Press release

ATLANTIA GROUP'S RESULTS ANNOUNCEMENT FOR NINE MONTHS ENDED 30 SEPTEMBER 2019

Consolidated results for 9M 2019[1]

- Traffic on motorway network: up 0.5% in Italy, up 4.7% in Spain, down 0.2% in France, up 4.1% in Chile, up 4.2% in Brazil

- Passenger traffic: up 1.7% at Aeroporti di Roma, up 5.1% at Aéroports de la Côte d'Azur

- Operating revenue of €8,820m up €4,195m (up 4% on pro forma like-for-like basis)

- Gross operating profit (EBITDA) amounts to €5,698m, with 45% generated by Italian businesses and 55% overseas, marking increase of €3,049m (up 1% on pro forma like-for-like basis)

- Operating cash flow of €3,974m up €1,871m, essentially due to contribution from Abertis group

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(1) In addition to the reported amounts in the consolidated financial statements, this press release also presents and analyses alternative performance indicators ("APIs"), including 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 "pro forma like-for-like basis", used in describing changes in certain consolidated financial indicators, is provided in the "Explanatory notes" below.

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- **Profit attributable to owners of parent totals €1,312m, up €579m on 9M 2018 (€733m), which reflected provisions made to cover costs resulting from events of 14 August 2018. Profit does not, however, reflect impact on profit or loss resulting from final allocation of purchase price resulting from Abertis group acquisition, which will be recognised in financial statements for 2019[2]**

- **Capital expenditure amounts to €1,220m**

- **Net debt as at 30 September 2019 totals €38,057m (€37,931m as at 31 December 2018), not including proceeds of €933m from sale of interest in Hispasat, completed on 3 October 2019**

Rome, 8 November 2019 – Today's meeting of the Board of Directors of Autostrade per l'Italia SpA, chaired by Fabio Cerchiai, has approved the Atlantia Group's results announcement for the nine months ended 30 September 2019 ("9M 2019").

Key performance indicators by operating segment[3]

	ITALIAN MOTORWAYS		OVERSEAS MOTORWAYS		ITALIAN AIRPORTS		OVERSEAS AIRPORTS		ATLANTIA AND OTHER ACTIVITIES		ABERTIS GROUP (*)		CONSOLIDATION ADJUSTMENTS		TOTAL ATLANTIA GROUP	
	9M		9M		9M		9M		9M		9M		9M		9M	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REPORTED AMOUNTS																
External revenue	3,064	3,017	522	465	725	710	228	238	222	195	4,059	-	-	-	8,820	4,625
Intersegment revenue	51	28	1	-	1	1	-	-	316	283	-	-	-369	-312	-	-
Total operating revenue	3,115	3,045	523	465	726	711	228	238	538	478	4,059	-	-369	-312	8,820	4,625
EBITDA(**)	1,903	1,693	390	356	460	448	103	110	32	42	2,812	-	-2	-	5,698	2,649
Operating cash flow	1,180	1,382	292	299	337	342	73	79	75	1	2,018	-	-1	-	3,974	2,103
Capital expenditure	396	390	91	46	178	124	35	34	66	30	454	-	-	10	1,220	634

(*) Includes the results of Abertis HoldCo.

(**) The amount for gross operating profit (EBITDA) for the first nine months of 2018 differs from the amount published in the Atlantia Group's results announcement for the nine months ended 30 September 2018, reflecting the different basis of presentation for this indicator adopted with effect from the Annual Report for 2018 and described in detail in the section, "Group financial review".

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(2) As in the Annual Report for 2018, as permitted by IFRS 3, the acquisition of the Abertis group has been recognised in the consolidated interim accounts for the nine months ended 30 September 2019 by provisionally allocating the purchase price, recognising in full the difference between the purchase cost and the net assets acquired in goodwill.

(3) Details of the composition of the Group's operating segments are provided in the "Explanatory notes" below.

Operating review for the principal Group companies

Italian motorways[4] – Autostrade per l'Italia Group

- **Traffic up 0.6% overall in 9M 2019**
- **Operating revenue of €3,115m up €70m (2%)**
- **EBITDA of €1,903m up €210m; EBITDA for the first nine months of 2018 included the preliminary estimate (totalling €352m) of the direct impact of the events of 14 August 2018**
- **Capital expenditure totals €396m**

Traffic on the motorway network operated by Autostrade per l'Italia and its motorway subsidiaries in the first nine months of 2019 is up 0.6% compared with the first nine months of 2018. The number of kilometres travelled by vehicles with 2 axles is up 0.2%, with the figure for those with 3 or more axles up 3.5%.

The Group's Italian motorway operations generated operating revenue of €3,115m in the first nine months of 2019, an increase of €70m (2%) on the same period of 2018. Toll revenue of €2,817m is up €17m (1%). The increase is primarily due to traffic growth of 0.6% and the positive impact of the different traffic mix[5]. The decision to exempt road users in the Genoa area from the payment of tolls has resulted in an estimated reduction in toll revenue of approximately €14m in the first nine months of 2019. Other operating income is up €53m and includes €38m in insurance proceeds, essentially relating to the agreement reached with the Group's insurance company, regarding quantification of the amount payable to Autostrade per l'Italia solely under existing third-party liability insurance policies for the Polcevera road bridge.

EBITDA for the first nine months of 2019 amounts to €1,903m, an increase of €210m compared with the same period of 2018. The change is influenced by the provisions and other items recognised as at 30 September 2018 (€352m) to cover a preliminary estimate of the direct impact of the events of 14 August 2018 (this estimate was later revised in the financial statements for 2018).

In addition to the above components, the change primarily reflects:

- the performance of the cost of materials and external services which, after stripping out the costs connected with reconstruction of the Polcevera road bridge (the related impact has been fully offset by use of the provisions made in 2018), are up €104m, primarily

[4] The results of the Abertis group's Italian motorway businesses, presented on an aggregate basis in the operating segment named "Abertis group" and consolidated from the last two months of 2018, are not included.

[5] Reflecting the different rates of increase for traffic in the individual categories of vehicle, each having their own pricing structure.

due to increased maintenance work on Autostrade per l'Italia's network. This in part reflects the early implementation of operational programmes and new and more complex tender procedures (launched in 2017) that resulted in delays to work in the previous year;

- the change in provisions for the repair and replacement of motorway infrastructure, influenced primarily by the performance of the interest rate used to discount the provisions to present value.

Capital expenditure by Autostrade per l'Italia and its subsidiaries in the first nine months of 2019 amounts to €396m. Work on the following projects continued:

- widening the A1 to three lanes between Barberino and Florence North and between Florence South and Incisa;
- complementary works connected with the widening of the A14 motorway to three lanes, already completed and opened to traffic;
- work on the second phase of the Tunnel Safety Plan;
- construction of the fourth free-flow lane for the A4 in the Milan area and improvements to feeder roads for the Tuscan stretch of the A1.

With regard to the new road and motorway system serving Genoa (the so-called "*Gronda di Genova*"), for which the final design was approved by the Grantor in September 2017, the detailed designs for all the 10 lots forming the project were submitted to the Ministry of Infrastructure and Transport between February and August 2018. To date, most of the work involved in preparing for the start-up of work has been completed (surveys, expropriations, the movement of existing services interfering with construction, etc.), with the costs incurred so far amounting to over €150m. Tenders have been called for works amounting to a further €700m, despite the fact that the Group is still waiting for the Grantor's formal approval of the detailed designs, which is necessary before contracts can be awarded.
A revised design for the Bologna Interchange was recently agreed on with the Ministry of Infrastructure and Transport, partly after talks with the relevant local authorities, and work on the final design is proceeding. The addendum including the agreed design solution has been finalised.

Overseas motorways[6]

- **Traffic up 6.7% in Chile, 4.8% in Brazil and 0.7% in Poland in 9M 2019**
- **Operating revenue of €523m up 12% (up 14% at constant exchange rates)**
- **EBITDA of €390m up 10% (up 12% at constant exchange rates)**
- **Capital expenditure totals €91m**

In the first nine months of 2019, traffic on the networks managed by the Group's overseas operators rose 5.1% in terms of kilometres travelled compared with the same period of 2018.

COUNTRY	KM TRAVELLED (M)		
	9M 2019	9M 2018	% CHANGE
Chile	2,885	2,705	6.7%
Brazil	3,321	3,169	4.8%
Poland	772	767	0.7%
TOTAL	6,978	6,641	5.1%

The Group's overseas motorway operations registered total operating revenue of €523m in the first nine months of 2019, an increase of 12% on the first nine months of 2018. At constant exchange rates, revenue is up 14%, reflecting traffic growth and toll increases. EBITDA of €390m is up 10% compared with the first nine months of 2018. At constant exchange rates, EBITDA is up 12%. The result reflects recognition in operating costs of the increase in Stalexport Autostrada Malopolska's concession fees, linked to the entry into effect of the profit-sharing mechanism agreed with the Grantor as part of the operator's concession arrangement.

Capital expenditure during the period amounted to a total of €91m, as follows:

- work began, in March 2019, on the last part of the *Santiago Centro Oriente* upgrade programme, involving investment in the upgrade of the section operated by Costanera Norte;
- design work has begun for the investment programmes for the new Americo Vespucio Oriente II and Conexión Vial Ruta 78 hasta Ruta 68 concessions and the first instalment of the Group's contribution to the cost of expropriations has been paid to the Grantor in accordance with the related concession agreements;
- continued progress was made in implementing Rodovia MG050's investment programme.

(6) The results of the Abertis group's overseas motorway businesses, presented on an aggregate basis in the operating segment named "Abertis group" and consolidated from the last two months of 2018, are not included.

Italian airports

- **Roman airport system handles 38.1m passengers in 9M 2019, up 1.7%**
- **Operating revenue of €726m up €15m (2%)**
- **EBITDA of €460m up €12m (3%)**
- **Capital expenditure totals €178m**

The Roman airport system handled 38.1m passengers in the first nine months of 2019, marking an increase of 1.7% compared with the same period of the previous year.
The EU segment, which accounts for 50% of total traffic, is up 2.0%, whilst the Non-EU segment is up 5.1% due to growth in long-haul flights, above all serving North America and the Far East. The Domestic segment is down 2.8%, mainly due to the performance of the airline, Alitalia.
The Group's Italian airports generated operating revenue of €726m in the first nine months of 2019, an increase of €15m (2%) compared with the same period of the previous year. Aviation revenue of €517m is up by a total of €9m (2%), reflecting the above traffic growth. Other operating income of €209m is up €7m (4%) compared with the first nine months of the previous year, primarily due to the positive performance of non-aviation revenue, which benefitted from the increase in passengers and a higher spending traffic mix. EBITDA of €460m is up by €12m (3%) on the same period of the previous year.

Capital expenditure totalled €178m in the first nine months of 2019. At Fiumicino airport, work continued on the upgrade of the Eastern area, including construction of the new boarding area A and the new wing for Terminal 1, the westward expansion of Terminal 1, occupying the area that previously hosted the former Terminal 2, work on the upgrade of boarding area C and the link to boarding area D. Work on expanding the aircraft aprons for the western area and on the new aprons adjacent to Pier A under construction was completed.

Overseas airports

- **Nice airport handled 11.5m passengers in 9M 2019, up 5.1%**
- **Operating revenue of €228m down €10m (down €5m after stripping out non-recurring items[7])**
- **EBITDA of €103m down €7m (down €2m after stripping out non-recurring items)**
- **Capital expenditure totals €35m**

Nice airport handled 11.5m passengers in the first nine months of 2019, an increase of 5.1% compared with the same period of the previous year. The Domestic segment, which accounts for 33% of total traffic, is up 6% compared with the same period of the previous year. The EU segment, accounting for 48% of total traffic, is up 4.8%, whilst the Non-EU segment is up 4.3%.

The Group's overseas airports segment generated operating revenue of €228m in the first nine months of 2019, down €10m (4.2%) compared with the same period of the previous year (down €5m after stripping out non-recurring items). Aviation revenue of €121m is down €9m compared with the first nine months of 2018, reflecting a combination of the negative impact of the decision on tariffs taken by the Independent Supervisory Authority (ASI, subsequently abolished[8]), which is the subject of a pending challenge brought by ACA before France's Council of State, and increases in traffic (passengers up 5.1%) and in other aviation revenue. Other operating income of €107m is down €1m. After stripping out non-recurring items, other operating income is up €4m, reflecting the performance of retail revenue and other non-aviation revenue. EBITDA of €103m is down €7m (6.4%) on the same period of the previous year (down €2m after stripping out non-recurring items).

The Aéroports de la Côte d'Azur group's capital expenditure amounts to €35m for the first nine months of 2019, including €22m on initiatives designed to expand capacity. New aircraft aprons have been built in front of Terminal 2 and preparations have been made for work to begin on the future extension of Terminal 2, with the goal of boosting capacity.

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(7) The sale of an area belonging to Nice airport under agreements regarding the exchange of areas in relation to property development schemes in the first half of 2018, amounting to €5m.

(8) On 24 July 2019, the French government assigned ARAFER (the motorways and rail transport regulator) responsibility for determining airport fees (for airports with over 5m passengers), a role formerly assigned to ASI.

Abertis group

- **Traffic growth in 9M 2019: up 4.7% in Spain, 4.1% in Brazil and 2.9% in Chile**
- **Operating revenue of €4,059m up 2.9%**
- **EBITDA of €2,812m up 5.6%**
- **Capital expenditure totals €454m**

The Group's results include the contribution of Abertis Infraestructuras and its subsidiaries (the Abertis group), consolidated by Atlantia from the end of October 2018. For information purposes, this section reports on the Abertis group's key performance indicators for the first nine months of 2019, compared with the same period of the previous year.

The Abertis group's operators recorded positive traffic growth in the first nine months of 2019. The comparison with the same period of the previous year benefits from the negative impact of adverse weather conditions in Spain in early 2018, as well as from the application of discounted tolls for heavy vehicles introduced by the Spanish operators, Acesa and Aumar, from September 2018. Figures for traffic growth in Brazil reflect the impact of the truck drivers' strike in May 2018. In Argentina, traffic was affected by the country's economic situation and toll increases.

	TRAFFIC - KM TRAVELLED (M)		
	9M 2019	9M 2018	% change
Spain	10,234	9,775	4.7%
France	12,394	12,416	-0.2%
Italy	4,273	4,277	-0.1%
Brazil	14,644	14,073	4.1%
Chile	5,949	5,783	2.9%
Puerto Rico	1,694	1,699	-0.3%
Argentina	3,782	3,886	-2.7%
India	928	864	7.3%
Total	53,898	52,773	2.1%

NB. Spain includes traffic figures for the operator, Trados, in early 2018 and early 2019, following its consolidation in the first half of 2019. Brazil does not include traffic figures for the operator, Vianorte (whose concession expired in May 2018), Autovias (whose concession expired in June 2019) and ViaPaulista (operational from January 2019).

Total operating revenue for the first nine months of 2019 amounts to €4,059m, up €114m (2.9%) compared with the same period of 2018, primarily due to traffic growth and toll increases. This was partially offset by weaker exchange rates (above all the Argentine peso) and the change in the scope of concessions in Spain (the consolidation of the operator, Trados-45) and Brazil (the expiry of Vianorte's concession in May 2018, the expiry of Autovias's concession in June 2018 and the entry into effect of Via Paulista's concession from January 2019). The performance of revenue in Argentina reflects recognition of the impact of the agreements reached with the grantor in July 2018. In Puerto Rico, revenue includes €4m in insurance proceeds to cover damage caused by Hurricane Maria in 2017.

	OPERATING REVENUE (€M)		
	9M 2019	9M 2018	% change
Spain	1,178	1,091	7.9%
France	1,359	1,327	2.4%
Italy	322	320	0.8%
Brazil	465	456	2.1%
Chile	426	398	7.1%
Other	309	354	-12.7%
Total	4,059	3,945	2.9%

EBITDA for the first nine months of 2019 amounts to €2,812m, an increase of €148m (5.6%) compared with the same period of the previous year. At constant exchange rates and on a like-for-like basis of consolidation, and after excluding the impact of first-time adoption of IFRS 16, EBITDA is up €126m (+4.8%).

	EBITDA (€M)		
	9M 2019	9M 2018	% change
Spain	987	894	10.5%
France	929	913	1.7%
Italy	173	167	3.7%
Brazil	245	222	10.2%
Chile	341	310	9.9%
Other	138	158	-12.8%
Total	2,812	2,664	5.6%

The group's capital expenditure amounted to €454m in the first nine months of 2019. This included the continuing work on the investment programmes being carried out by the Brazilian operators and on the *Plan de Relance* investment programme being implemented by the French operators, Sanef and Sapn, as well as work on the construction of third lanes and the implementation of free-flow systems in Chile.

	INVESTMENTS (€M)	
	9M 2019	9M 2018
Spain	12	6
France	145	111
Italy	22	8
Brazil	200	202
Chile	57	21
Other	17	4
Total Abertis	454	352

Significant legal and regulatory aspects

Italian motorways

Transport Regulator – Tariff regimes

On 29 March 2019, Autostrade per l'Italia, alongside other operators, filed a legal challenge with Piedmont Regional Administrative Court contesting resolution 16 issued by the Transport Regulator ("ART") on 18 February 2019. The legal action challenges the legality of the resolution, alleging that the regulator has exceeded its powers and does not have the authority to establish tariff regimes in connection with Autostrade per l'Italia's Single Concession Arrangement, as well as accusing ART of violating EU and constitutional norms regarding legal certainty and legitimate expectations. In addition, the company also took part in the relevant consultation process, contesting the scope of application of the tariff regime devised by ART on the basis of the same arguments presented in the above legal challenge, and submitting its observations on the related financial aspects.

On 18 September 2019, Autostrade per l'Italia, in connection with the legal action challenging ART resolution 16/2019 launching the consultation, also filed a further challenge for additional reasons against ART resolution 71/2019, marking the conclusion of the process initiated by the regulator.

Toll increases for 2019

In response to requests from the Grantor, on 13 September 2019, Autostrade per l'Italia informed the Grantor that it was willing to extend postponement of the annual toll increase of 0.81% for 2019, previously authorised by interministerial decree. The postponement, applied voluntarily until 15 September 2019, was thus extended for a further two months through to 15 November 2019.

Investigation by the Public Prosecutor's Office in Genoa of bridges and road bridges managed by Autostrade per l'Italia and the Group's response

As part of a second ongoing investigation of allegations regarding false statements in relation to monitoring reports on certain bridges on the network operated under concession by Autostrade per l'Italia, a number of employees of the operator and Spea Engineering are under investigation.

According to the investigators, certain reports prepared by technical experts responsible for testing, monitoring and design were massaged to make it look as if the bridges were in a better state of repair than they actually were. The preliminary investigations are still in progress and, in September 2019, a number of prohibitory injunctions were issued to a number of the accused and a series of seizures and searches were carried out. The persons involved have appealed the injunctions.

In response to press reports regarding the precautionary measures imposed by magistrates investigating allegations of serious misdemeanours by a number of employees of Group companies, the Chief Executive Officer of Spea Engineering, Antonino Galatà, resigned from his position and Group companies imposed a series of disciplinary measures on a number of the executives and employees involved, including dismissals for just cause.

Atlantia's Board of Directors also engaged leading international firms with proven experience in asset management and the operation and maintenance of major infrastructure works, to conduct an audit. The aim of the audit is to verify the correct application of internal procedures by Autostrade per l'Italia and Spea Engineering and the people concerned. In addition, SGS Italia SpA, a subsidiary of SGS SA, the world's leading inspection, verification, testing and certification company operating in the main industrial sectors, has been appointed to conduct an assessment of the quality and fitness of the methodological framework and procedural systems used by Autostrade per l'Italia and Spea Engineering. Atlantia will assess the results of these activities – which will be made available to the investigating magistrates – and will follow the progress of the investigations, in part with a view to adopting any further measures that may be deemed necessary. In the meantime, Autostrade per l'Italia has decided to assign responsibility for the statutory monitoring and surveillance of infrastructure works to a leading international firm, for which the selection process has already started. It is envisaged, therefore, that these activities will no longer be carried out by SPEA Engineering.

By the end of the year, work on the inspection and certification of all the 1,943 infrastructure works on Autostrade per l'Italia's network, begun in October 2018 and carried out by engineering companies outside the Group, will have been completed.

In 2019, Autostrade per l'Italia also began implementing a maintenance plan that envisages more than 350 interventions on infrastructure throughout the network it manages. The plan aims to step up the pace of work on bridges and road bridges on its network in order to significantly cut time to completion.

Italian airports

Transport Regulator consultation on tariff regulation

As part of the process of revising the existing regulatory framework for airport fees, on 1 August 2019, ART published resolution 118 dated 1 August 2019 on its website. This relates to the Consultation Document containing the draft regulations to be adopted, entitled "Regulatory frameworks for airport fees". The deadline for the submission of comments by the various stakeholders was 30 September 2019. Aeroporti di Roma took part in the hearing organised by ART on 9 October 2019. The process is due to be completed by 20 December 2019.

Events after 30 September 2019

Completion of sale of Hispasat

Abertis Infraestructuras completed the sale of its 89.7% stake in Hispasat on 3 October 2019 for a price of €933m.

Abertis and GIC acquire 70% stake in Red de Carreteras de Occidente in Mexico

On 11 October 2019, Abertis Infraestructuras, in partnership with GIC, reached agreement with Goldman Sachs Infrastructure Partners (GSIP) for the acquisition of a 70% stake in Red de Carreteras de Occidente (RCO) in Mexico. Through 5 operators, RCO manages 876 km of motorway network serving the industrial corridor between Mexico City and Guadalajara.

The structure of the transaction involves the acquisition by Abertis of a 50.1% interest in RCO for a consideration of €1.5bn, with GIC acquiring a 20% interest. The transaction is expected to complete in the first half of 2020 following a public tender offer[9] for the remaining 30% of RCO currently held by Mexican pension funds .

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

In 2012, the Ministry of Infrastructure and Transport issued a call for tenders for the new concession for the A3 Naples – Pompei – Salerno motorway. The tender process was then subsequently abandoned. On 9 July 2019, the Grantor invited both the competing bidders from the earlier tender to submit new bids. Autostrade Meridionali submitted its bid on 14 October 2019. The other bidder, the SIS Consortium, has also submitted a bid.

Deliberations regarding Alitalia

On 15 October 2019, Atlantia announced its willingness to continue with talks aimed at reaching agreement on a long-term business plan for the turnaround of Alitalia.

Atlantia's participation in formulating a binding offer for the airline is dependent on additional considerations regarding:

- identification of an industrial partner to take a significant stake in the Newco;

[9] Abertis and GIC have undertaken to acquire up to but no more than a further 6% of RCO as part of the public tender offer.

- final definition of the Newco's business plan to be agreed and committed to by the industrial partner, who must assume a major role in managing and implementing the plan;
- conclusion of an agreement with other shareholders on the Newco's governance structure and senior management roles;
- definition of an ownership structure for the Newco that would see Atlantia play the role of minority shareholder and, as a result, not involve the Company in the Newco's day-to-day operations, with the aim of avoiding potential conflicts of interest, given that Atlantia owns close to a 100% interest in Aeroporti di Roma SpA.

Atlantia has also stressed the need to find suitable solutions for certain related issues, essential if a binding offer is to be put together. These include i) the need for the companies in extraordinary administration to be able to manage the businesses through to completion of the transaction and the necessary organisational turnaround, including appropriate social protections; ii) EU clearance for any financing provided to Alitalia; and iii) government measures needed to give Alitalia the necessary stability in order to implement its business plan under market conditions.

Outlook and risks or uncertainties

The Atlantia Group's operating performance leads us to expect a positive overall operating performance in 2019, subject to the potential impact on the full-year results of movements in exchange rates and interest rates and eventual changes to the operations of Italy's flag carrier airline.

The consolidation of the Abertis group's full-year results will also contribute to the results for the current year which will, however, reflect the impact on full-year profit or loss of the final allocation of the purchase price resulting from the acquisition completed in October 2018.

Finally, we feel it is necessary to reiterate the potential risks resulting from the letter of complaint sent to Autostrade per l'Italia by the Ministry of Infrastructure and Transport on 16 August 2018, alleging serious breaches of the Company's contractual obligations in relation to the events in Genoa, from the subsequent letter of 20 December 2018 and, latterly, from the letter of 5 April 2019, in which the Ministry (the Grantor of the company's concession) detailed its allegations regarding the Company's alleged failure to meet its obligations relating to the safety and maintenance of the road bridge. Autostrade per l'Italia replied to these letters on 3 May 2019, stating its belief that it has provided ample evidence that it has acted correctly and reiterating its concerns and objections regarding the above procedure.

Group financial review

Introduction

This section presents and analyses the Atlantia Group's reclassified income statement and changes in net debt for the first nine months of 2019, compared with amounts for the same period of the previous year, and the reclassified statement of financial position as at 30 September 2019, compared with the corresponding amounts as at 31 December 2018.
Compared with the international financial reporting standards (IFRS) applied as at 31 December 2018, IFRS 16 has been effective from 1 January 2019. As at 1 January 2019, this resulted in an increase of €137m in non-current non-financial assets and a matching increase in financial liabilities.

The Atlantia Group's scope of consolidation as at 30 September 2019 has not undergone any significant changes with respect to 31 December 2018. It should be noted, however, that the Spanish operator, Autopistas Trados-45, has been consolidated following the acquisition of control of this company in the first half of 2019.
It should also be noted that amounts for the first nine months of 2019 include the contribution of the Abertis group, which was consolidated from the end of October 2018.

In line with the changes already adopted in preparation of the consolidated financial statements for the year ended 31 December 2018, the reclassified consolidated income statement for the first nine months of 2018 reflects the different classification of certain items with respect to the information published in the results announcement for the nine months ended 30 September 2018. These changes regard the classification of provisions and the uses of provisions for the repair and replacement of motorway infrastructure and provisions for risks and charges in EBITDA. Further details are provided in the Annual Report for 2018.

With regard to the acquisition of the Abertis group, in line with the approach adopted in preparing the consolidated financial statements for the year ended 31 December 2018 and as permitted by IFRS 3, it was deemed appropriate to provisionally continue to recognise the IFRS amounts for the assets and liabilities previously recognized in the Abertis group's financial statements, allocating the entire difference between these amounts and the purchase cost to goodwill (€16,774m). Further information on the acquisition of Abertis Infraestructuras SA is provided in the Annual report for 2018.

With regard to the collapse of a section of the Polcevera road bridge on 14 August 2018, the consolidated income statement for the first nine months of 2018 reported total provisions of €346m, in addition to the impact of the decision to exempt road users in the Genoa area from the payment of tolls and of other operating costs incurred. During the first nine months of 2019, these provisions, having been subsequently added to in the consolidated financial statements for the year ended 31 December 2018, were used to make payments requested by the Special Commissioner for Genoa (€181m), to pay compensation for the families of the victims and the injured, as well as to cover legal expenses and financial support provided to small businesses and firms (€48m). The decision to exempt road users in the Genoa area from the payment of tolls resulted in a reduction in toll revenue of €14m in the first nine months of 2019, whilst the Group has recognised insurance proceeds of €38m and made further provisions totalling €7m.

Consolidated operating results

"**Operating revenue**" for the first nine months of 2019 totals €8,820m, an increase of €4,195m compared with the first nine months of 2018 (€4,625m). On a pro forma like-for-like basis, operating revenue is up €320m (4%).

"**Toll revenue**" of €7,049m is up €3,820m compared with the first nine months of 2018 (€3,229m). After stripping out the Abertis group's contribution, amounting to €3,743m, and the impact of exchange rate movements, which had a negative impact of €10m, toll revenue is up €87m, primarily due to the following:

a) an improved contribution from overseas operators (up €69m), linked to both the application of toll increases and traffic growth registered by the operators in Chile (up 6.7%), Brazil (up 4.8%) and Poland (up 0.7%);
b) traffic growth on the Italian network (up 0.6%), boosting revenue by an estimated €17m after also taking into account the positive impact of the different traffic mix.

"**Aviation revenue**" of €637m is unchanged with respect to the first nine months of 2018.

"**Other operating income**", totalling €1,134m, is up €375m on the first nine months of 2018 (€759m). After stripping out the Abertis group's contribution, amounting to €316m, other operating income is up €59m, essentially due to the above recognition, in the first nine months of 2019, of insurance proceeds of approximately €38m received by Autostrade per l'Italia under third-party liability insurance policies in relation to the events of 14 August 2018. The increase also reflects growth in contract work carried out by Pavimental for external customers.

Reclassified consolidated income statement(*)

€M	9M 2019	9M 2018	INCREASE/ (DECREASE) ABSOLUTE	%
Toll revenue	7,049	3,229	3,820	n/s
Aviation revenue	637	637	-	-
Other operating income	1,134	759	375	49
Total operating revenue	**8,820**	**4,625**	**4,195**	**91**
Cost of materials and external services and other expenses	*-1,740*	*-684*	-1,056	n/s
Intercompany margin on capital expenditure (1)	*25*	*12*	13	n/s
Cost of materials and external services	-1,715	-672	-1,043	n/s
Concession fees	-469	-398	-71	18
Net staff costs	-1,098	-642	-456	71
Operating change in provisions	160	-264	424	n/s
Total net operating costs	**-3,122**	**-1,976**	**-1,146**	**58**
Gross operating profit (EBITDA)	**5,698**	**2,649**	**3,049**	**n/s**
Amortisation, depreciation, impairment losses and reversals of impairment losses	-1,841	-856	-985	n/s
Provisions for renewal work and other adjustments	-80	-139	59	-42
Operating profit (EBIT)	**3,777**	**1,654**	**2,123**	**n/s**
Net financial expenses	-1,041	-396	-645	n/s
Share of profit/(loss) of investees accounted for using the equity method	12	-3	15	n/s
Profit/(Loss) before tax from continuing operations	**2,748**	**1,255**	**1,493**	**n/s**
Income tax expense	-806	-375	-431	n/s
Profit/(Loss) from continuing operations	**1,942**	**880**	**1,062**	**n/s**
Profit/(Loss) from discontinued operations	-15	-	-15	n/s
Profit for the period	**1,927**	**880**	**1,047**	**n/s**
(Profit)/Loss attributable to non-controlling interests	615	147	468	n/s
(Profit)/Loss attributable to owners of the parent	**1,312**	**733**	**579**	**79**

(1) The intercompany margin on capital expenditure results from the work carried out by the Atlantia Group's industrial companies on the infrastructure operated by the Group's motorway and airport operators. This margin, shown as a reduction in operating costs in the reclassified consolidated income statement, is calculated on the basis of the operating results recognised for each individual intercompany contract (operating revenue after deducting the operating costs attributable to the contracts).

	9M 2019	9M 2018	INCREASE/ (DECREASE)
Basic earnings per share attributable to the owners of the parent (€)	**1.60**	**0.90**	**0.70**
of which:			
- from continuing operations	1.61	0.90	0.71
- from discontinued operations	-0.01	-	-0.01
Diluted earnings per share attributable to the owners of the parent (€)	**1.60**	**0.90**	**0.70**
of which:			
- from continuing operations	1.61	0.90	0.71
- from discontinued operations	-0.01	-	-0.01

(*) The reconciliation with the reported amounts in the consolidated income statement is provided in the section, "Reconciliation of the reclassified and statutory financial statements".

"**Net operating costs**" of €3,122m are up €1,146m on the first nine months of 2018 (€1,976m).

The "**Cost of materials and external services and other costs**" amounts to €1,740m, an increase of €1,056m compared with the first nine months of 2018 (€684m). This primarily reflects a combination of the following:

a) the Abertis group's contribution (€809m);
b) an increase in maintenance costs at Autostrade per l'Italia, reflecting the greater volume of work on the motorway network as a result of the early implementation of operational programmes and new and more complex tender procedures (launched back in 2017), which limited the amount of work carried out in the first nine months of 2018;
c) the costs connected with the collapse of the Polcevera road bridge, almost entirely covered by use of the provisions made in the previous year.

The "**Intercompany margin on capital expenditure**" in the first nine months of 2019 has resulted in income of €25m, an increase of €13m compared with the first nine months of the previous year (€12m). This essentially reflects an increase in work carried out by Pavimental on infrastructure operated under concession.

"**Concession fees**", totalling €469m, are up €71m compared with the first nine months of 2018 (€398m). After stripping out the Abertis group's contribution (€48m), concession fees are up €23m, primarily due to recognition of the concession fees payable by Stalexport Autostrada Malopolska (€20m) to the grantor under a profit-sharing agreement included in the existing concession arrangement.

"**Net staff costs**" of €1,098m are up €456m (€642m in the first nine months of 2018), primarily due to the Abertis group's contribution (€408m), as well as the agreed termination of Atlantia's Chief executive Officer and the increase in the fair value of management incentive plans, mainly linked to the increase in Atlantia's share price at 30 September 2019 compared with the end of the previous year.

The **"Operating change in provisions"** generated income of €160m in the first nine months of 2019 (expense of €264m in the first nine months of 2018), marking an improvement of €424m compared with the same period of 2018. The change in part reflects the provisions made in the first nine months of 2018 in relation to the collapse of a section of the Polcevera road bridge (based on a preliminary estimate of €346m as at 30 September 2018), of which €181m were used in the first nine months of 2019.

“**Gross operating profit**” **(EBITDA)** of €5,698m is up €3,049m on the first nine months of 2018 (€2,649m), reflecting consolidation of the Abertis group. On a pro forma like-for-like basis, gross operating profit is up €82m (1%).

“**Amortisation and depreciation, impairment losses and reversals of impairment losses**”, totalling €1,841m is up €985m on the same period of 2018, primarily reflecting the Abertis group’s contribution (€950m).

“Provisions for renewal work and other adjustments” amounting to €80m, are down €59m compared with the same period of the previous year (€139m). This primarily reflects an updated estimate of the present value of future renewal work to be carried out on the infrastructure operated under concession by Aéroports de la Côte d’Azur.

“**Operating profit**” **(EBIT)** of €3,777m is up €2,123m compared with the same period of 2018 (€1,654m), primarily reflecting the Abertis group’s contribution.

“Net **financial expenses**” of €1,041m are up €645m compared with the same period of 2018 (€396m), essentially due to the financial expenses contributed by the Abertis group and Abertis HoldCo (totalling €660m).

“**Income tax expense**” of €806m is up €431m on the first nine months of 2018 (€375m), in line with the increase in pre-tax profit, essentially reflecting the Abertis group’s contribution.

“**Profit from continuing operations**” of €1,942m is up €1,062m on the first nine months of 2018 (€880m), primarily reflecting the Abertis group’s contribution.

“**Profit for the period**”, amounting to €1,927m, is up €1,047m on the first nine months of 2018 (€880m).

“**Profit for the period attributable to owners of the parent**” (€1,312m) is up €579m compared with the first nine months of 2018 (€733m).

“**Profit attributable to non-controlling interests**” (€615m) is up €468m on the first nine months of 2018 (€147m), essentially due to consolidation of the Abertis group.

Consolidated financial position

Reclassified consolidated statement of financial position(*)

€M	30 September 2019	31 December 2018	INCREASE/ (DECREASE)
Non-current non-financial assets (A)	62,691	63,656	-965
Working capital (B)	-138	-176	38
Gross invested capital (C=A+B)	62,553	63,480	-927
Total non-current non-financial liabilities (D)	-8,641	-9,217	576
NET INVESTED CAPITAL (E=C+D)	53,912	54,263	-351
Equity attributable to owners of the parent	8,376	8,442	-66
Equity attributable to non-controlling interests	7,479	7,890	-411
Total equity (F)	15,855	16,332	-477
Non-current net debt (G)	39,183	39,614	-431
Total current net debt/(net funds) (H)	-1,126	-1,683	557
Total net debt (I=G+H)	38,057	37,931	126
NET DEBT AND EQUITY (L=F+I)	53,912	54,263	-351

(*) The reconciliation with the reported amounts in the consolidated statement of financial position is provided in the section, "Reconciliation of the reclassified and statutory financial statements".

As at 30 September 2019, "**Non-current non-financial assets**", totalling €62,691m, are down €965m compared with 31 December 2018. This essentially reflects a reduction in intangible assets (€785m), primarily due to amortisation for the period (€1,693m), partially offset by investment during the period in construction services for which additional economic benefits are received (€595m), and a fair value loss on the investment in Hochtief, amounting to €221m.

"**Working capital**" reports a negative balance of €138m, marking a reduction of €38m compared with the balance of €176m of 31 December 2018.

"**Non-current non-financial liabilities**", totalling €8,641m, are down €576m compared with 31 December 2018. This primarily reflects reclassification of the current portion of provisions for construction services required by contract (€431m).

"**Equity attributable to owners of the parent and non-controlling interests**" totals €15,855m (€16,332m as at 31 December 2018).

"**Equity attributable to owners of the parent**", totalling €8,376m, is down €66m compared with 31 December 2018, primarily reflecting a combination of the following:

a) dividends declared by Atlantia for 2018 (€736m);
b) a reduction in the cash flow hedge reserve (after the related taxation amounting to €381m), essentially connected with the significant decline in interest rates during the period;
c) the impact of the fair value measurement of the investment in Hochtief, resulting in an after-tax loss of €218m;

d) a €31m decrease in the foreign currency translation reserve, primarily due to the fall in the value of the Brazilian real and the Argentine peso against the euro as at 30 September 2019, compared with 31 December 2018;
e) profit for the period attributable to owners of the parent, totalling €1,312m.

"**Equity attributable to non-controlling interests**" of €7,479m is down €411m compared with 31 December 2018 (€7,890m). This essentially reflects a combination of the following:
a) dividends declared by a number of Group companies that are not wholly owned subsidiaries and payable to non-controlling shareholders, totalling €441m;
b) the distribution of equity reserves to non-controlling shareholders declared by Abertis HoldCo (€432m);
c) a reduction in the cash flow hedge reserve (after the related taxation amounting to €165m), essentially connected with the decline in interest rates during the period;
d) profit for the period attributable to non-controlling interests, totalling €615m.

"**Net debt**" as at 30 September 2019 amounts to €38,057m, an increase of €126m compared with 31 December 2018 (€37,931m). This essentially reflects the increase in fair value losses on the Group's hedging instruments and the impact of first-time adoption of IFRS 16, almost entirely offset by net cash from and for operating activities, investment and net equity cash outflows. Further details of changes in net debt are described below in the section, "Consolidated cash flow".

The residual weighted average term to maturity of the Group's interest-bearing debt is five years and nine months as at 30 September 2019.

85% of the Group's interest-bearing debt is fixed rate after taking into account the related hedges.

In the first nine months of 2019, the ratio of financial expenses to the Group's medium/long-term borrowings, including differentials on hedging instruments, was 3.4% (reflecting the combined effect of the 2.9% paid by the companies operating in the euro area, the 5.1% paid by the Chilean companies and the 8.3% paid by the Brazilian companies).

As at 30 September 2019, the Group has cash reserves of €15,235m, consisting of:
a) €4,479m in cash and cash equivalents;
b) €913m in term deposits allocated primarily to part finance the execution of specific construction services and to service the debt of the Chilean companies;

c) €9,843m in undrawn committed lines of credit with an average residual term of approximately four years and ten months and a weighted average residual drawdown period of four years and two months.

Consolidated cash flow

"**Net cash from operating activities**" amounts to €3,752m, an increase of €1,742m compared with the same period of 2018 (€2,010m). This essentially reflects an increase in operating cash flow of €1,871m, attributable to the Abertis group's contribution (€2,046m), partially offset by the outflow for the period linked to the collapse of a section of the Polcevera road bridge (€192m). On a like-for-like basis, operating cash flow is broadly unchanged with respect to the first nine months of 2018.

"**Cash used for investment in non-financial assets**" amounts to €1,107m for the first nine months of 2019, essentially reflecting capital expenditure during the period (€1,220m). The figure for the comparative period essentially reflected the acquisition of a 100% interest in Aero 1 Global & International Sàrl for a total of €1,056m and capital expenditure of €634m.

"**Net equity cash outflows**" amount to €1,635m for the first nine months of 2019 primarily reflect the declaration of dividends payable to the shareholders of Atlantia (€736m) and to non-controlling shareholders by other Group companies (€441m), in addition to the distribution of equity reserves by Abertis HoldCo (€432m).

Cash flows from operating activities less cash used for investment and net equity cash outflows have thus resulted in a reduction in net debt of €1,010m.

Net debt has, however, increased by a total of €1,136m in the first nine months of 2019, essentially due to an increase in fair value losses on hedging instruments and the impact of first-time adoption of IFRS 16.

The overall effect of the above cash flows for the period has thus resulted in an increase in net debt of €126m.

Consolidated statement of changes in net debt(*)

€M	9M 2019	9M 2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Operating cash flow	3,974	2,103
Change in operating capital	-396	-177
Other changes in non-financial assets and liabilities	174	84
Net cash generated from/(used in) operating activities (A)	3,752	2,010
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Capital expenditure	-1,220	-634
Government grants related to assets held under concession	5	-
Increase in financial assets deriving from concession rights (related to capital expenditure)	67	18
Purchases of investments	-4	-28
Investment in consolidated companies, including net debt assumed	-16	-1,056
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	12	5
Net change in other non-current assets	49	-122
Net cash from/(used in) investment in non-financial assets (B)	-1,107	-1,817
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Dividends declared by Atlantia and Group companies and payable to non-controlling shareholders	-1,177	-655
Proceeds from the exercise of share-based incentive plans	1	1
Distribution of reserves and returns of capital to non-controlling shareholders	-459	-
Net equity cash inflows/(outflows) (C)	-1,635	-654
Increase/(Decrease) in cash and cash equivalents during period (A+B+C)	1,010	-461
Other changes in net debt (D)	-1,136	50
Increase/(Decrease) in net debt for period (A+B+C+D)	-126	-411
Net debt at beginning of period	-37,931	-9,496
Net debt at end of period	-38,057	-9,907

(*) The reconciliation with the consolidated statement of cash flows is provided in the section, "Reconciliation of the reclassified and statutory financial statements".

Explanatory notes

Pro forma reclassified consolidated income statement

The following pro forma disclosure is provided in order to present the material effects of the acquisition of the Abertis group on the Atlantia Group's reclassified consolidated income statement down to "Gross operating profit" (EBITDA), had the transaction been effective from 1 January 2018. A description of the key assumptions used in preparation of the pro forma data is provided in the Annual Report for 2018 ("Pro forma reclassified consolidated income statement").

The following statement presents:

1) the Atlantia Group's results for the first nine months of 2018, after stripping out the Abertis group's contribution, in the column headed "Atlantia";
2) the Abertis group's results for the first nine months of 2018, as restated on the basis of the accounting standards and policies applied by the Atlantia Group, in the column headed "Abertis";
3) the sum of the consolidated results of Atlantia and the Abertis group for the first nine months of 2018 in the column headed "Combined pro forma amounts";
4) the operating costs included in Atlantia's income statement for the first nine months of 2018, and linked to the subsequently completed acquisition of the Abertis group, in the column headed "Pro forma adjustments";
5) the pro forma reclassified consolidated results for the first nine months of 2018, following the acquisition, in the column headed "Atlantia pro forma".

Pro forma reclassified income statement for 9M 2018

Pro forma reclassified consolidated income statement

€M	ATLANTIA 9M 2018 (A)	ABERTIS 9M 2018 (B)	COMBINED PRO FORMA AMOUNTS 9M 2018 (C) = (A) + (B)	PRO FORMA ADJUSTMENTS (D)	ATLANTIA PRO FORMA 9M 2018 (E) = (C) - (D)
Total operating revenue	4,625	3,945	8,570		8,570
Total net operating costs	-1,976	-1,281	-3,257	-11	-3,246
Gross operating profit (EBITDA)	2,649	2,664	5,313	-11	5,324

Pro forma like-for-like changes

In order to compare certain performance indicators on a like-for-like basis in the two comparative periods, the following table shows the reconciliation of pro forma like-for-like consolidated amounts, for the two comparative periods, for operating revenue and gross operating profit (EBITDA) based on the pro forma consolidated amounts shown previously.

€M	Note	Amounts for 9M 2019		Amounts for 9M 2018	
		PRO FORMA OPERATING REVENUE	PRO FORMA GROSS OPERATING PROFIT (PRO FORMA EBITDA)	PRO FORMA OPERATING REVENUE	PRO FORMA GROSS OPERATING PROFIT (PRO FORMA EBITDA)
Reported amounts (A)		**8,820**	**5,698**	**8,570**	**5,324**
Adjustments for non like-for-like items					
Change in scope of consolidation (Via Paulista - Vianorte- Trados-45)	(1)	96	71	88	43
Exchange rate movements and impact of hyperinflation (IAS 29)	(2)	-104	-31	-	-
Impact connected with collapse of a section of the Polcevera road bridge	(3)	24	11	-2	-355
Charges pertaining to corporate transactions	(4)	-	-12	-	-
Change in discount rate applied to provisions	(5)	-	-44	-	21
Impact of application of IFRS 16 - Leases	(6)	-	26	-	-
Concession fees incurred by Stalexport group	(7)	-	-20	-	-
Sub-total (B)		**16**	**1**	**86**	**-291**
Like-for-like amounts (C) = (A)-(B)		**8,804**	**5,697**	**8,484**	**5,615**

Notes:

The term "like-for-like basis", used in the description of the above pro forma consolidated operating revenue and EBITDA, indicates that amounts for comparative periods have been determined by eliminating:

1) for the first nine months of 2019, the contributions of the Brazilian operator, Via Paulista, which began operating in January 2019, and of the Spanish operator, Trados-45, consolidated during the first nine months of 2019; for the first nine months of 2018, the contribution of the Brazilian operator, Vianorte, which terminated its concession arrangement in May 2018;
2) for the first nine months of 2019, the difference between foreign currency amounts for the first nine months 2019 for companies with functional currencies other than the euro, converted at average exchange rates for the period, and the matching amounts converted using average exchange rates for

the same period of 2018 and, for the first nine months of 2019, the impact of application of accounting standard IAS 29 – Financial Reporting in Hyperinflationary Economies in response to inflation in Argentina;

3) for both periods, the reduction in toll revenue, insurance proceeds and operating costs in relation to the collapse of a section of the Polcevera road bridge;
4) operating costs for the first nine months of 2019 incurred in relation to the acquisition of the Abertis group;
5) for both comparative periods, the impact of the difference in the discount rates applied to the provisions accounted for among the Atlantia Group's liabilities;
6) for the first nine months of 2019 alone, the benefit represented by the reduction in operating costs resulting from first-time adoption of the new accounting standard IFRS 16 - Leases;
7) for the first nine months of 2019, the operating costs linked to the accrued amount payable for the period under a profit-sharing mechanism and that the Polish operator, Stalexport Autostrada Malopolska, must for the first time hand over to the Grantor under specific agreements in the concession arrangement.

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 2018, 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:

- **"Operating revenue"** includes toll revenue, aviation revenue and other operating income, and differs from revenue in the statutory consolidated income statement in that revenue from construction services, recognised on the basis of the cost of materials and external services, service costs, staff costs, other operating costs and financial expenses relating to construction services incurred, is presented in the reclassified income statement as a reduction in the respective items under operating costs and financial expenses;
- "**Gross operating profit (EBITDA)**" is the synthetic indicator of gross profit from operations, calculated by deducting operating costs, with the exception of amortisation, depreciation, impairment losses and reversals of impairment losses, provisions for the renewal of assets held under concession and other adjustments, from operating revenue;
- "**Operating profit (EBIT)**" is the indicator that measures the operating return on the capital invested in the business, calculated by deducting amortisation, depreciation, impairment losses and reversals of impairment losses, provisions for the renewal of assets held under concession and other adjustments 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 statement. This component is, however, included in revenue in the statutory consolidated income statement, thereby representing the sole difference with respect to operating profit;
- "**Net invested capital**", showing the total value of non-financial assets, after deducting non-financial liabilities;
- "**Net debt**", being the indicator of the portion of net invested capital funded by net financial liabilities, which consist of "Current and non-current financial liabilities" after deducting "Current and non-current financial assets" and "cash and cash equivalents";
- "**Capital expenditure**", being the indicator of 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, not including investments in investees;
- "**Operating cash flow**", being the indicator of 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 + dividends received from investees accounted for using equity method +/- the share of profit/(loss) of investees accounted for using equity method in profit or loss +/- (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 applying certain adjustments in order to provide a consistent basis for comparison over time, or in application of a different financial statement presentation deemed to be more effective in describing the financial performance of specific activities of the Group. These adjustments to APIs regard **"Pro forma like-for-like changes"** used in the analysis of pro forma operating revenue and pro forma gross operating profit (EBITDA) and calculated by excluding, where present, the impact of: (i) changes in the scope of consolidation; (ii) changes in exchange rates on the value of assets and liabilities denominated in functional currencies other than the euro; and (iii) 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.

Reconciliation of the reclassified and statutory financial statements

Reconciliations of the Atlantia Group's income statement, statement of financial position and statement of cash flows, as prepared under IFRS, with the corresponding reclassified consolidated financial statements presented in the "Group financial review" are shown below.

Reconciliation of the consolidated income statement with the reclassified consolidated income statement

€M	9M 2019						9M 2018					
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			7,049			7,049			3,229			3,229
Aviation revenue			637			637			637			637
Revenue from construction services			661						255			
Revenue from construction services - government grants and cost of materials and external services	(a)	606					(a)	220				
Capitalised staff costs - construction services for which additional economic benefits are received	(b)	37					(b)	31				
Revenue from construction services: capitalised financial expenses	(c)	18					(c)	4				
Other revenue	(d)		1,134				(d)		759			
Other operating income				(d)		1,134				(d)		759
Total revenue			9,481						4,880			
TOTAL OPERATING REVENUE						8,820						4,625
Raw and consumable materials			-405		-405				-249		-249	
Service costs			-1,888		-1,888				-802		-802	
Gain/(Loss) on sale of elements of property, plant and equipment			1		1				1		1	
Other operating costs			-795						-498			
Concession fees	(e)		-469				(e)		-398			
Lease expense			-25		-25				-17		-17	
Other costs			-301		-301				-83		-83	
Other capitalised operating costs			-		-				-		-	
Use of provisions for construction services required by contract				(j)	259					(j)	209	
Revenue from construction services: government grants and capitalised cost of materials and external services				(a)	606					(a)	220	
Use of provisions for renewal of assets held under concession				(h)	38					(h)	49	
COST OF MATERIALS AND EXTERNAL SERVICES						-1,715						-672
CONCESSION FEES				(e)		-469				(e)		-398
Staff costs	(f)		-1,187				(f)		-723			
NET STAFF COSTS				(b+f+k)		-1,098				(b+f+k)		-642
OPERATING CHANGE IN PROVISIONS				(g+i)		160				(g+i)		-264
TOTAL NET OPERATING COSTS						-3,122						-1,976
GROSS OPERATING PROFIT (EBITDA)						5,698						2,649
PROVISIONS FOR RENEWAL WORK AND OTHER ADJUSTMENTS						-80						-139
Operating change in provisions			128						-353			
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure	(g)		185				(g)		-187			
(Provisions)/ Uses of provisions for renewal of assets held under concession			-32						-89			
Provisions for renewal of assets held under concession		-70			-70			-138			-138	
Use of provisions for renewal of assets held under concession	(h)	38					(h)	49				
Provisions for risks and charges	(i)		-25				(i)		-77			
(Impairment losses)/Reversals of impairment losses				(m)	-10					(m)	-1	
Use of provisions for construction services required by contract			311						259			
Use of provisions for construction services required by contract	(j)	259					(j)	209				
Capitalised staff costs - construction services for which no additional economic benefits are received	(k)	52					(k)	50				
Amortisation and depreciation	(l)		-1,841				(l)		-856			
Depreciation of property, plant and equipment			-148						-56			
Amortisation of intangible assets deriving from concession rights			-1,604						-741			
Amortisation of other intangible assets			-89						-59			
(Impairment losses)/Reversals of impairment losses			-10						-1			
(Impairment losses)/Reversals of impairment losses	(m)	-10					(m)	-1				
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(l)		-1,841				(l)		-856
TOTAL COSTS			-5,686						-3,222			
OPERATING PROFIT/(LOSS)			3,795						1,658			
OPERATING PROFIT/(LOSS) (EBIT)						3,777						1,654
Financial income			576						274			
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants	(n)		195				(n)		56			
Dividends received from investees accounted for at fair value	(o)		70				(o)		4			
Other financial income	(p)		311				(p)		214			
Financial expenses			-1,766						-695			
Financial expenses from discounting of provisions for construction services required by contract and other provisions	(q)		-64				(q)		-33			
Other financial expenses	(r)		-1,702				(r)		-662			
Foreign exchange gains/(losses)	(s)		131				(s)		21			
FINANCIAL INCOME/(EXPENSES)			-1,059						-400			
Other financial expenses, after other financial income				(n+o+p+q+r+s+c)		-1,041				(n+o+p+q+r+s+c)		-396
Share of (profit)/loss of investees accounted for using the equity method			12			12			-3			-3
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			2,748			2,748			1,255			1,255
Income tax (expense)/benefit			-806			-806			-375			-375
Current tax expense			-806						-441			
Differences on tax expense for previous years			21						13			
Deferred tax income and expense			-21						53			
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			1,942			1,942			880			880
Profit/(Loss) from discontinued operations			-15			-15			-			-
PROFIT FOR THE PERIOD			1,927			1,927			880			880
of which:												
Profit attributable to owners of the parent			1,312			1,312			733			733
Profit attributable to non-controlling interests			615			615			147			147

Reconciliation of the consolidated statement of financial position with the reclassified consolidated statement of financial position

€M	30 September 2019						31 December 2018					
Reconciliation of items	Reported basis			Reclassified basis			Reported basis			Reclassified basis		
	Ref.		Main entries	Ref.		Main entries	Ref.		Main entries	Ref.		Main entries
Non-current non-financial assets												
Property, plant and equipment	(a)		817			817	(a)		696			696
Intangible assets	(b)		56,842			56,842	(b)		57,627			57,627
Investments	(c)		3,246			3,246	(c)		3,597			3,597
Deferred tax assets	(d)		1,705			1,705	(d)		1,607			1,607
Other non-current assets	(e)		81			81	(e)		129			129
Total non-current non-financial assets (A)						62,691						63,656
Working capital												
Trading assets	(f)		2,707			2,707	(f)		2,387			2,387
Current tax assets	(g)		963			963	(g)		899			899
Other current assets	(h)		530			530	(h)		603			603
Non-financial assets held for sale or related to discontinued operations				(w)		1,440				(w)		1,522
Current portion of provisions for construction services required by contract	(i)		-701			-701	(i)		-428			-428
Current provisions	(j)		-1,046			-1,046	(j)		-1,324			-1,324
Trading liabilities	(k)		-2,068			-2,068	(k)		-2,140			-2,140
Current tax liabilities	(l)		-575			-575	(l)		-233			-233
Other current liabilities	(m)		-1,170			-1,170	(m)		-1,239			-1,239
Non-financial liabilities related to discontinued operations				(x)		-218				(x)		-223
Total working capital (B)						-138						-176
Gross invested capital (C=A+B)						62,553						63,480
Non-current non-financial liabilities												
Non-current portion of provisions for construction services required by contract	(n)		-2,464			-2,464	(n)		-2,787			-2,787
Non-current provisions	(o)		-2,746			-2,746	(o)		-2,658			-2,658
Deferred tax liabilities	(p)		-3,089			-3,089	(p)		-3,238			-3,238
Other non-current liabilities	(q)		-342			-342	(q)		-534			-534
Total non-current non-financial liabilities (D)						-8,641						-9,217
Net invested capital (E=C+D)						53,912						54,263
Total equity (F)			15,855			15,855			16,332			16,332
Net debt												
Non-current net debt												
Non-current financial liabilities	(r)		43,923			43,923	(r)		44,151			44,151
Non-current financial assets	(s)		-4,740			-4,740	(s)		-4,537			-4,537
Total non-current net debt (G)						39,183						39,614
Current net debt												
Current financial liabilities	(t)		4,525			4,822	(t)		4,071			4,386
Bank overdrafts repayable on demand		*15*			*15*			-			-	
Short-term borrowings		*393*			*393*			*294*			*294*	
Current derivative liabilities		*56*			*56*			*11*			*11*	
Current portion of medium/long-term borrowings		*3,941*			*3,941*			*3,271*			*3,271*	
Other current financial liabilities		*120*			*120*			*495*			*495*	
Current financial liabilities related to discontinued operations				(y)	*297*					(y)	*315*	
Cash and cash equivalents	(u)		-4,450			-4,479	(u)		-5,032			-5,073
Cash in hand		*-3,800*			*-3,800*			*-3,884*			*-3,884*	
Cash equivalents		*-650*			*-650*			*-1,148*			*-1,148*	
Cash and cash equivalents related to discontinued operations				(z)	*-29*					(z)	*-41*	
Current financial assets	(v)		-1,456			-1,469	(v)		-996			-996
Current financial assets deriving from concession rights		*-547*			*-547*			*-536*			*-536*	
Current financial assets deriving from government grants		*-49*			*-49*			*-74*			*-74*	
Current term deposits		*-585*			*-585*			*-245*			*-245*	
Current derivative assets		-			-			*-2*			*-2*	
Current portion of other medium/long-term financial assets		*-129*			*-129*			*-109*			*-109*	
Other current financial assets		*-146*			*-146*			*-30*			*-30*	
Financial assets held for sale or related to discontinued operations				(z)	*-13*						-	
Total current net debt (H)						-1,126						-1,683
Total net debt (I=G+H)						38,057						37,931
Net debt and equity (L=F+I)						53,912						54,263
Assets held for sale or related to discontinued operations	(-z+w)		1,482				(-z+w)		1,563			
Liabilities related to discontinued operations	(+y-x)		515				(+y-x)		538			
TOTAL NON-CURRENT ASSETS	(a+b+c+d+e-s)		67,431				(a+b+c+d+e-s)		68,193			
TOTAL CURRENT ASSETS	(f+g+h-u-v-z+w)		11,588				(f+g+h-u-v-z+w)		11,480			
TOTAL NON-CURRENT LIABILITIES	(-n-o-p-q+r)		52,564				(-n-o-p-q+r)		53,368			
TOTAL CURRENT LIABILITIES	(-i-j-k-l-m+t+y-x)		10,600				(-i-j-k-l-m+t+y-x)		9,973			

Reconciliation of the statement of changes in consolidated net debt and the consolidated statement of cash flows

€M		9M 2019				9M 2018			
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 for the period			1,927	1,927			880	880	
Adjusted by:									
Amortisation and depreciation			1,841	1,841			855	855	
Operating change in provisions, after use of provisions for renewal of assets held under concession			-170	-170			402	402	
Financial expenses from discounting of provisions for construction services required by contract and other provisions			64	64			33	33	
Impairment losses/(Reversal of impairment losses) on financial assets and investments accounted for at cost or fair value			177	177			-	-	
Dividends received and share of (profit)/loss of investees accounted for using the equity method			29	29			33	33	
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets			10	10			1	1	
(Gains)/Losses on sale of non-current assets			-1	-1			-1	-1	
Net change in deferred tax (assets)/liabilities through profit or loss			21	21			-53	-53	
Other non-cash costs (income)			76	76			-47	-47	
Operating cash flow					3,974				2,103
Change in operating capital	(a)				-396				-177
Other changes in non-financial assets and liabilities	(b)				174				84
Change in working capital and other changes	(a+b)		-222				-93		
Net cash generated from/(used in) operating activities (A)			3,752		3,752		2,010		2,010
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS									
Investment in assets held under concession			-1,011	-1,011			-563	-563	
Purchases of property, plant and equipment			-150	-150			-32	-32	
Purchases of other intangible assets			-59	-59			-39	-39	
Capital expenditure					-1,220				-634
Government grants related to assets held under concession			5		5		-		-
Increase in financial assets deriving from concession rights (related to capital expenditure)			67		67		18		18
Purchase of investments			-4		-4		-28		-28
Cost of acquisition	(c)	-11		-11		-1,056		-1,056	
Cash and cash equivalents acquired	(d)	58		58		-		-	
Net financial liabilities assumed, excluding cash and cash equivalents acquired	(e)			-63				-	
Acquisitions of additional interests and/or investments in consolidated companies, net of cash acquired	(c+d)		47				-1,056		
Purchases of interests in consolidated companies, including net debt assumed	(c+d+e)				-16				-1,056
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments			12		12		5		5
Net change in other non-current assets			49		49		-122		-122
Net change in current and non-current financial assets	(f)		-720				-41		
Net cash from/(used in) investment in non-financial assets (B)	(g)				-1,107				-1,817
Net cash generated from/(used in) investing activities (C)	(f+g-e)		-1,764				-1,858		
NET EQUITY CASH INFLOWS/(OUTFLOWS)									
Dividends declared by Atlantia and Group companies and payable to non-controlling shareholders	(h)				-1,177				-655
Dividends paid	(i)		-1,173				-669		
Proceeds from exercise of rights under share-based incentive plans			1		1		1		1
Distribution of reserves and returns of capital to non-controlling shareholders			-459		-459		-		-
Net equity cash inflows/(outflows) (D)					-1,635				-654
Net cash (used)/generated during the period (A+B+D)					1,010				-461
Issuance of bonds			7,044				182		
Increase in medium/long term borrowings (excluding lease liabilities)			3,482				4,104		
Increase in lease liabilities			53				-		
Bond redemptions			-1,147				-108		
Repayments of medium/long term borrowings (excluding lease liabilities)			-10,180				-221		
Repayments of lease liabilities			-28				-		
Net change in other current and non-current financial liabilities			-172				-91		
Net cash generated from/(used in) financing activities (E)			-2,579				3,198		
Change in fair value of hedging derivatives	(j)				-801				1
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	(k)				-38				51
Effect of foreign exchange rate movements on net debt and other changes	(l)				-160				-2
Impact of first-time adoption of IFRS 16 as at 1 January 2019					-137				-
Other changes in net debt (F)					-1,136				50
Net effect of foreign exchange rate movements on net cash and cash equivalents (G)			-18				-28		
Increase/(decrease) in net debt for period (A+B+D+F)					-126				-411
Net debt at beginning of period					-37,931				-9,496
Net debt at end of period					-38,057				-9,907
Increase/(Decrease) in cash and cash equivalents during period (A+C+E+G)			-609				3,322		
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD			5,073				5,613		
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD			4,464				8,935		

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) *"Cost of acquisitions" shows the cost incurred when purchasing investments in consolidated companies;*

d) "Cash and cash equivalents acquired" includes the cash acquired as a result of the acquisition of consolidated companies;
e) "Net financial liabilities assumed, excluding cash and cash equivalents acquired" include the net debt assumed as a result of the acquisition of consolidated companies;
f) 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;
g) "Net cash from/(used in) investment in non-financial assets" excludes changes in the financial assets and liabilities referred to in note f) and e) that do not have an impact on net debt;
h) "Dividends declared by Atlantia and Atlantia Group companies and payable to non-controlling shareholders" regard the portion of dividends declared by the Parent Company and other Atlantia Group companies attributable to non-controlling interests, regardless of the reporting period in which they are paid;
i) "Dividends paid" refer to amounts effectively paid during the reporting period;
j) the amount represents the change in the fair value of hedging instruments, before the related taxation;
k) this item essentially includes financial income and expenses in the form of interest linked to loans requiring the repayment of principal and interest accrued at maturity;
l) this item essentially includes the impact of exchange rate movements on financial assets (including cash and cash equivalents) and financial liabilities denominated in currencies other than the euro held by Atlantia Group companies.

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The manager responsible for financial reporting, Tiziano Ceccarani, 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 (formerly CESR) Recommendation of 10 February 2005, subsequently amended by ESMA on 20 March 2013 (which does not entail the deduction of non-current financial assets from debt), amounts to €42,797m as at 30 September 2019 (€42,468m as at 31 December 2018).