EBITDA)						**491**						**1,903**
Use of provisions for construction services required by contract			**205**						278			
Use of provisions for construction services required by contract	*(j)*	*188*					*(j)*	*260*				
Capitalised staff costs - construction services for which no additional economic benefits are received	*(k)*	*17*					*(k)*	*18*				
Amortisation and depreciation	*(l)*		**-484**				*(l)*		-469			
Depreciation of property, plant and equipment			-17						-17			
Amortisation of intangible assets deriving from concession rights			-452						-438			
Amortisation of other intangible assets			-15						-14			
(Impairment losses)/Reversals of impairment losses	*(m)*		**-2**				*(m)*		-7			
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES, REVERSALS OF IMPAIRMENT LOSSES AND PROVISIONS FOR RENEWAL WORK				*(l+h+m)*		**-500**				*(l+h+m)*		**-489**
TOTAL COSTS			**-2,403**						-1,794			
OPERATING PROFIT/(LOSS)			**-1**						1,417			
OPERATING PROFIT/(LOSS) (EBIT)						**-9**						**1,414**
Financial income			**54**						64			
Dividends received from investees	*(n)*		-				*(n)*		-			
Other financial income	*(o)*		54				*(o)*		64			
Financial expenses			**-431**						-384			
Financial expenses from discounting of provisions for construction services required by contract and other provisions	*(p)*		-13				*(p)*		-29			
Other financial expenses	*(q)*		-418				*(q)*		-355			
Foreign exchange gains/(losses)	*(r)*		-				*(r)*		-			
FINANCIAL INCOME/(EXPENSES)			**-377**						-320			
Net financial expenses				*(c+n+o+p+q+r)*		**-369**				*(c+n+o+p+q+r)*		**-317**
Share of profit/(loss) of investees accounted for using the equity method			**-6**			**-6**			-1			**-1**
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			**-384**			**-384**			1,096			**1,096**
Income tax (expense)/benefit			**88**			**88**			-327			**-327**
Current tax expense			-23						-239			
Differences on tax expense for previous years			1						2			
Deferred tax income and expense			110						-90			
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			**-296**			**-296**			769			**769**
Proft/(Loss) from discontinued operations			**1**			**1**			-			**-**
PROFIT/(LOSS) FOR THE PERIOD			**-295**			**-295**			769			**769**
of which:												
Profit/(Loss) attributable to owners of the parent			**-292**			**-292**			759			**759**
Profit/(Loss) attributable to non-controlling interests			**-3**			**-3**			10			**10**

RECONCILIATION OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION WITH THE RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€m	30 September 2020						31 December 2019					
Reconciliation of items	**Reported basis**			**Reclassified basis**			**Reported basis**			**Reclassified basis**		
	Ref.		**Main entries**	*Ref.*	**Sub-items**	**Main entries**	*Ref.*		**Main entries**	*Ref.*	**Sub-items**	**Main entries**
Non-current non-financial assets												
Property, plant and equipment	*(a)*		82			82	*(a)*		88			88
Intangible assets	*(b)*		17,422			17,422	*(b)*		17,727			17,727
Investments	*(c)*		77			77	*(c)*		82			82
Deferred tax assets	*(d)*		116			116	*(d)*		111			111
Other non-current assets	*(e)*		-			-	*(e)*		-			-
Total non-current non-financial assets (A)						**17,697**						**18,008**
Working capital												
Trading assets	*(f)*		570			570	*(f)*		559			559
Current tax assets	*(g)*		58			58	*(g)*		48			48
Other current assets	*(h)*		145			145	*(h)*		134			134
Non-financial assets held for sale or related to discontinued operations				*(w)*		4				*(w)*		4
contract	*(i)*		-717			-717	*(i)*		-449			-449
Current provisions	*(j)*		-2,429			-2,429	*(j)*		-2,259			-2,259
Trading liabilities	*(k)*		-1,312			-1,312	*(k)*		-1,360			-1,360
Current tax liabilities	*(l)*		-22			-22	*(l)*		-45			-45
Other current liabilities	*(m)*		-283			-283	*(m)*		-324			-324
Non-financial liabilities related to discontinued operations				*(x)*		-				*(x)*		-
Total working capital (B)						**-3,986**						**-3,692**
Gross invested capital (C=A+B)						**13,711**						**14,316**
Non-current non-financial liabilities												
Non-current portion of provisions for construction services required by contract	*(n)*		-1,872			-1,872	*(n)*		-2,312			-2,312
Non-current provisions	*(o)*		-1,444			-1,444	*(o)*		-1,222			-1,222
Deferred tax liabilities	*(p)*		-42			-42	*(p)*		-141			-141
Other non-current liabilities	*(q)*		-24			-24	*(q)*		-29			-29
Total non-current non-financial liabilities (D)						**-3,382**						**-3,704**
NET INVESTED CAPITAL (E=C+D)						**10,329**						**10,612**
Total equity (F)			**1,941**			**1,941**			**2,220**			**2,220**
Net debt/(Net funds)												
Non-current net debt/(net funds)												
Non-current financial liabilities	*(r)*		**7,550**			**7,550**	*(r)*		**9,682**			**9,682**
Non-current financial assets	*(s)*		**-366**			**-366**	*(s)*		**-348**			**-348**
Total non-current net debt/(net funds) (G)						**7,184**						**9,334**
Current net debt/(net funds)												
Current financial liabilities	*(t)*		**3,037**			**3,037**	*(t)*		**1,168**			**1,168**
Short-term borrowings		*340*			*340*			*245*			*245*	
Current derivative liabilities		*-*			*-*			*1*			*1*	
Intercompany current account payables due to related parties		*2*			*2*			*28*			*28*	
Current portion of medium/long-term borrowings		*2,314*			*2,314*			*863*			*863*	
Other current financial liabilities		*381*			*381*			*31*			*31*	
Current financial liabilities related to discontinued operations				*(aa)*	*-*					*(aa)*	*-*	
Cash and cash equivalents	*(u)*		**-1,381**			**-1,381**	*(u)*		**-1,619**			**-1,619**
Cash		*-831*			*-831*			*-954*			*-954*	
Cash equivalents		*-24*			*-24*		-	*5*		-	*5*	
Intercompany current account receivables due from related parties		*-526*			*-526*			*-660*			*-660*	
Cash and cash equivalents related to discontinued operations				*(y)*	*-*					*(y)*	*-*	
Current financial assets	*(v)*		**-452**			**-452**	*(v)*		**-491**			**-491**
Current financial assets deriving from concession rights		*-411*			*-411*			*-410*			*-410*	
Current financial assets deriving from government grants		*-5*			*-5*			*-25*			*-25*	
Current term deposits		*-4*			*-4*			*-25*			*-25*	
Current portion of other medium/long-term financial assets		*-14*			*-14*			*-23*			*-23*	
Other current financial assets		*-18*			*-18*			*-8*			*-8*	
Financial assets held for sale or related to discontinued operations				*(z)*	*-*					*(z)*	*-*	
Total current net debt (H)						**1,204**						**-942**
Total net debt (I=G+H)						**8,388**						**8,392**
NET DEBT AND EQUITY (L=F+I)						**10,329**						**10,612**
Assets held for sale or related to discontinued operations	*(-y-z+w)*		4				*(-y-z+w)*		4			
Liabilities related to discontinued operations	*(-x+aa)*		-				*(-x+aa)*		-			
TOTAL NON-CURRENT ASSETS	*(a+b+c+d+e-s)*		**18,063**				*(a+b+c+d+e-s)*		**18,356**			
TOTAL CURRENT ASSETS	*(f+g+h-u-v-y-z+w)*		**2,610**				*(f+g+h-u-v-y-z+w)*		**2,855**			
TOTAL NON-CURRENT LIABILITIES	*(-n-o-p-q+r)*		**10,932**				*(-n-o-p-q+r)*		**13,386**			
TOTAL CURRENT LIABILITIES	*(-i-j-k-l-m+t-x+aa)*		**7,800**				*(-i-j-k-l-m+t-x+aa)*		**5,605**			

RECONCILIATION OF THE STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT WITH THE CONSOLIDATED STATEMENT OF CASH FLOWS

€m		9M 2020		9M 2019	
Reconciliation of items	*Note*	**Consolidated statement of cash flows**	**Changes in consolidated net debt**	**Consolidated statement of cash flows**	**Changes in consolidated net debt**
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit/(Loss) for the period		**-295**	**-295**	**769**	**769**
Adjusted by:					
Amortisation and depreciation		484	484	469	469
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure		386	386	-175	-175
Financial expenses from discounting of provisions for construction services required by contract and other provisions		13	13	29	29
Share of (profit)/loss of investees accounted for using the equity method		6	6	1	1
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		2	2	7	7
Net change in deferred tax (assets)/liabilities through profit or loss		-110	-110	90	90
Other non-cash costs (income)		54	54	-8	-8
Operating cash flow			**540**		**1,182**
Change in operating capital	(a)		-38		13
Other changes in non-financial assets and liabilities	(b)		-121		78
Change in working capital and other changes	(a+b)	-159		91	
Net cash generated from/(used in) operating activities (A)		**381**	**381**	**1,273**	**1,273**
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Investment in assets held under concession		-310	-310	-373	-373
Purchases of property, plant and equipment		-12	-12	-9	-9
Purchases of other intangible assets		-23	-23	-13	-13
Capital expenditure			**-345**		**-395**
Government grants related to assets held under concession		-	-	2	2
Increase in financial assets deriving from concession rights (related to capital expenditure)		1	-	1	1
Purchases of investments		-	-	-3	-3
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		1	1	1	1
Net change in other non-current assets		-	-	-	-
Net change in current and non-current financial assets	(c)	22		61	
Net cash from/(used in) investment in non-financial assets (B)	**(d)**		**-344**		**-394**
Net cash generated from/(used in) investing activities (C)	**(c+d)**	**-321**		**-333**	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders	(e)		-		-319
Dividends paid	(f)	-		-322	
Net equity cash inflows/(outflows) (D)			**-**		**-319**
Net cash generated during period (A+B+D)			**37**		**560**
Increase in lease liabilities		2		3	
Redemption of bonds		-502		-593	
Repayments of medium/long term borrowings (excluding finance lease liabilities)		-140		-125	
Repayments of lease liabilities		-2		-2	
Net change in other current and non-current financial liabilities		370		-108	
Net cash generated from/(used in) financing activities (E)		**-272**		**-1,147**	
Change in fair value of hedging derivatives			-		-191
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)			-2		-2
Other changes			-31		1
Other changes in net debt (F)			**-33**		**-192**
(Decrease)/Increase in net debt for period (A+B+D+F)			**4**		**368**
Net debt at beginning of period			**-8,392**		**-8,813**
Net debt at end of period			**-8,388**		**-8,445**
Increase/(Decrease) in cash and cash equivalents during period (A+C+E+G)		**-212**		**-207**	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**1,592**		**1,784**	
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,380**		**1,577**	

Notes:

a) the “Change in operating capital” shows the change in trade-related items directly linked to the Group’s ordinary activities (in particular: inventories, trading assets and trading liabilities);
b) the “Other changes in non-financial assets and liabilities” shows changes in items of a non-trading nature (in particular: current tax assets and liabilities, other current assets and liabilities, current provisions for construction services required by contract and other provisions);
c) the “Net change in current and non-current financial assets” is not shown in the “Statement of changes in consolidated net debt”, as it does not have an impact on net debt;
d) “Net cash from/(used in) investment in non-financial assets” excludes changes in the financial assets and liabilities that do not have an impact on net debt;
e) “Dividends declared by Autostrade per l'Italia and Group companies and payable to non-controlling shareholders” regard dividends declared by the Parent Company and other Group companies attributable to non-controlling interests, regardless of the period of payment;
f) “Dividends paid” refer to amounts effectively paid during the reporting period.

* * *

The manager responsible for financial reporting, Alberto Milvio, declares, pursuant to section 2 of article 154 bis of the Consolidated Finance Act, that the accounting information contained in this release is consistent with the underlying accounting records.

The Group's net debt, as defined in the European Securities and Market Authority – ESMA Recommendation of 20 March 2013 (which does not entail the deduction of non-current financial assets from debt), amounts to €8,754m as at 30 September 2020 (net debt of €8,740m as at 31 December 2019).