Press Release

BOARD APPROVES AUTOSTRADE PER L'ITALIA GROUP'S INTERIM REPORT FOR SIX MONTHS ENDED 30 JUNE 2020

Consolidated results for H1 2020(1)

- **Results for H1 2020 reflect impact of the Covid-19 pandemic**
- **Traffic on Group's motorway network down 37.7%**
- **Operating revenue of €1,263m down €704m (36%)**
- **Gross operating loss (negative EBITDA) of €62m marks deterioration of €1,224m (€1,033m on like-for-like basis)(2), reflecting, in addition to the impact of the pandemic, additional provisions of €500m for the 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 the latest settlement proposal submitted to the Government**
- **Loss attributable to owners of parent totals €476m, compared with profit of €426m in H1 2019, marking deterioration of €902m (€778m on like-for-like basis)(2)**
- **Capital expenditure totals €215m**
- **Operating cash flow of €219m down €468m (down €502m on like-for-like basis)(2)**
- **Group's net debt at 30 June 2020 totals €8,868m, up €476m compared with 31**

(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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December 2019 (€8,392m)

- **Delivery of accelerated maintenance programme is continuing in full accordance with Transformation Plan 2020-2023**
- **Talks with authorities aimed at bringing end to dispute over alleged serious breaches of Concession Arrangement are ongoing**
- **New Financial Plan submitted to the Ministry of Infrastructure and Transport on 23 July**

Rome, 4 August 2020 – The Board of Directors of Autostrade per l'Italia SpA, chaired by Giuliano Mari, met on 3 August 2020 to approve the Autostrade per l'Italia Group's interim report for the six months ended 30 June 2020 ("H1 2020"), which will be published within the deadline established by the relevant statutory requirements, together with the results of the audit currently in progress. The consolidated accounts presented in the interim report have been prepared in accordance with the IFRS in effect at 30 June 2020.

During preparation of the condensed consolidated interim financial statements, 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, Autostrade per l'Italia's Board of Directors concluded that the uncertainties that emerged were surmountable and it was, therefore, deemed appropriate to prepare the condensed consolidated interim financial statements on a going concern basis. This followed an assessment of all the relevant elements and was based on the assumption that it is reasonably likely that agreement will be reached with the Government and the Ministry of Infrastructure and Transport (the "MIT"), thereby bringing to an end the dispute over alleged serious breaches of the Concession Arrangement initiated on 16 August 2018.

During the first half 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 €565m (€411m after tax).

With regard to the collapse of a section of the Polcevera road bridge on the A10 Genoa-Ventimiglia motorway on 14 August 2018, as at 30 June 2020:

- at the request of the Special Commissioner for Genoa, the Company has paid out €379m, which was covered by use of the related provisions for repair and replacement (of which €95m in the first half of 2020);
- compensation of €59m 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 €8m in the first half of 2020).

The decision to exempt road users in the Genoa area from the payment of tolls in the first half of 2020 has resulted in an estimated reduction in toll revenue of €7m (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 following the collapse of a section of the Polcevera road bridge, as described below, there has been extensive engagement with the MIT in 2020 through to the date of preparation of the Interim Report for the six months ended 30 June 2020. On 11 July 2020, the Company submitted a new proposal which, among other things, has increased the funds the Company has committed to make available, at its own expense and without receiving any return, to €3,400m, an increase of €500m compared with the amount proposed on 5 March 2020. 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".

With regard to the approach to presentation of the proposal of 5 March 2020, as used in the accounts included in the Annual Report for 2019, it should be noted that the sum of €1,500m was recognised in "Other provisions for risks and charges". As a result of the commitments assumed in the new proposal with regard to demolition and reconstruction of the Polcevera road bridge, further provisions amounting to €200m have been made, thereby increasing the provisions for risks and charges set aside as at 31 December 2019 to €1,700m. As regards the sum of €500m earmarked to fund additional maintenance work, this increase has been included in "Provisions for the repair and replacement of motorway infrastructure", which takes into account the commitments assumed by the Company for this purpose.

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

Finally, the scope of consolidation as at 30 June 2020 is unchanged with respect to 31 December 2019.

Autostrade for Genoa

Collapse of the Morandi road bridge and the extraordinary monitoring of infrastructure

Following the collapse of a section of the Morandi road bridge on the A10 motorway in Genoa on 14 August 2018, Autostrade per l'Italia put in place an extraordinary monitoring programme for the infrastructure along its network, carried out by a pool of external companies specialising in the inspection and certification of infrastructure. This activity regarded all the infrastructure assets managed by the Company, consisting of 1,946 bridges and viaducts. Quarterly surveillance activities were also carried out on schedule in early 2020 by a pool of leading external companies.

The new approach to the surveillance of network infrastructure has made maintenance planning more efficient. It has speeded up the performance of work, which now takes almost half the time originally foreseen. This will increase the cost of the extraordinary bridge and viaduct maintenance programme for the period 2019-2023 to over €370m, with work taking place on approximately 530 structures around the country, including 139 bridges and viaducts managed by the Genoa Area Office.

The monitoring and surveillance of tunnels has also radically changed. Following the incident that took place in the Bertè tunnel on the A26, on the evening of 30 December 2019, Autostrade per l'Italia reached agreement with the Ministry of Infrastructure and Transport (the "MIT") on an inspection programme designed to carry out detailed surveys of all the tunnels on the network, extending for a total of approximately 354 km. The latest technologies are being used to carry out the surveys, including georadar and laser scanners to get a closer look at the condition of the tunnels. Visual inspections are also being conducted at the same time, using video endoscopy, so as to assess the state of the cement. Based on the initial findings, repair work was immediately carried where necessary. The first phase of the inspections is nearing completion. Following the measures introduced by the MIT on 29 May 2020, altering the inspection procedures to be followed, it was necessary to restart the checks on tunnels in the Liguria region from scratch, deploying a significant quantity of personnel and equipment in order to meet the strict requirements and deadlines imposed on the Company. The large number of sites where inspections and maintenance work had to be carried out on a daily basis – totalling an average of 100 - caused major disruption to traffic. For this reason, the Company decided to exempt users on over 150 km of motorway in the Liguria region from the payment of all tolls whilst the disruption lasted. Inspections of the 285 tunnels on the motorway network in Liguria were completed between 29 and 30 July.

A second in-depth assessment phase will be completed by the end of the first quarter of 2021. This type of activity is being carried out by a number of leading engineering companies specialising in tunnel inspections, including the Lombardi group, SWS Engineering and Rocksoil, who have maintained and inspected some of the world's best-known tunnels, such as for example the Saint Gothard tunnel and the Bermont Tunnel.
To provide motorists and lorry drivers using the motorways in Liguria with up-to-date information on maintenance work taking place on the network, Autostrade per l'Italia is producing a "weekly bulletin" containing details of planned works. The bulletin is also sent to local authorities and media in the Liguria region, and is published on the homepage of the Company's website www.autostrade.it, as well on the Info Moving channel at service areas in the region. To communicate directly with road users, we have also begun trial use of a Telegram channel for motorway traffic in the Liguria region.
With regard to transparency, the Company has published a detailed list of all current and planned maintenance works on the most important infrastructure on its website. Transparency will be further strengthened with the publication of a map showing where major maintenance work is being carried out. This will be updated regularly.
Finally, Autostrade per l'Italia has entered into partnership with a leading international company to develop a digital platform for monitoring network infrastructure. The platform, which will use Artificial Intelligence, will make a significant contribution to enhancing the transparency of the monitoring process. The software will be able to handle all the steps involved in the survey of each individual asset, from the inspection stage through to the completion of maintenance work. The first viaducts to trial the platform will be the Bisagno viaduct in Liguria. The platform will be capable of monitoring the entire network managed by Autostrade per l'Italia by the end of 2020.

Opening of the San Giorgio bridge and our commitment to the people of Genoa

A technical committee was set up with representatives from the Special Commissioner's office with a view to ensuring the efficient operation of the new San Giorgio road bridge in Genoa. As requested by the MIT, and following signature of a specific memorandum, the Commissioner has handed back responsibility for operating the new infrastructure to

Autostrade per l'Italia's Genoa Area Office. The new bridge is due to enter service from 5 August 2020.

The Genoa Area Office has greatly intensified its engagement with local businesses and with local institutions and committees. Ongoing dialogue has been established with local committees and with mayors in the area, including with regard to the effects of the significant increase in maintenance work. This was done with the aim of providing due reassurance and transparency in response to the various concerns raised by the public and various committees and associations regarding the state of repair of the motorway network and the safety of bridges, viaducts and tunnels. Where maintenance works have had a major impact on traffic flow, the Company has agreed with local authorities to temporarily suspend the payment of tolls. The Company intends to continue to engage in ongoing dialogue with the people of Genoa.

Group operating review

Traffic performance

Traffic during the first half was significantly impacted by the progressive introduction of restrictions on movement linked to the spread of Covid-19 in Italy from the last week in February.

Traffic on the motorway network operated by Autostrade per l'Italia and its subsidiaries is down 37.7% 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 41.7%, whilst the figure for vehicles with 3 or more axles is down 13.6%.

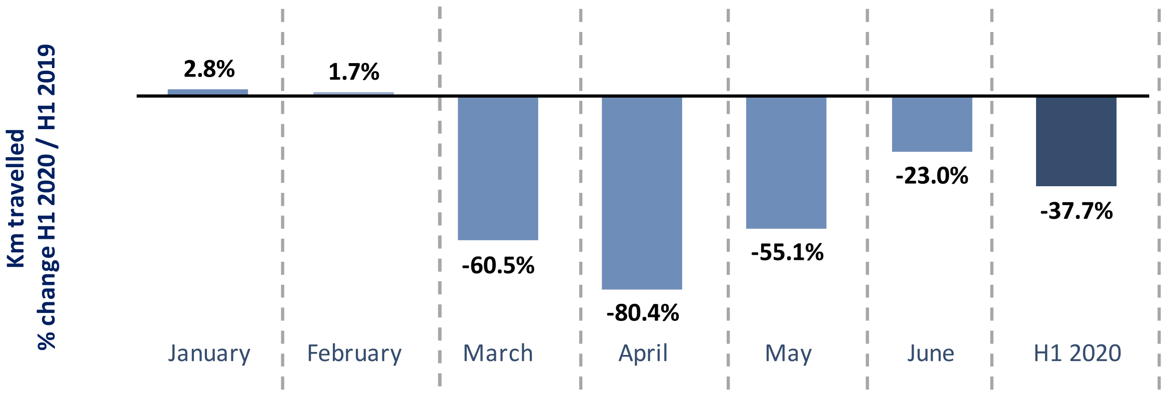
Traffic on the network operated under concession in H1 2020

OPERATOR	KM TRAVELLED (IN MILLIONS)(1)				ATVD H1 2020(2)
	VEHICLES WITH 2 AXLES	VEHICLES WITH 3+ AXLES	TOTAL VEHICLES	% CHANGE VERSUS H1 2019	
Autostrade per l'Italia	11,166	2,970	14,137	-37.9%	27,210
Autostrade Meridionali	532	12	544	-34.9%	57,915
Tangenziale di Napoli	306	5	312	-33.6%	84,782
Società Autostrada Tirrenica	68	10	78	-39.5%	9,409
Raccordo Autostradale Valle d'Aosta	26	9	35	-34.4%	5,976
Società Italiana per il Traforo del Monte Bianco	2	2	3	-40.4%	3,066
TOTAL	**12,100**	**3,008**	**15,108**	**-37.7%**	**27,582**

(1) The figures have been rounded to the nearest decimal place and those for June 2020 are provisional. The half-year performance includes the leap-year effect, equal to 0.35%

(2) ATVD - Average theoretical vehicles per day, equal to number of kilometres travelled/journey length/number of days

Monthly traffic trends on the network operated under concession in H1 2020



Capital expenditure

Capital expenditure on the motorways operated by the Group continued in the first half of 2020, with investment amounting to €215m.

(€m)	H1 2020	H1 2019
Autostrade per l'Italia -projects in Agreement of 1997	66	101
Autostrade per l'Italia - projects in IV Addendum of 2002	52	57
Autostrade per l'Italia: other capital expenditure (including capitalised costs)	77	91
Other operators (including capitalised costs)	2	8
Total investment in infrastructure operated under concession	**197**	**257**
Investment in other intangible assets	12	8
Investment in property, plant and equipment	6	6
Total capital expenditure	**215**	**271**

With regard to Autostrade per l'Italia, work on the following projects continued in the first half 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 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 construction of the fourth free-flow lane for the A4 in the Milan area.

Group financial review

"**Operating revenue**" for the first half of 2020 totals €1,263m, a reduction of €704m compared with the comparative period (€1,967m).

"**Toll revenue**" of €1,167m is down €594m compared with the first half of 2019 (€1,761m). This reflects the fall in traffic on the network, registered from the end of February 2020 and amounting to a reduction of 37.7% (down 33.6% after also taking into account the positive effect of the traffic mix). This essentially reflects the negative impact of the limitations and restrictions on movement that followed the spread of Covid-19. It should be noted that toll revenue for the first half of 2020 includes €124m (€185m 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 €61m is linked to the decline in kilometres travelled during the first half.
After stripping out the above surcharges, total revenue is down €533m compared with the first half of 2019.

"**Other operating income**" amounts to €96m (€206m in the first half of 2019), a decline of €110m. This primarily reflects reduced royalties from motorway service areas, following their complete suspension between March and May in order to support oil and food service providers. This was done to ease the financial pressures on operators during the Covid-19 emergency. In addition, it should be noted that the figure for the first half of 2019 included insurance proceeds of approximately €38m linked to the events of 14 August 2018, as mentioned above.

The "**Cost of materials and external services**" amounts to €455m, an increase of €19m compared with the first half of 2019 (€436m). The change reflects the costs connected with work on reconstruction of the Polcevera road bridge (€95m in the first half of 2020 and €155m in the comparative period). The impact of these costs on EBITDA is essentially 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 €79m 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. These increased costs were partially offset by a reduction in the variable costs linked to winter operations, reflecting kinder weather conditions during the first half of 2020, compared with the comparative period.

"**Concession fees**", totalling €150m, are down €77m compared with the first half of 2019 (€227m), reflecting the peformance of traffic, toll revenue and sub-concession arrangements.

"**Net staff costs**" of €212m are down €41m compared with the first half of 2019 (€253m). This essentially reflects the following:

- a reduction of 263 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 of €508m (income of €111m in the comparative period), essentially linked to:

- net provisions of €403m to reflect an updated estimate of the cost of repairs to network infrastructure, essentially at Autostrade per l'Italia, partially offset by the positive impact of the use of provisions to fund work on demolition and reconstruction of the Polcevera road bridge (€95m from provisions already made in previous years);
- new provisions for risks and charges of €200m made by Autostrade per l'Italia, 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 brought, as mentioned above.

It should also be noted that the income of €111m generated by the "Operating change in provisions" in the first half of 2019 included the impact of the use of the provisions for the repair and replacement of motorway infrastructure to fund preparations for the reconstruction of the Polcevera road bridge (€154m from provisions already made as at 31 December 2018) and of provisions for risks and charges, totalling €4m, relating to compensation paid to families of the victims of the events of 14 August 2018.

The “**Gross operating loss**” **(negative EBITDA)** of €62m marks a deterioration of €1,224m compared with the first half of 2020 (€1,162m). This essentially reflects the above impact on revenue of restrictions on movement and the operating change in provisions. On a like-for-like basis, EBITDA amounts to €153m, a reduction of €1,033m (87%).

“**Amortisation and depreciation, impairment losses and reversals of impairment losses**”, total €330m (€329m in the first half of 2019).

The “**Operating loss**” **(negative EBIT)** of €392m marks a deterioration of €1,225m compared with the first half of 2019 (a profit of €833m).

“**Net other financial expenses**” of €254m are up €55m compared with the same period of 2019 (€199m), essentially due to changes in fair value losses on derivatives reclassified as not qualifying for hedge accounting in 2019 (€54m).

The “**Share of (profit)/loss of investees accounted for using the equity method**” amounts to a loss of €4m (€1m in the first half of 2019), reflecting the Group’s share of the profit or loss of its associates.

“**Tax benefits**” amount to €174m for the first half of 2020 (tax expense of €186m 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 (€124m);
- the recognition of deferred tax income by Autostrade per l’Italia in the first half 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 dispute brought;
- Autostrade per l’Italia’s recognition of deferred tax income on the IRES tax loss for the first half of 2020 (€48m);
- current tax expense recognised in the first half of 2019 (€131m), reflecting the pre-tax result.

The **“Loss for the period”** of €479m compares with a profit of €430m for the first half of 2019. On a like-for-like basis, the loss amounts to €338m, a deterioration of €788m compared with the profit for the first half of 2019.

The “**Loss for the period attributable to owners of the parent**”, amounting to €476m, compares with a profit of €426m for the first half of 2019. On a like-for-like basis, the loss amounts to €335m, a deterioration of €778m compared with the profit for the first half of 2019.

“**Operating cash flow**” for the first half of 2020 amounts to €219m, a reduction of €468m compared with the first half of 2019. This reflects the negative impact of the spread of Covid-19 (€565m), partially offset by current tax expense recognized in the first half of 2019 (€124m). On a like-for-like basis, operating cash flow for the first half of 2020 is down €502m (60%) compared with the comparative period.

As at 30 June 2020, “**Equity attributable to owners of the parent**” (€1,400m) is down €464m compared with 31 December 2019 (€1,864m), reflecting the comprehensive loss for the period attributable to owners of the parent.

As at 30 June 2020, the Group’s “**Net debt**” amounts to €8,868m, an increase of €476m on the figure for 31 December 2019 (€8,392m).

As at 30 June 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 nine 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 by the above institution have been met.
€350m of the first €400m tranche of the credit facility made available by Atlantia has been used. This forms part of the €900m in financial support that Atlantia has committed to provide to the Company.
There are continuing material uncertainties casting significant doubt on application of the going concern assumption, as described in greater detail in the Interim Report for the six months ended 30 June 2020 in the section, “Going-concern uncertainty and assessments conducted by the Company”, in note 2, “Basis of preparation of the consolidated financial statements”. As a result, solely for the purposes provided for in paragraph 69 of IAS 1, from

30 June 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 €1,528m, 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, which took place 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. 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 requested the enforcement of any contractual rights and/or remedies, nor have they requested any early repayment.

Events after 30 June 2020

Talks with the Cabinet Office, the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance

With regard to the talks with the Ministry of Infrastructure and Transport (the "MIT"), aimed at resolving the dispute over the Ministry's allegations of serious breaches of the Concession Arrangement following the collapse of a section of the Polcevera road bridge, in a memorandum dated 11 July 2020, Autostrade per l'Italia, whilst continuing to reject the allegations made against the company regarding alleged breaches of its obligations in relation to management of the Polcevera road bridge, set out a new settlement proposal. This involves:

- a commitment to provide the full amount of the funding requested by Government representatives, amounting to €3,400m, entirely at the company's own expense and without any return, with this sum to be used to finance reductions in tolls for the benefit of road users (€1,500m), additional maintenance work on the infrastructure operated under concession during the regulatory period 2020 - 2024 (€1,200m), and work on reconstruction of the Polcevera road bridge and all other related expenses (€700m);
- a commitment to accept the tariff regime set out in the Transport Regulator's determinations 16 and 71, applying annual toll increases of 1.75% from 1 January 2021, as indicated by representatives of the Government, in addition to the recovery of the negative impact of Covid-19;

- a commitment to submit an updated Financial Plan within 7 days of acceptance of the new proposal in keeping with the terms thereof;
- a commitment, subject to prior assessment of the conditions for the bankability of the planned investment programme, to amend art. 9 of the Concession Arrangement in line with the compensation regime set out in art. 35 of Law Decree 163 of 2019, only in cases of extremely serious and irremediable compromise of the operation and safety of an essential part of the motorway network, where there is certain proof of the operator's sole responsibility;
- a commitment to work with the Grantor on an inspection programme, backed up by an appropriate system of penalties;
- a commitment to withdraw a series of pending legal actions relating to reconstruction of the road bridge, the tariff regime introduced by the Transport Regulator and the provisions of the *Milleproroghe* Law Decree.

At the same time, Autostrade per l'Italia, noting Atlantia's willingness to reduce its stake in the company and allow new investors to acquire shares in the company, declared a willingness to ask shareholders to consider the sale of shares to public and private institutional investors by issuing new shares as part of a capital increase.

Following subsequent talks, on 13 July 2020, Autostrade per l'Italia sent a letter to the Cabinet Office, the MIT and the Ministry of the Economy and Finance, providing further details of the proposal dated 11 July 2020.

On 14 July 2020, Atlantia and Autostrade per l'Italia sent a further letter to the above representatives of the Government. This expressed a willingness, subject to approval by their respective boards of directors, to enter into an agreement to carry out a market transaction designed to result in Atlantia giving up control of Autostrade per l'Italia and make it possible for a publicly owned entity to acquire an interest, whilst respecting the rights of the operator's existing minority shareholders.

Finally, on 15 July 2020, Atlantia and Autostrade per l'Italia submitted a further proposal, based on the indications received in the meantime. This new proposal, subject to approval by the companies' board of directors, entails the inclusion of Covid-19 related costs in the average annual toll increase of 1.75%, in addition to acceptance of the amendment of art. 9 of the Concession Arrangement, stating that in the event of the identification of specific causes of forfeiture, the compensation due is to be determined on the basis of the unamortised cost of construction and upgrade services performed.

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".

On 15 July 2020, the Grantor also requested Autostrade per l'Italia to submit the revised Financial Plan. Autostrade per l'Italia responded to the request by sending the revised plan with a letter dated 23 July 2020.

Subsequently, on 31 July 2020, the MIT called a meeting with Autostrade per l'Italia in order to agree on how to proceed (with regard to the settlement agreement and an addendum to the concession arrangement) and to convey its observations on previous documents. This meeting gave rise to a number of differences with respect to what had previously been agreed. On this basis, the operator will itself respond by drawing up a revised text in line with what has been agreed on during the talks, thus progressing negotiations with the grantor with a view to reaching a rapid conclusion of the dispute.

Autostrade per l'Italia's rating

On 18 July, Fitch upgraded the Company's rating to Rating Watch Evolving from Rating Watch Negative, whilst on 23 July 2020 Moody's upgraded the outlook from "negative" to "developing".

The Company's ratings at the date of publication of this document are shown below:

- S&P Global 'BB-' (CreditWatch negative)
- Moody's 'Ba3' ("developing" outlook)
- Fitch Ratings 'BB+' (Rating Watch "evolving").

Restructuring of the Group

On 3 August 2020, a plan to restructure the Group was presented to Autostrade per l'Italia's Board of Directors for examination. The plan, which is to be finalised during 2020 and forms part of the Company's Business Plan for the period 2020-2023, envisages the acquisition of control of Pavimental SpA and the lease of Spea Engineering SpA's motorway design and project management unit.

Outlook and risks or uncertainties

At the date of preparation of the Interim Report for the six months ended 30 June 2020, 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 of the Covid-19 emergency.

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. As previously noted in the Annual Report for 2019, considering the traffic figures up to this point, a preliminary sensitivity analysis, conducted with the support of leading research organisations, results in an estimated annual decline in traffic of between 20% and 30% compared with the previous year. This would lead to an estimated reduction in Autostrade per l'Italia's toll revenue of between €800m and €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. As a result, the impact on expected revenue may differ, perhaps significantly, from the above figures.

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 revenue and the financial position.

Explanatory notes

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.

A number of APIs are also presented after certain adjustments applied in order to provide a consistent basis for comparison over time. These “like-for-like changes” are used in the analysis of changes in gross operating profit/(loss) (EBITDA), profit/(loss) for the period, profit/(loss) for the period attributable to owners of the parent and operating cash flow.

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

		H1 2020				H1 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)		**-62**	**-479**	**-476**	**219**	**1,162**	**430**	**426**	**687**
Adjustments for non like-for-like items									
Impact connected with collapse of a section of the Polcevera road bridge	(1)	-7	-5	-5	-110	23	18	18	-145
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)	-	-	-	-1	-	-	-	-
Change in discount rate applied to provisions	(4)	-8	-	-	-	-47	-38	-35	-
Sub-total (B)		**-215**	**-141**	**-141**	**-111**	**-24**	**-20**	**-17**	**-145**
Like-for-like amounts (C) = (A)-(B)		**153**	**-338**	**-335**	**330**	**1,186**	**450**	**443**	**832**

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 half of 2020 and the first half 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 half 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 half 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 half of 2020 and the first half of 2019, the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group’s liabilities.

* * *

The manager responsible for financial reporting, Alberto Marco 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 €9,233m as at 30 June 2020 (net debt of €8,740m as at 31 December 2019).

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

			Increase/(Decrease)	
€m	H1 2020	H1 2019	Absolute	%
Toll revenue	1,167	1,761	-594	-34
Other operating income	96	206	-110	-53
Total operating revenue	**1,263**	**1,967**	**-704**	**-36**
Cost of materials and external services	-455	-436	-19	4
Concession fees	-150	-227	77	-34
Net staff costs	-212	-253	41	-16
Operating change in provisions	-508	111	-619	n.s.
Total net operating costs	**-1,325**	**-805**	**-520**	**65**
Gross operating profit (EBITDA)	**-62**	**1,162**	**-1,224**	**n.s.**
Amortisation, depreciation, impairment losses, reversals of impairment losses and provisions for renewal work	-330	-329	-1	-
Operating profit (EBIT)	**-392**	**833**	**-1,225**	**n.s.**
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-9	-19	10	-53
Other financial income/(expenses), net	-254	-199	-55	28
Capitalised financial expenses on intangible assets deriving from concession rights	5	2	3	n.s.
Share of profit/(loss) of investees accounted for using the equity method	-4	-1	-3	n.s.
Profit/(Loss) before tax from continuing operations	**-654**	**616**	**-1,270**	**n.s.**
Income tax (expense)/benefit	174	-186	360	n.s.
Profit/(Loss) from continuing operations	**-480**	**430**	**-910**	**n.s.**
Profit/(Loss) from discontinued operations	1	-	1	n.s.
Profit/(Loss) for the period	**-479**	**430**	**-909**	**n.s.**
(Profit)/Loss attributable to non-controlling interests	-3	4	-7	-
(Profit)/Loss attributable to owners of the parent	**-476**	**426**	**-902**	**n.s.**

	2019	2018	Increase/ (Decrease)
Basic earnings/(loss) per share attributable to the owners of the parent (€)	**-0.77**	**0.68**	**-1.45**
of which:			
- from continuing operations	-0.77	0.68	-1.45
- from discontinued operations	-	-	-
Diluted earnings/(loss) per share attributable to the owners of the parent (€)	**-0.77**	**0.68**	**-1.45**
of which:			
- from continuing operations	-0.77	0.68	-1.45
- from discontinued operations	-	-	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€m		H1 2020	H1 2019
Profit/(Loss) for the period	**(A)**	**-479**	**430**
Fair value gains/(losses) on cash flow hedges		-	-136
Tax effect of fair value gains/(losses) on cash flow hedges		-	32
Other comprehensive income of investments accounted for using the equity method		1	-
Other comprehensive income/(loss) reclassifiable to profit or loss for the period	**(B)**	**1**	**-104**
Other comprehensive income/(loss) not reclassifiable to profit or loss for the period	**(C)**	**-**	**-**
Tax effect of reclassification of cash flow hedge reserve		-3	-
Reclassification of cash flow hedge reserve		14	-
Reclassifications of other components of comprehensive income to profit or loss for the period	**(D)**	**11**	**-**
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the period	**(E)**	**-**	**-**
Total other comprehensive income/(loss) for the period	**(F=B+C+D+E)**	**12**	**-104**
of which attributable to discontinued operations		-	-
Comprehensive income/(loss) for the period	**(A+F)**	**-467**	**326**
Of which attributable to owners of the parent		*-464*	*322*
Of which attributable to non-controlling interests		*-3*	*4*

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€m	30 June 2020	31 December 2019	Increase/ (Decrease)
Non-current non-financial assets			
Property, plant and equipment	82	88	-6
Intangible assets	17,527	17,727	-200
Investments	79	82	-3
Deferred tax assets	168	111	57
Total non-current non-financial assets (A)	**17,856**	**18,008**	**-152**
Working capital			
Trading assets	406	559	-153
Current tax assets	58	48	10
Other current assets	207	134	73
Non-financial assets held for sale or related to discontinued operations	4	4	-
Current portion of provisions for construction services required by contract	-629	-449	-180
Current provisions	-2,360	-2,259	-101
Trading liabilities	-969	-1,360	391
Current tax liabilities	-6	-45	39
Other current liabilities	-244	-324	80
Total working capital (B)	**-3,533**	**-3,692**	**159**
Gross invested capital (C=A+B)	**14,323**	**14,316**	**7**
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-2,032	-2,312	280
Non-current provisions	-1,624	-1,222	-402
Deferred tax liabilities	-22	-141	119
Other non-current liabilities	-24	-29	5
Total non-current non-financial liabilities (D)	**-3,702**	**-3,704**	**2**
NET INVESTED CAPITAL (E=C+D)	**10,621**	**10,612**	**9**
Equity			
Equity attributable to owners of the parent	**1,400**	**1,864**	**-464**
Equity attributable to non-controlling interests	**353**	**356**	**-3**
Total equity (F)	**1,753**	**2,220**	**-467**
Net debt			
Non-current net debt			
Non-current financial liabilities	**7,538**	**9,682**	**-2,144**
Bond issues	6,389	7,025	-636
Medium/long-term borrowings	580	2,166	-1,586
Non-current derivative liabilities	569	491	78
Non-current financial assets	**-365**	**-348**	**-17**
Non-current financial assets deriving from government grants	-174	-165	-9
Non-current term deposits	-170	-161	-9
Other non-current financial assets	-21	-22	1
Total non-current net debt (G)	**7,173**	**9,334**	**-2,161**
Current net debt			
Current financial liabilities	**3,118**	**1,168**	**1,950**
Short-term borrowings	340	245	95
Current derivative liabilities	-	1	-1
Intercompany current account payables due to related parties	32	28	4
Current portion of medium/long-term financial liabilities	2,364	863	1,501
Other current financial liabilities	382	31	351
Cash and cash equivalents	**-982**	**-1,619**	**637**
Cash	-505	-954	449
Cash equivalents	-24	-5	-19
Intercompany current account receivables due from related parties	-453	-660	207
Current financial assets	**-441**	**-491**	**50**
Current financial assets deriving from concession rights	-410	-410	-
Current financial assets deriving from government grants	-5	-25	20
Current term deposits	-4	-25	21
Current portion of medium/long-term financial assets	-4	-23	19
Other current financial assets	-18	-8	-10
Total current net debt (H)	**1,695**	**-942**	**2,637**
Total net debt (I=G+H) [1]	**8,868**	**8,392**	**476**
NET DEBT AND EQUITY (L=F+I)	**10,621**	**10,612**	**9**

(1) Net debt includes non-current financial assets, unlike the Group's financial position shown in the notes to the consolidated financial statements and prepared in compliance with the European Securities and Markets Authority (ESMA) Recommendation of 20 March 2013, which does not permit the deduction of non-current financial assets from debt.

CONSOLIDATED STATEMENT OF CASH FLOWS

€m	H1 2020	H1 2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit/(Loss) for the period	**-479**	**430**
Adjusted by:		
Amortisation and depreciation	321	313
Operating change in provisions, excluding uses of provisions for renewal of motorway infrastructure	498	-139
Financial expenses from discounting of provisions for construction services required by contract and other provisions	9	19
Share of (profit)/loss of investees accounted for using the equity method	4	1
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets	1	6
Net change in deferred tax (assets)/liabilities through profit or loss	-180	59
Other non-cash costs (income)	45	-2
Change in working capital and other changes	-451	153
Net cash generated from/(used in) operating activities [a]	**-232**	**840**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Investment in assets held under concession	-197	-257
Purchases of property, plant and equipment	-6	-6
Purchases of other intangible assets	-12	-8
Government grants related to assets held under concession	-	1
Purchases of investments	-	-3
Net change in other non-current assets	-	1
Net change in current and non-current financial assets	33	16
Net cash generated from/(used in) investing activities [b]	**-182**	**-256**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Dividends paid	-	-322
Increase in lease liabilities	1	2
Redemption of bonds	-502	-593
Repayments of medium/long term borrowings (excluding finance lease liabilities)	-70	-62
Repayments of lease liabilities	-2	-1
Net change in other current and non-current financial liabilities	345	-78
Net cash generated used in financing activities [c]	**-228**	**-1,054**
Increase/(Decrease) in net cash and cash equivalents for the period [a+b+c+d]	**-642**	**-470**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,592**	**1,784**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**950**	**1,314**

ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

€m	H1 2020	H1 2019
Income taxes paid	53	-
Interest and other financial income collected	39	39
Interest expense and other financial expenses paid	335	334
Dividends received	-	-

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€m	H1 2020	H1 2019
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,592**	**1,784**
Cash and cash equivalents	1,620	1,791
Bank overdrafts repayable on demand	-	-
Intercompany current account payables due to related parties	-28	-7
Cash and cash equivalents related to discontinued operations	-	-
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**950**	**1,314**
Cash and cash equivalents	982	1,324
Bank overdrafts repayable on demand	-	-
Intercompany current account payables due to related parties	-32	-9
Cash and cash equivalents related to discontinued operations	-	-