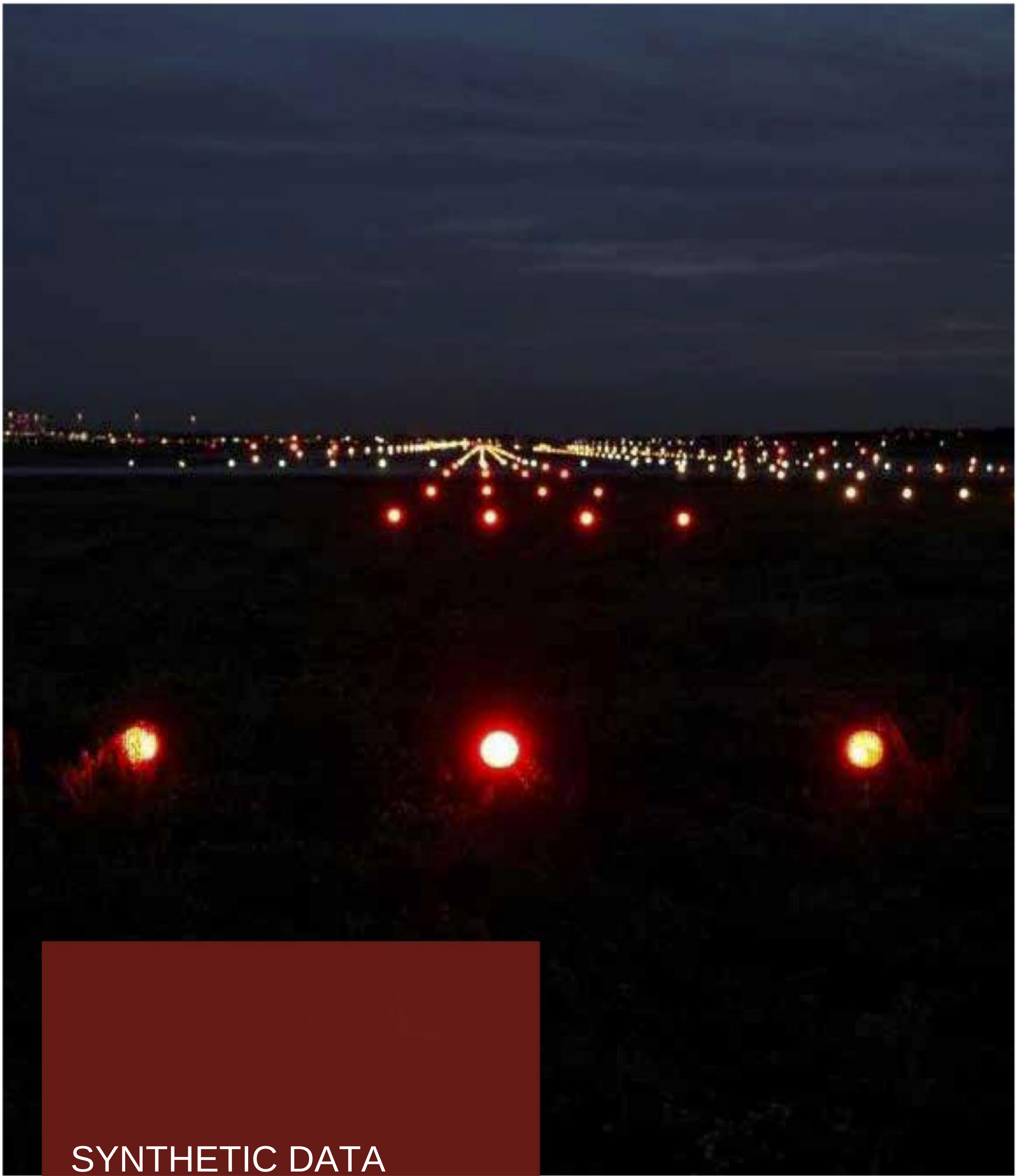
CONSOLIDATED INTERIM FINANCIAL REPORT AS OF **JUNE 30, 2017**



SYNTHETIC DATA **AND GENERAL INFORMATION**

HALF-YEAR OUTLOOK

In the first six months of 2017 the ADR Group achieved positive results despite a complex period, characterized by Alitalia's crisis which culminated with the Italian flag carrier airline starting Extraordinary Administration on May 2, 2017.

The Group's positive performance is attributable to management action that has ensured infrastructural development as planned, in line with the Planning Agreement and with traffic developments, and consolidation of the quality standards, at the same time guaranteeing adequate levels of operating efficiency.

Despite Alitalia's situation, which remains characterized by uncertainties regarding future developments, the first half of 2017 confirmed traffic levels that are essentially in line with the previous period, with over 22 million passengers using Rome's airports, up 0.6%. Fiumicino airport recorded traffic volumes essentially in line with those of the first six months of 2016, while the traffic at Ciampino showed a 6.0% growth of volumes, driven by the increased load-factor, equal to 2.3%, compared to the same period of the previous year.

The traffic trend was positively influenced by the growing international segment and, in particular, by the flights to and from Non-EU destinations which, compared to the first six months of 2016, saw a 5.9% increase in the number of passengers carried. This confirms Rome as a very attractive destination and the Group's strategy targeting constant development and an increase in new routes to the main global destinations. Once again this year, Fiumicino was one of the European airports with the most direct flights to and from China.

As regards Rome's airports, the modernization and development works continued. In the first half of 2017 the Group made 104.9 million euros' worth of investments.

In particular the works for upgrading runway 1 were carried out and initiatives are still in progress to develop the airside capacity, with works to build new aprons in the west area and in quadrant 300. Adjustment works were also completed at Terminal 3 and Terminal 1 with the aim of receiving sensitive flights, which were first managed by Terminal 5; with a view to increasing the quality standards for passengers, renovation and improvement actions continue.

The focus on service quality remains at the heart of the Group's strategy. In this respect both the quality perceived by passengers and that provided were higher than the figure of the first six months of 2016. In the first half of 2017, Fiumicino airport was the best liked by passengers among the main hubs in the European Union[1].

The positive results recorded in terms of traffic development and financial and economic performance, combined with consolidation of the position of solid Investment Grade, confirmed by the new issue of bonds places successfully at international institutional investors, meant that the ADR Group retained its position as a leading player in the national air transport scenario and acquired an increasingly influential profile at global level.

In this context, despite a particularly complex context, the Group intends to pursue its development path, guaranteeing effective and efficient management to the market, maintaining valuable communications with stakeholders and the territory, and contributing to the growth of Italy's economy

[1] Source: *Airport Service Quality - Airports Council International*

FINANCIAL AND OPERATING HIGHLIGHTS OF THE GROUP

	1ST HALF 2017	1ST HALF 2016
CONSOLIDATED ECONOMIC-FINANCIAL RESULTS (€/000)		
Revenues from airport management	415,280	391,923
Gross operating income (EBITDA)	254,607	227,609
EBITDA %	61.3%	58.1%
Operating income (EBIT)	179,823	156,172
EBIT %	43.3%	39.8%
Net income (loss)	105,869	87,370
Group share of income (loss)	105,869	87,370
Investments	104,920	171,593
	06.30.2017	12.31.2016
Net invested capital	2,212,979	2,100,874
Shareholders' Equity (including minority interests)	1,075,463	1,106,402
Group Shareholders' Equity	1,075,463	1,106,402
Net debt	1,137,516	994,472
Net debt/Shareholders' equity	1.1	0.9
CONSOLIDATED ECONOMIC-FINANCIAL RESULTS (€/000)	1ST HALF 2017	1ST HALF 2016
Net debt/EBITDA (°)	2.0	2.0
R.O.I. (Operating income/Net invested capital) (°)	18.8%	14.6%
RATING	06.30.2017	12.31.2016
Standard & Poor’s	BBB+	BBB+
Moody’s	Baa1	Baa2/Baa1
Fitch Rating	BBB+	BBB+

(°) ratios compared to the last 12 months

TRAFFIC VOLUMES	1ST HALF 2017	1ST HALF 2016
Movements (no./000)	169	176
Total passengers (no./000)	22,134	22,007
Total cargo (tons)	89,200	79,791
GROUP HUMAN RESOURCES	1ST HALF 2017	1ST HALF 2016
Average headcount (no. of individuals)	3,053	2,973
	06.30.2017	12.31.2016
Headcount at the end of the period (no. of individuals)	3,655	3,393

CORPORATE BODIES

BOARD OF DIRECTORS

In office until the Meeting to approve the 2018 Yearly Financial Report

Antonio Catricalà	Chairman
Ugo de Carolis	Managing Director
Tommaso Barracco	Director
Carlo Bertazzo	Director
Giovanni Castellucci	Director
Giancarlo Guenzi	Director
Guglielmo Bove	Secretary

BOARD OF STATUTORY AUDITORS

In office until the Meeting to approve the 2018 Yearly Financial Report

Giampiero Riccardi	Chairman
Alessandro Bonura	Statutory Auditor
Mauro Romano	Statutory Auditor
Mario Tonucci	Statutory Auditor
Pier Vittorio Vietti	Statutory Auditor
Fabio Margara	Alternate Auditor
Massimiliano Troiani	Alternate Auditor

GENERAL MANAGER

Gian Luca Littarru

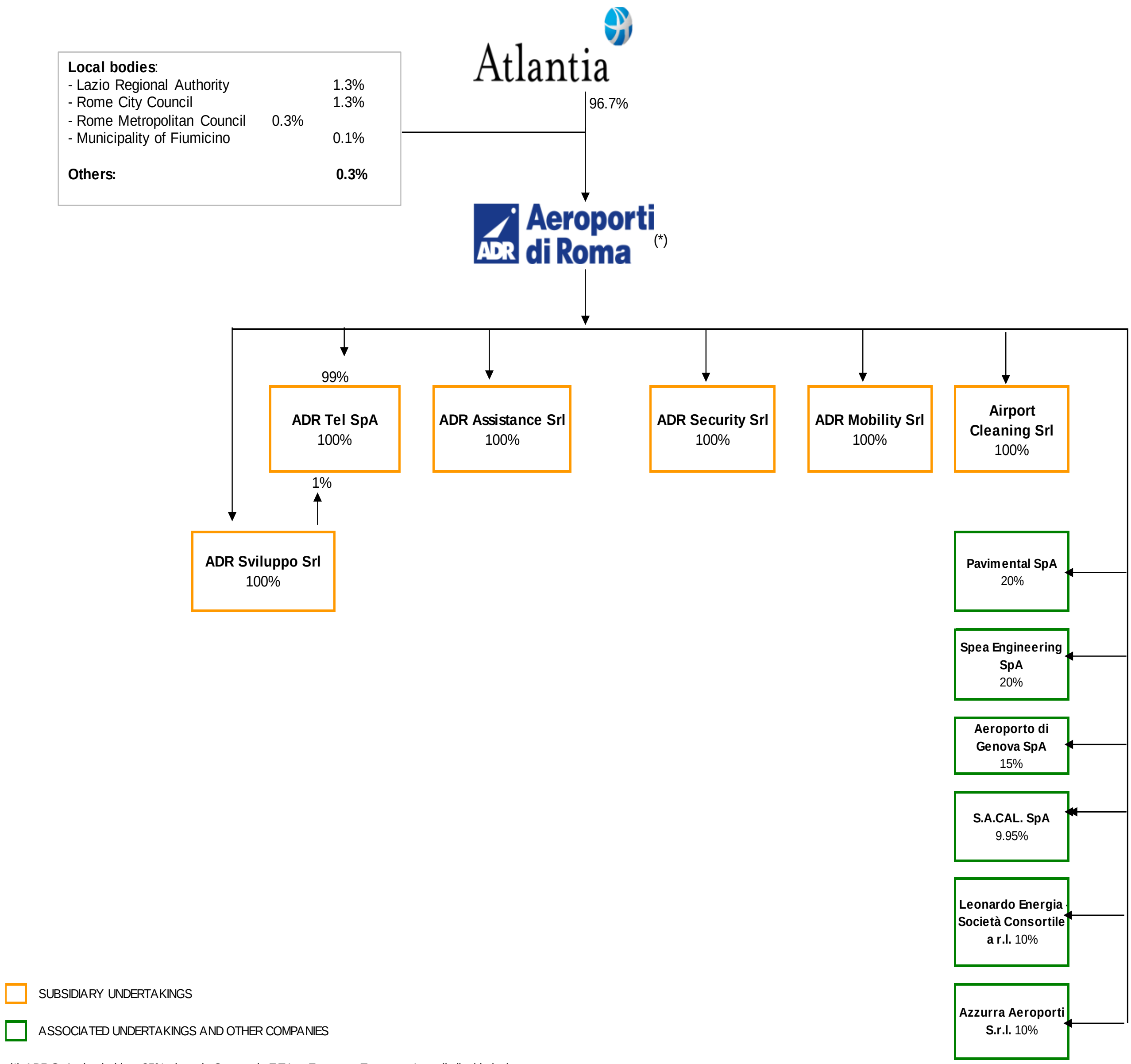
INDEPENDENT AUDITORS

2013-2021 accounting periods

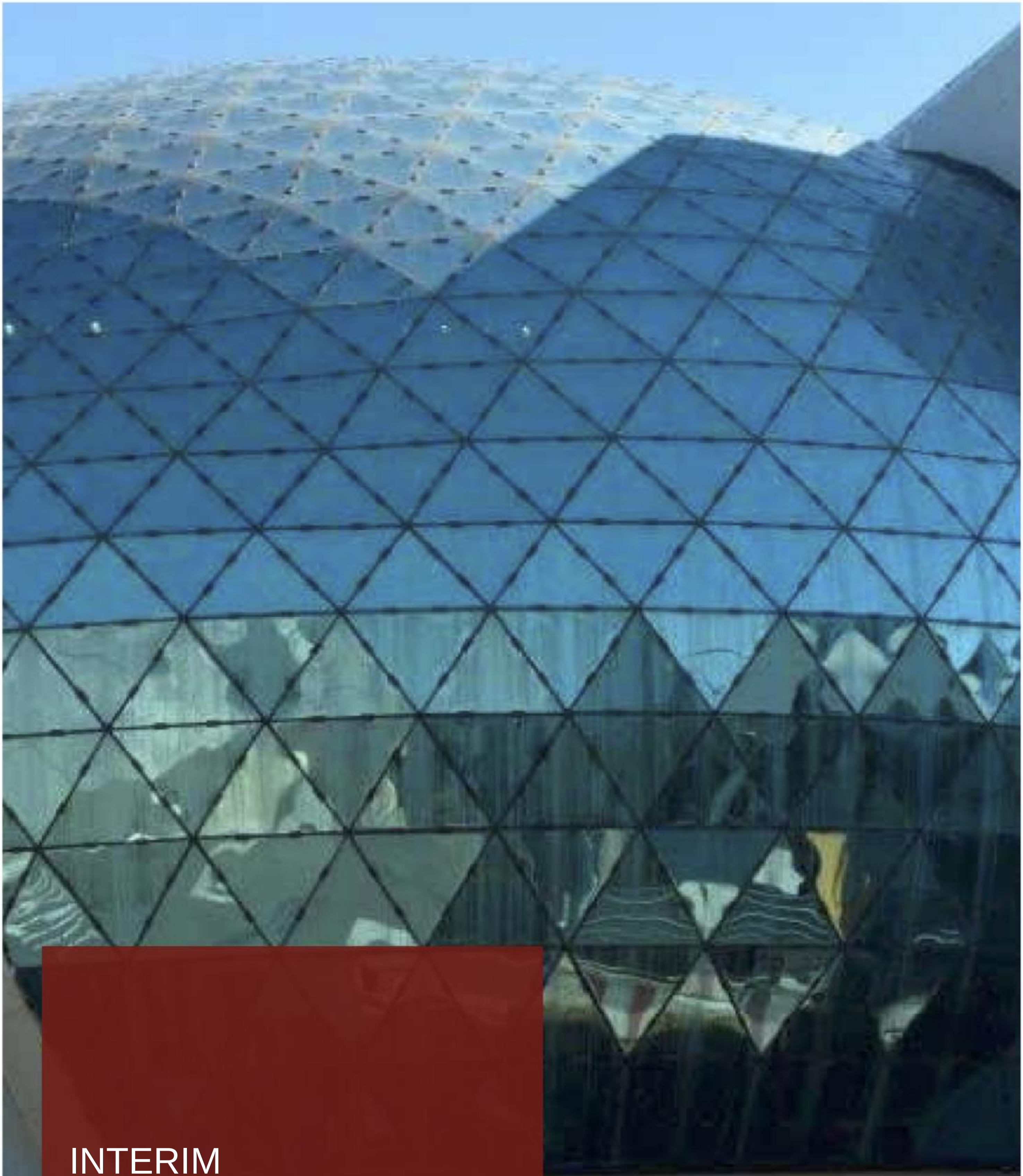
EY S.p.A.

THE GROUP'S STRUCTURE

(as of June 30, 2017)



(*) ADR SpA also holds a 25% share in Consorzio E.T.L. - European Transport Law (in liquidation) and a 1% share in Consorzio Autostrade Italiane Energia (CAIE)



INTERIM MANAGEMENT **REPORT ON OPERATION**

INTERIM MANAGEMENT REPORT ON OPERATIONS

CORE
BUSINESS

The Roman Airport System

Aeronautical

In the first six months of 2017 the air traffic sector recorded a +6.7%[2] increase in passengers transported due to the positive development of the volume of transports at an International (+9.1%) and Domestic (+5.0%) level.

All geographic areas recorded positive results, from +8.9% in the Middle East to +1.9% in Africa; in Europe, 2017 began with a +9.1% increase.

In Italy, passenger traffic[3] grew by 6.4%: the international component recorded a +9.6% increase in volumes, while the Domestic segment grew by 2.5%.

The Roman airport system, in the first six months of 2017, welcomed more than 22.1 million passengers, with a growth of +0.6% compared to the previous year: the international market is the driver of the performance, recording a +3.7% increase in volume, while the domestic market traffic recorded a drop (-7.5%).

In terms of capacity, in the first half of 2017 there was a decrease in movements (down 3.8%) and seats (down 2.1%).These decreases, against an increase in passengers, result in a consequent increase in the coefficient of the load factor which, standing at 78.2%, shows an approximate 2.1%.

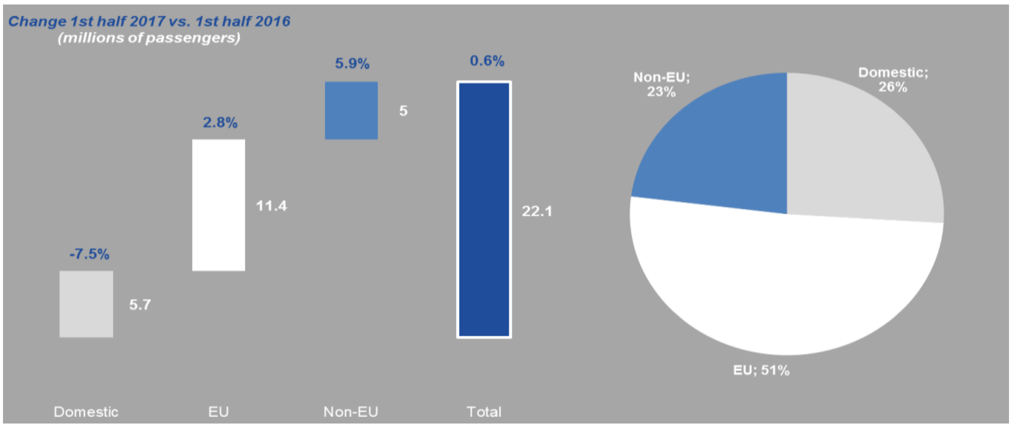
TABLE 1. Main traffic data of the Roman airport system

	1ST HALF 2017	1ST HALF 2016	Δ%
Movements (No.)	**169,017**	**175,609**	**(3.8%)**
Fiumicino	143,050	150,758	(5.1%)
Ciampino	25,967	24,851	4.5%
Passengers (No.)	**22,133,668**	**22,007,137**	**0.6%**
Fiumicino	19,206,190	19,244,165	(0.2%)
Ciampino	2,927,478	2,762,972	6.0%
of which: boarded	10,964,258	10,901,415	0.6%
Fiumicino	9,495,502	9,520,725	(0.3%)
Ciampino	1,468,756	1,380,690	6.4%
Cargo (t.)	**89,200**	**79,791**	**11.8%**
Fiumicino	80,978	71,814	12.8%
Ciampino	8,222	7,977	3.1%

The graph below shows the trend of passenger traffic both in terms of absolute volumes and percentage difference compared to the same period of the previous year.

[2] Source: ACI Pax Flash report, April 2017
[3] Source: Assaeroporti; May 2017

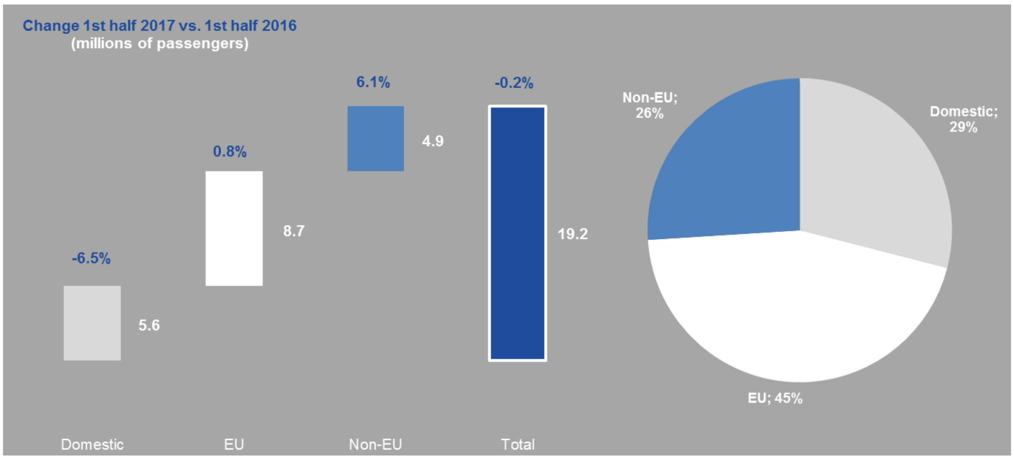
GRAPH 1. Traffic composition in the first half of 2017 for the Roman airport system



Fiumicino

In the first half of 2017, the Fiumicino airport recorded essentially stable volumes (-0.2%), having managed above 19.2 million passengers. These results were reached exclusively through the growing volumes of the International market (+2.7%): at the same time the capacity decreased in terms of movements (-5.1%), seats (-2.8%) and aircraft tonnage (-2.9%). The load factor grew by 2%, from 74.9% in the first half of 2016 to 76.9%.

GRAPH 2. Traffic composition in the first half of 2017 for Fiumicino airport



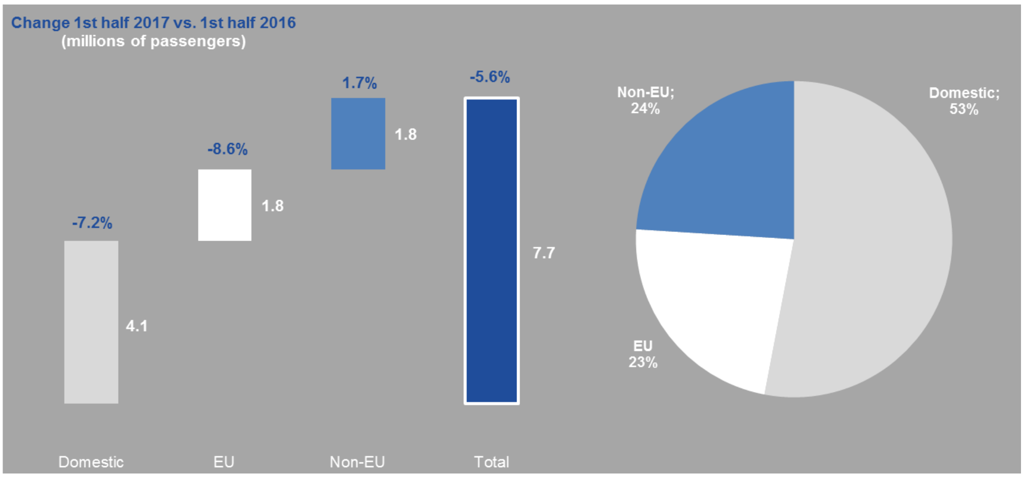
The drop in traffic in the Domestic segment is mainly attributable to Alitalia's cuts (Malpensa, Pescara, Perugia) and to extraordinary cancellations due to several strikes called in the six months (2/23, 3/20, 5/4, 5/28, 6/16).

The growth in volume of the international traffic is, also in this case, to be mainly attributable to the effects of the developments started in 2016 which increased the flows in both the EU market (+0.8%) and outside the EU (+6.1%).

Alitalia, the reference carrier for the Fiumicino airport, recorded a -5.6% drop in passengers transported in the first six months of 2017, with a decrease in seats offered (-4.0%) and in movements (-7.5%). In a subdivision by segment, traffic performance gave negative results in the Domestic segment (-7.2%) as well as in the International segment (-3.7%).

The decrease in volume of transported passengers, greater than that in the capacity offered, entailed a drop in the load factor, which stood at 73.9%, down by 1.3% compared with the same period of the previous year.

GRAPH 3. Traffic composition in the first half of 2017 for the carrier Alitalia



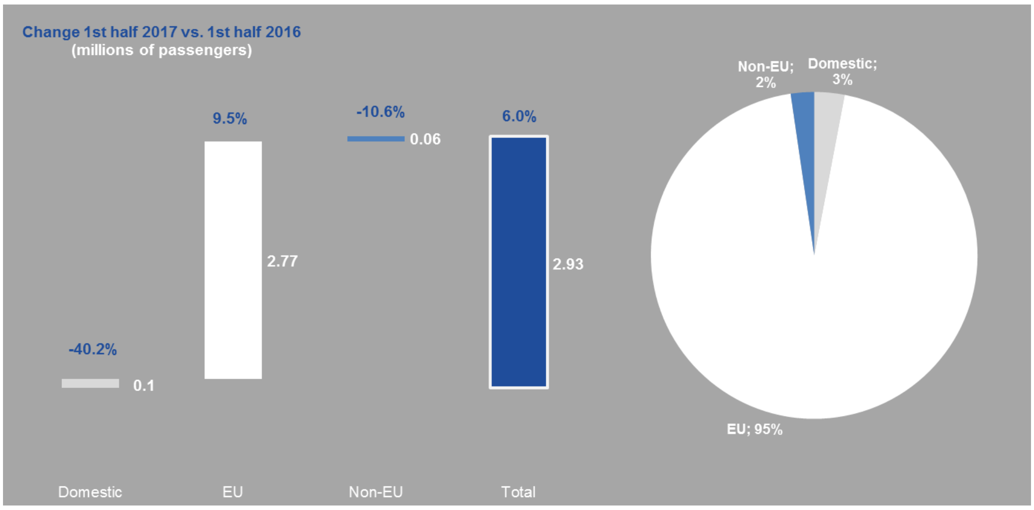
Ciampino

In the first half of 2017, Ciampino airport recorded a growth in transported passengers (+6.0%) consequently to the contextual increase in movement (4.5%), seats (+3.1%) and tonnage (+3.7%).

The positive performance was driven by the International segment (+9.0%), essentially due to the focus placed by Ryanair on this market, and it far outweighs the decline in the domestic segment (-40.2%).

The total load factor of the airport stood at 88.2%, a 2.3% increase compared to the same period of 2016.

GRAPH 4. Traffic composition in the first half of 2017 for Ciampino airport



Consolidated financial review

Consolidated economic performance

This consolidated interim financial report of the Aeroporti di Roma Group ("ADR Group") as of June 30, 2017 was prepared in accordance with IAS 34 "Interim financial reporting".

The accounting standards applied to prepare this Report are those adopted in the preparation of the yearly financial report 2016, to which reference is made for a description.

No changes in the consolidation scope, compared with December 31, 2016, are noted.

Consolidated economic performance

TABLE 1. Reclassified consolidated income statement

	1st HALF 2017	1st HALF 2016	CHANGE	% CHANGE
Revenues from airport management of which:	415,280	391,923	23,357	6.0%
aeronautical revenues	301,083	*291,898*	9,185	3.1%
non-aeronautical revenues	114,197	*100,025*	14,172	14.2%
Revenues from construction services	66,168	108,178	(42,010)	(38.8%)
Other operating income	12,602	6,465	6,137	94.9%
Total revenues	**494,050**	**506,566**	**(12,516)**	**(2.5%)**
External operating costs	(80,108)	(81,186)	1,078	(1.3%)
Costs for construction services	(61,692)	(103,008)	41,316	(40.1%)
Concession fees	(15,327)	(16,173)	846	(5.2%)
Payroll costs	(82,316)	(78,590)	(3,726)	4.7%
Total net operating costs	**(239,443)**	**(278,957)**	**39,514**	**(14.2%)**
Gross operating income (EBITDA)	**254,607**	**227,609**	**26,998**	**11.9%**
Amortization and depreciation, write-downs and reversals	(43,766)	(36,133)	(7,633)	21.1%
Allocation to provisions and other adjusting provisions	(31,018)	(35,304)	4,286	(12.1%)
Operating income (EBIT)	**179,823**	**156,172**	**23,651**	**15.1%**
Financial income (expense)	(25,634)	(23,473)	(2,161)	9.2%
Share of profit (loss) of associates accounted for using the equity method	1,035	1,330	(295)	(22.2%)
Income (loss) before taxes from continuing operations	**155,224**	**134,029**	**21,195**	**15.8%**
Taxes	(49,355)	(46,659)	(2,696)	5.8%
Net income (loss) from continuing operations	**105,869**	**87,370**	**18,499**	**21.2%**
Net income (loss) from discontinued operations	0	0	0	0.0%
Net income (loss) for the period	**105,869**	**87,370**	**18,499**	**21.2%**
Share of income (loss) for the period pertaining to third party shareholders	0	0	0	0.0%
Group share of income (loss) for the period	**105,869**	**87,370**	**18,499**	**21.2%**

Revenues

- Revenues from airport management, equal to 415.3 million euros, rose by 6.0% compared to the reference period, essentially due to the development of aeronautical activities (+3.1%), attributable, in addition to the effect on the first two months of the year of the adjustment of the unit fees, which start from March 1, of each year, the traffic performance and in particular the favorable mix effect. The non-aeronautical segment grew more significantly (+14.2%), driven by the positive performance of commercial sub-concessions (+20.1%), mainly as a consequence of the commercial area coming into operation, which is included in the new infrastructure called “Front Building” and annexed to the new E terminal in the Extra-Schengen area, and of the real estate sub-concessions, growing by 13.7%.
- Revenues from construction services equaled 66.2 million euros, down compared to the comparative period (-42.0 million euros).
- Other operating income amounted to 12.6 million euros, up 6.1 million euros compared to the previous half, mainly for the re-absorption of allowances for risks and charges.

Net operating costs

- External operating costs, equal to 80.1 million euros, fell by 1.1 million euros overall compared to the first half of 2016 also due to the effect of the extra costs incurred in the comparative period ceasing as a result of the operating penalization due to the fire at Terminal 3 of May 2015, in addition to the reduction in professional services. This performance was initially offset by the costs incurred for the operation of the new infrastructure and by the increasing costs for commercial development (promotional initiatives).
- Costs for construction services, equal to 61.7 million euros, fell by 41.3 million euros compared to the first half of 2016.
- The liability for concession fees amount to 15.3 million euros and decrease by 0.8 million euros compared to the reference period in line with the adjustment of the parameters for calculating the concession fees to the inflation trend.
- Payroll costs, amounting to 82.3 million euros, rose by 4.7% (+3.7 million euros) due mainly to the higher average headcount of the ADR Group (+80.2 FTE). This increase is essentially attributable to the extension of the perimeter of the activities of Airport Cleaning to the newly created areas (Front Building and Pier E), to the internalization initiatives, the enhancement of the activities of information to passengers and supervision of the decorum at Ciampino airport. The increase in the average headcount in the first half of 2017 was partially offset by the initiatives to make the cleaning activities and security checks for passengers at check points more efficient.

Gross operating income (EBITDA)

The gross operating income (EBITDA), equal to 254.6 million euros, rose by 27.0 million euros compared to the first half of last year (+11.9%).

Amortization and depreciation

Amortization of intangible assets and depreciation of tangible assets stood at 43.8 million euros and mainly represented amortization of the airport concession owned by the Parent Company Aeroporti di Roma S.p.A. (hereinafter “ADR”, the “Parent Company” or the “Company”). The 7.6 million euros increase compared to the comparison period is attributable to the operational start-up of new systems and infrastructures at the end of last year.

Allocation to provisions and other adjusting provisions

This item, totaling 31.0 million euros (35.3 million euros in the comparative period), is broken down as follows:

- allocation to the provisions for renovation of airport infrastructure, amounting to 24.0 million euros (29.8 million euros in the comparison period), as a result of the updated estimate of the expenses for restoration and replacement work scheduled in the latest business plan approved. The decrease compared to the first half of 2016 of 5.8 million euros is almost entirely attributable to the effect of the update of the interest rate taken as reference for the discounting of the financial flows expected in the future, which recorded a favorable trend in the six months in question, while in the comparison period it incurred a reduction, with a negative impact on the allocation of the period;
- provisions for risks and charges for 0.6 million euros, down 3.4 million euros compared to the first half of 2016;
- provisions for doubtful accounts, amounting to 6.4 million euros. The increase of 4.9 million euros compared to the same period of 2016 is mainly attributable to the write-down of the receivables from Alitalia SAI under special administration relating to unregulated activities and accrued in the period before the carrier started the procedure. For these receivables there is no guarantee about the collection, and possible privileges at the time of distribution are not applicable nor the protection mechanisms provided for by the Planning Agreement.

Operating income (EBIT)

Operating income (EBIT) came to 179.8 million euros, rising by 23.7 million euros (+15.1%) with respect to the comparison period.

Financial income (expense)

Net financial expense amounts to 25.6 million euros, are up 2.2 million euro (+9.2%) mainly due to the forward starting hedging contracts coming into operation, signed in 2015 and activated in the first half of 2017.

Share of profit (loss) of associates accounted for using the equity method

This item, equal to +1.0 million euros (+1.3 in the comparison period), includes the revaluation of the equity investments in the associates Spea Engineering S.p.A. (+0.8 million euros) and Pavimental S.p.A. (+0.2 million euros).

Group share of income (loss) for the period

Net of the tax burden estimated for current and deferred taxation at 49.4 million euros (46.7 million euros in the comparative period), which takes into account the reduction of the IRES rate to 24% starting from January 1, 2017, the ADR Group, recorded in the first half of 2017 a net profit of 105.9 million euros, growing by 18.5 million euros.

TABLE 2. Consolidated Statement of Comprehensive Income

(THOUSANDS OF EUROS)	1st HALF 2017	1st HALF 2016
NET INCOME FOR THE PERIOD	**105,869**	**87,370**
Profits (losses) from fair value measurement of the cash flow hedges	13,972	(19,142)
Tax effect	(3,354)	4,348
Share pertaining to the “other components of comprehensive income” of equity investments accounted for using the equity method	61	65
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect	**10,679**	**(14,729)**
Income (loss) from actuarial valuation of employee benefits	51	(1,125)
Tax effect	(12)	295
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect	**39**	**(830)**
Reclassifications of the other components of the comprehensive income statement for the period	**432**	**0**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT	**11,150**	**(15,559)**
COMPREHENSIVE INCOME FOR THE PERIOD	**117,019**	**71,811**
of which		
Comprehensive income attributable to the Group	117,019	71,811
Comprehensive income attributable to minority interests	0	0

Consolidated financial performance

TABLE 3. Reclassified consolidated balance sheet

		06.30.2017	12.31.2016	CHANGE
	Intangible fixed assets	2,305,554	2,275,581	29,973
	Tangible fixed assets	50,433	52,980	(2,547)
	Non-current financial assets	73,809	75,120	(1,311)
	Deferred tax assets	87,249	101,346	(14,097)
	Other non-current assets	429	432	(3)
A	**FIXED ASSETS**	**2,517,474**	**2,505,459**	**12,015**
	Trade assets	322,990	293,774	29,216
	Other current assets	11,709	51,392	(39,683)
	Current tax assets	8,072	8,348	(276)
	Trade liabilities	(209,847)	(289,739)	79,892
	Other current liabilities	(134,782)	(140,861)	6,079
	Current tax liabilities	(9,854)	(21,816)	11,962
B	**WORKING CAPITAL**	**(11,712)**	**(98,902)**	**87,190**
	Provisions for employee benefits	(1,489)	(1,437)	(52)
	Provision for renovation of airport infrastructure	(87,546)	(98,610)	11,064
	Other allowances for risks and charges	(45,663)	(52,013)	6,350
C	**CURRENT SHARE OF PROVISIONS**	**(134,698)**	**(152,060)**	**17,362**
D = B + C	**WORKING CAPITAL NET OF THE CURRENT SHARE OF PROVISIONS**	**(146,410)**	**(250,962)**	**104,552**
	Non-current liabilities	(158,085)	(153,623)	(4,462)
E	**NON-CURRENT LIABILITIES**	**(158,085)**	**(153,623)**	**(4,462)**
F = A + D + E	**NET INVESTED CAPITAL**	**2,212,979**	**2,100,874**	**112,105**
	Group Shareholders' Equity	1,075,463	1,106,402	(30,939)
	Minority Interests in Shareholders' Equity	0	0	0
G	**SHAREHOLDERS' EQUITY**	**1,075,463**	**1,106,402**	**(30,939)**
	Non-current financial liabilities	1,489,095	1,042,518	446,577
	Other non-current financial assets	(16,670)	(11,236)	(5,434)
H	**NON-CURRENT NET DEBT**	**1,472,425**	**1,031,282**	**441,143**
	Current financial liabilities	5,282	37,349	(32,067)
	Current financial assets	(340,191)	(74,159)	(266,032)
I	**CURRENT NET DEBT**	**(334,909)**	**(36,810)**	**(298,099)**
L = H + I	**NET DEBT**	**1,137,516**	**994,472**	**143,044**
G + L	**HEDGING OF INVESTED CAPITAL**	**2,212,979**	**2,100,874**	**112,105**

Fixed assets

Fixed assets as of June 30, 2017 equaled 2,517.5 million euros, rising by 12.0 million euros compared to the end of 2016, mainly due to the following changes:

- an increase in intangible fixed assets (+30.0 million euros), in relation to the investments for the period (68.8 million euros), partly offset by amortization and depreciation (37.7 million euros) and the recovery of advances paid to suppliers (-1.1 million euros);

- a decrease in tangible fixed assets (+2.5 million euros), attributable to the investments for the period (3.5 million euros), more than offset by amortization and depreciation (6.0 million euros);
- a decrease in non-current financial assets (+1.3 million euros) attributable to the valuation of associated companies accounted for using the equity method, which takes into account the dividend distribution resolved by Spea Engineering S.p.A. (2.4 million euros), offset by the pro rata result for the year (+0.8 million euros), and the revaluation of the investment in Pavimental S.p.A. (+0.3 million euros);
- decrease in deferred tax assets for 14.1 million euros mainly in relation to the trend of the provisions for renovation of airport infrastructure and the fair value of the derivatives.

Working capital

The Working Capital, with a negative 11.7 million euros, showed an increase of 87.2 million euros compared to December 31, 2016 due to the events described below.

- Trade assets increased by 29.2 million euros, essentially due to the increase in receivables from commercial customers mainly due to the growth in exposure towards the main national carrier. This increase is due, in the first part of the half, to the moratorium phase granted to the company in preparation for the launch of the financial restructuring plan, and the subsequent admission of the carrier, on May 1, 2017, to the extraordinary administration procedure, following the failed approval of the same. As a consequence all the receivables accrued prior to May 1, 2017 will be settled with the methods and times set by the procedure; however, among these, the receivables for airport fees have a degree of privilege at the time of allocation, which lessens their risk of uncollectability. In any case any losses on receivables for services subject to settlement and resulting as an outcome of the procedure underway, being considered as an event outside the responsibility of the concessionaire, would be suitable to lead to an alteration in the economic-financial balance that would be restored in accordance with the Planning Agreement, in the same way as other cases of force majeure or of change in the regulatory framework.

  The receivables from Alitalia SAI under extraordinary administration regarding activities not regulated as of May 1, 2017, were written-down instead; indeed, for these receivables there is no guarantee about the collection and the aforesaid privileges at the time of distribution are not applicable nor the rebalancing mechanisms provided for by the Planning Agreement.

  Finally, the receivables accrued after May 1, 2017 have been duly collected so far.
- Other non-current assets declined by 39.7 million euros essentially due to the collection of the receivable entered in previous years against the insurance claims accrued following the incident on May 2015 (fire at T3).
- Trade liabilities decreased by 79.9 million euros due essentially to the drop in amounts due to suppliers for 88.9 million euros, partly offset by the increase of 9.6 million euros in deferred income for the advance billing of the sub-concession fees. The negative change in payables to suppliers derives from the considerable volume of investments made at the end of 2016 and that were mainly settled, due to payment extensions, during this first part of the year.
- Other current liabilities decreased by 6.1 million euros overall, mainly as the combined effect of:
  - the increase in the payables for the firefighting service of 3.7 million euros essentially due to the price accrued in the period;
  - a decrease in the payables for concession fees of 1.6 million Euros in relation to the payment of the second installment of 2016 made in January 2017, net of the portion accrued in the period;
  - a decrease in the payables for surtax on passenger fees of 10.7 million euros due to the impact of the performance in the period of this type of collections from carriers. For this type of charge,

ADR is an intermediary in the collection of surcharges, which it pays back to the end beneficiaries in the month after the month of collection;

- an increase of 3.1 million euros in IRESA payables, the tax charged to carriers by the Lazio Regional Authority. This payable, which is posted at the time of the receivable arising from amounts charged to the carriers, is settled in line with the collection performance with repayment back to the end beneficiaries by ADR on a quarterly basis.

- Current tax liabilities decreased by 12.0 million euros after the payment of the 2016 balance and the first advance for 2017, partly offset by the estimated tax burden for the six months.

Current share of provisions and Non-current liabilities

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
Provisions for employee benefits	20,757	21,196	(439)
Provision for renovation of airport infrastructure	197,633	205,429	(7,796)
Other allowances for risks and charges	72,595	78,123	(5,528)
TOTAL	**290,985**	**304,748**	**(13,763)**
of which:			
- current share	134,698	152,060	(17,362)
- non-current share[4]	156,287	152,688	3,599

The renovation provision, which includes the current value of the estimate of the charges to be incurred for the contractual obligation to restore and replace assets under concession, decreased by 7.8 million euros due to the operating uses, net of the provisions for the period, which absorb the values resulting from updating the scheduled replacement/renewal actions included in the latest long-term plan approved by the ADR Group.

Other allowances for risks and charges decreased overall by 5.5 million euros due to the reabsorption for 6.0 million euros and the uses of the period for 0.1 million euros, partly offset by the provisions for 0.6 million euros.

Net invested capital

The consolidated net invested capital, equal to 2,213.0 million euros as of June 30, 2017, and increased by 112.1 million euros compared to the end of the previous year.

[4] Non-current liabilities also include the item Other liabilities equal to 1,798 thousand euros as of June 30, 2017 and 935 thousand euros as of December 31, 2016.

Shareholders' equity

The Group shareholders' equity, equal to 1,075.5 million euros, decreased by 30.9 million euros compared to December 31, 2016, due to the dividends distributed (equal to 148.1 million euros) and partly offset by the overall net income of the period (117.0 million euros, which includes the positive change in the fair value of the derivatives) and the increase in the shareholders' equity reserves for 0.1 million euros relating to the fair value accrued on the incentive plans of the management of ADR based on Atlantia S.p.A.'s shares.

Net debt

Net debt as of June 30, 2017 amounts to 1,137.5 million euros, up 143.0 million euros compared to the end of 2016.

TABLE 4. Consolidated net debt

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
Non-current financial liabilities	1,489,095	1,042,518	446,577
Bonds	1,101,609	834,195	267,414
Medium/long-term loans	249,412	69,804	179,608
Financial instruments - derivatives	138,074	138,519	(445)
Other non-current financial assets	(16,670)	(11,236)	(5,434)
NON-CURRENT NET DEBT	**1,472,425**	**1,031,282**	**441,143**
Current financial liabilities	5,282	37,349	(32,067)
Current share of medium/long-term financial liabilities	5,047	15,955	(10,908)
Financial instruments - derivatives	235	21,394	(21,159)
Current financial assets	(340,191)	(74,159)	(266,032)
Cash and cash equivalents	(337,755)	(74,159)	(263,596)
Other current financial assets	(2,436)	0	(2,436)
CURRENT NET DEBT	**(334,909)**	**(36,810)**	**(298,099)**
NET DEBT	**1,137,516**	**994,472**	**143,044**

Non-current net debt

The non-current net debt amounts to 1,472.4 million euros, up by 441.1 million euros as a result of the changes described below.

- Bond loans (1,101.6 million euros) refer for 233.6 million euros to Tranche A4 in pound sterling of the bonds originally issued by Romulus Finance for 397.1 million euros and to the EMTN ("Euro Medium Term Note Program") bond loan issued by ADR in December 2013 for 470.9 million euros by the bond issued by ADR in June 2017. The increase of 267.4 million euros is mainly attributable to the effects of the new issue with a par value of 500 million euros (net of repayments for a par value of 200 million euros), of the valuation of the loans with the amortized cost method and of the adjustment of Tranche A4 to the exchange rate at the end of the period.
- Medium/long-term loans equal 249.4 million euros (69.8 million euros at the end of the previous year) and include the bank loans granted by BNL (99.8 million euros), EIB (109.8 million euros) and CDP (39.8 million euros). The increase, compared to the end of the last year (+179.6 million euros), mainly relates to the disbursement of the second and last tranche of 30.0 million euros of the BNL loan and the partial disbursement of the funding lines granted by EIB and CDP, for a par value equal to 110 and 40 million euros respectively.

- Derivative financial instruments, amounting to 138.1 million euros and comprising Cross Currency Swaps to hedge the A4 bond loan in pound sterling, showed a negative fair value, down by 0.4 million euros overall, deriving from the combined effect of a reduction in the interest rate component and an increase of the exchange rate component.
- Other non-current financial assets (16.7 million euros) include the positive fair value (13.9 million euros) of three forward starting Interest Rate Swaps (with deferred application: February 20, 2020), signed by the Parent Company ADR on October 18, 2016, for a total notional amount of 300 million euros, and the prepayment of the ancillary charges for the revolving loan (2.8 million euros). The increase for 5.4 million euros is mainly attributable to the higher fair value (+6.1 million euros) of the forward starting Interest Rate Swap agreements.

Current net debt

The financial position highlights for the current part a condition of net funds of 334.9 million euros, increasing by 298.1 million euros compared to December 31, 2016. In detail:

- Current financial liabilities, equal to 5.3 million euros, decreased by 32.1 million euros due to:
  - a reduction by 10.9 million euros in the current share of medium/long-term financial liabilities, due primarily to the impact from the annual settlement of payables for interest on the EMTN bond issue occurred in March 2017;
  - decrease in Financial instruments - derivatives for 21.2 million euros after the closing of two forward starting Interest Rate Swaps signed on June 15, 2015 by the Parent Company ADR, for a total notional of 250 million euros (with February 9, 2017 as the starting date), and the forward starting Interest Rate Swap signed on February 25, 2016 by ADR, for a notional value of 50 million euros (with April 20, 2017 as starting date).
- Current financial assets, amounting to 340.2 million euros, were up by 266.0 million euros due to higher cash on hand (+263.6 million euros) deriving mainly from the new bond issue, and the increase in financial receivables (+2.4 million euros) attributable to the receivable from the associated undertaking Spea Engineering S.p.A. for the dividends resolved in the six months and not paid yet.

TABLE 5. Consolidated statement of cash flows for the first six months of 2017

	1st HALF 2017	1st HALF 2016
Net income for the period	**105,869**	**87,370**
Adjusted by:		
Amortization and depreciation	43,766	36,133
Allocation to the provisions for renovation of airport infrastructure	23,990	29,796
Financial expenses from discounting of provisions	1,008	1,891
Change in other provisions	(6,040)	2,509
Share of profit (loss) of associates accounted for using the equity method	(1,035)	(1,330)
Net change in deferred tax (assets) liabilities	10,594	8,122
Other non-monetary costs (revenues)	2,374	1,210
Changes in working capital and other changes	(86,328)	7,881
Net Cash Flow From Operating Activities (A)	**94,198**	**173,582**
Investments in tangible assets	(3,447)	(14,777)
Investments in intangible assets (*)	(68,804)	(115,799)
Works for renovation of airport infrastructure	(32,669)	(46,669)
Equity investments and minority shareholdings in consolidated companies	0	(1)
Dividends received from equity investments accounted for using the equity method	0	1,147
Gains from divestment of tangible and intangible assets and equity investments	1,060	4,015
Net change in other non-current assets	3	1
Net Cash Flow From Investment Activities (B)	**(103,857)**	**(172,083)**
Dividends paid	(148,095)	(134,405)
Issue of bonds	472,266	0
Raising of medium/long-term loans	180,000	0
Repayment of bonds	(199,999)	0
Net change in other current and non-current financial liabilities	(30,795)	(9,915)
Net change in current and non-current financial assets	(123)	10,511
Net Cash Flow From Funding Activities (C)	**273,254**	**(133,809)**
NET CASH FLOW FOR THE PERIOD (A+B+C)	**263,595**	**(132,310)**
Cash and cash equivalents at the start of the period	74,159	218,593
Cash and cash equivalents at the end of the period	337,754	86,283

(*) in the first half of 2016 including advances to suppliers for 5,652 thousand euros

Additional information to the statement of cash flows

(THOUSANDS OF EUROS)	1st HALF 2017	1st HALF 2016
Net income taxes paid (reimbursed)	50,451	42,566
Interest income collected	20	102
Interest payable and commissions paid	53,159	30,561

Operations of the ADR Group generated a money flow of 94.2 million euros in the first half of 2017, dropping by 79.4 million euros compared to the comparative period, due mainly to the growth of the working capital.

The net cash flow from the operations was absorbed by investment activities, which recorded a final negative cash flow of 103.9 million euros compared to -172.1 million euros of the first half of 2016.

The net cash flow from funding activities was positive for 273.3 million euros due mainly to the disbursement, in the period, of the tranches of the BNL, EIB and CDP loan (30, 110 and 40 million euros, respectively) and the issue of a bond for a net amount of 472.3 million euros, which allowed for the partial repayment of the EMTN bond loan (expiring in 2021) for 200 million euros. These positive components were partly offset by the dividends paid for 148.1 million euros.

As a result of the trends described above, the net cash flow for the period, which was +263.6 million euros, increased the cash and cash equivalents at the end of the period to 337.8 million euros compared to the opening balance of 74.2 million euros.

Alternative performance indicators

In order to illustrate the economic result of the Group as well as its economic and financial position, reclassified statements were prepared which are different from those required under EU IFRS accounting standards adopted by the Group and contained in the Condensed consolidated interim financial statements. These reclassified statements contain alternative performance indicators to those directly resulting from the Condensed consolidated interim financial statements that management deem useful for monitoring the Group's performance and representing the economic and financial results from the business.

These alternative performance indicators ("API") are:

- Net operating costs
- Gross operating income (EBITDA)
- Fixed assets
- Working capital
- Net invested capital
- Net debt

Reference is made to the next paragraph for a reconciliation of the above mentioned indicators with the Condensed consolidated interim financial statements.

Moreover, in order to better assess the Group's operating performance at economic and financial level, the following additional alternative performance indicators are presented:

API	SOURCE/CALCULATION METHOD
EBITDA%	ratio between EBITDA and Revenues from airport management
EBIT%	ratio between Operating income (EBIT) and Revenues from airport management
Investments	are determined as follows:
	+ investments in tangible assets (see Note 6.1 of the Explanatory Notes)
	+ investments in intangible assets net of advances paid to suppliers in the period (see Note 6.2 of the Explanatory Notes)
	+ revenues for construction services for works funded by the government (see Note 7.1 of the Explanatory Notes)
	+ operating uses Provision for renovation of airport infrastructure (see Note 6.13 of the Explanatory Notes)
Net debt/Shareholders' equity	ratio between Net debt and Shareholders' equity
Net debt/EBITDA (last 12 months)	ratio between Net debt and EBITDA of the last 12 months rolling determined as so:
	EBITDA of the six months under review + EBITDA previous year - EBITDA of the comparative six months
R.O.I. - Operating income (last 12 months) /Net invested capital	ratio between the Operating income of the last 12 months rolling and the Net invested capital; the Operating income of the last 12 months rolling determined as so:
	Operating income of the six months under review + Operating income previous year - Operating income of the comparative six months

The reclassified statements and the above mentioned indicators must be considered as replacing the conventional ones required by IFRS.

Reconciliation between the reclassified consolidated income statement and the consolidated financial statements

The income statement was reclassified on a “value-added” basis, which shows the contribution of the financial and core areas of operation.

For the items that cannot be directly inferred from the consolidated financial statements, the calculation method and the reference to the sections of this Consolidated interim financial report containing the necessary information for calculation purposes are provided.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT	SOURCE/CALCULATION METHOD
Revenues from airport management of which:	as inferred from the consolidated financial statements
aeronautical revenues	see Note 7.1 of the Explanatory Notes
non-aeronautical revenues	see Note 7.1 of the Explanatory Notes
Revenues from construction services	as inferred from the consolidated financial statements
Other operating income	as inferred from the consolidated financial statements
Total revenues	
External operating costs	calculated as follows + Consumption of raw materials and consumables (as inferred from the consolidated financial statements) + Service costs (as inferred from the consolidated financial statements) - Costs for construction services (see Note 7.3 of the Explanatory Notes) - Costs for renovation of airport infrastructures (see Note 7.3 of the Explanatory Notes) + Expenses for leased assets (as inferred from the consolidated financial statements) + Other costs (as inferred from the consolidated financial statements) - Allocations to provisions for doubtful accounts (see Note 7.5 of the Explanatory Notes)
Costs for construction services	see Note 7.3 of the Explanatory Notes
Concession fees	as inferred from the consolidated financial statements
Payroll costs	as inferred from the consolidated financial statements
Total net operating costs	
Gross operating income (EBITDA)	
Amortization and depreciation	as inferred from the consolidated financial statements
Allocation to provisions and other adjusting provisions	calculated as follows + Allocation to allowances for risks and charges (as inferred from the consolidated financial statements) + Allocations to provisions for doubtful accounts (see note 7.5 of the Explanatory Notes) + Allocation to (use of) the provisions for renovation of airport infrastructure (as inferred from the consolidated financial statements) - operating uses of the provisions for renovation of airport infrastructure (see Note 6.13 of the Explanatory Notes)
Operating income (EBIT)	
Financial income (expense)	as inferred from the consolidated financial statements
Share of profit (loss) of associates accounted for using the equity method	as inferred from the consolidated financial statements
Income (loss) before taxes from continuing operations	as inferred from the consolidated financial statements
Taxes	as inferred from the consolidated financial statements
Net income (loss) from continuing operations	as inferred from the consolidated financial statements
Net income (loss) from discontinued operations	as inferred from the consolidated financial statements
Net income (loss) for the period	as inferred from the consolidated financial statements
Share of income (loss) for the period pertaining to third party shareholders	as inferred from the consolidated financial statements
Group share of income (loss) for the period	as inferred from the consolidated financial statements

Reconciliation between the reclassified consolidated balance sheet and the consolidated financial statements

The consolidated balance sheet was reclassified in accordance with “management criteria”, which on the one hand shows the division of invested capital between fixed capital and working capital, net of provisions, and on the other the related sources of funding, represented by self-financing (Shareholders’ equity) and borrowing (current and non-current net debt). For the items that cannot be directly inferred from the consolidated financial statements, the calculation method is provided.

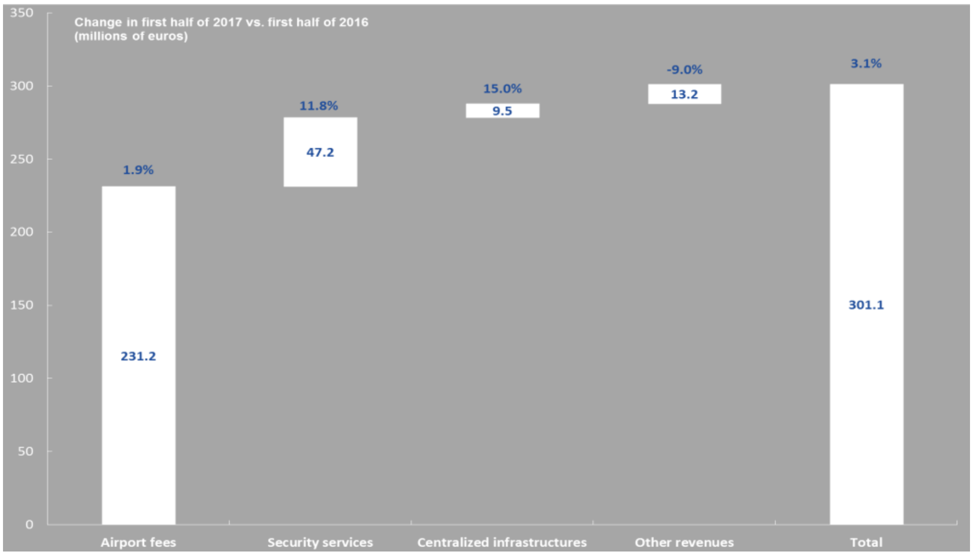
	RECLASSIFIED CONSOLIDATED BALANCE SHEET	SOURCE/CALCULATION METHOD
	Intangible fixed assets	corresponding to the item Intangible assets in the consolidated financial statements
	Tangible fixed assets	corresponding to the item Tangible assets in the consolidated financial statements
	Non-current financial assets	corresponding to the item Equity investments in the consolidated financial statements
	Deferred tax assets	as inferred from the consolidated financial statements
	Other non-current assets	as inferred from the consolidated financial statements
A	**FIXED ASSETS**	
	Trade assets	as inferred from the consolidated financial statements
	Other current assets	as inferred from the consolidated financial statements
	Current tax assets	as inferred from the consolidated financial statements
	Trade liabilities	as inferred from the consolidated financial statements
	Other current liabilities	as inferred from the consolidated financial statements
	Current tax liabilities	as inferred from the consolidated financial statements
B	**WORKING CAPITAL**	
	Provisions for employee benefits	as inferred from the consolidated financial statements
	Provision for renovation of airport infrastructure	as inferred from the consolidated financial statements
	Other allowances for risks and charges	as inferred from the consolidated financial statements
C	**CURRENT SHARE OF PROVISIONS**	corresponding to the item Allowances for current provisions in the consolidated financial statements
D = B + C	**WORKING CAPITAL NET OF THE CURRENT SHARE OF PROVISIONS**	
	Non-current liabilities	+ Allowances for non-current provisions as inferred from the consolidated financial statements
		+ Other non-current liabilities as inferred from the consolidated financial statements
E	**NON-CURRENT LIABILITIES**	
F = A + D + E	**NET INVESTED CAPITAL**	
	Group Shareholders' Equity	as inferred from the consolidated financial statements
	Minority Interests in Shareholders' Equity	as inferred from the consolidated financial statements
G	**SHAREHOLDERS' EQUITY**	
	Non-current financial liabilities	as inferred from the consolidated financial statements
	Other non-current financial assets	as inferred from the consolidated financial statements
H	**NON-CURRENT NET DEBT**	
	Current financial liabilities	as inferred from the consolidated financial statements
	Current financial assets	+ Other current financial assets as inferred from the consolidated financial statements
		+ Cash and cash equivalents as inferred from the consolidated financial statements
I	**CURRENT NET DEBT**	
L = H + I	**NET DEBT**	
G + L	**HEDGING OF INVESTED CAPITAL**	

ADR Group activities

Aeronautical activities

The aeronautical activities, i.e. those directly linked to the aeronautical activities carried out at the airports and including airport fees, centralized infrastructures, security services etc., generated revenues for 301.1 million euros in the first half of 2017, up by 3.1% compared to the same period of the previous year (+9.2 million euros).

GRAPH 1. Economic performance of aeronautical activities



Airport fees

Revenues from airport fees in the first half of 2017 amounted to 231.2 million euros, with an increase of 1.9%, attributable to:

- landing, take-off and parking fees: for 65.2 million euros, down 2.9% as the consequence of a number of movements lower than in the previous year (-3.8%), of the lower total aircraft tonnage (-2.3%) and of the adjustment of the prices as of March 1, 2017, in accordance with the Planning Agreement in force;
- passenger boarding fees: these amount to 164.8 million euros and recorded an increase compared to the first half of the previous year of 4.0%. This result is a consequence of the increase in passenger traffic (+0.6%) and the favorable passenger mix, as well as the effect on the first two months of the year of the adjustment of the prices as of March 1 of each year;
- cargo revenues: these amounted to 1.2 million euros, down (-9.3%) compared to the final figure of the same period of the previous year, as a consequence of the increase in cargo (+11.8%), which was more than offset by the mentioned adjustment of the prices as of March 1, 2017, decreasing compared to those applied previously in accordance with the Planning Agreement.

Security services

Security services (security checks on passengers, carry-on and checked baggage, explosive detection checks and services on demand) generated, during the first half of 2017, revenues of 47.2 million euros, up 11.8% compared to the previous year. This result is the consequence of the increased passenger traffic and is positively affected by the above mentioned annual adjustment of the prices as of March 1, 2017.

Centralized infrastructures

The management of centralized infrastructures, essentially attributable to the revenues from loading bridges, recorded a turnover of 9.5 million euros, up by 15.0% compared with the first half of 2016, as a consequence of the greater availability of infrastructure connected to new pier in the Extra-Schengen area becoming progressively operational and of the annual adjustment of prices as of March 1, 2017, dropping slightly compared to those applied previously.

Other revenues

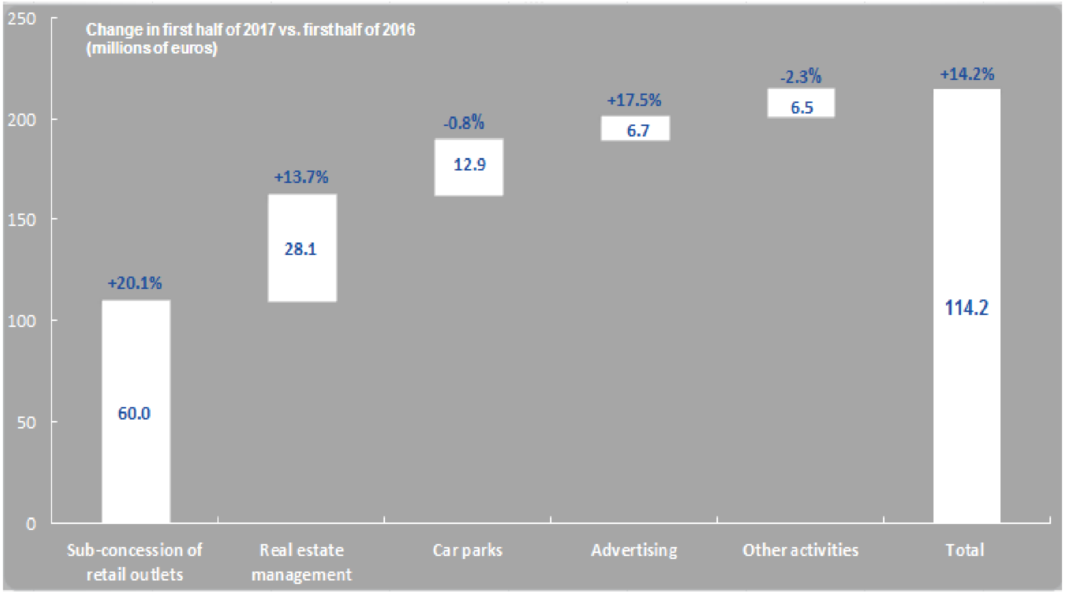
Revenues from other aeronautical activities stand at 13.2 million euros, down by -9.0% compared with the figure of the previous year and resulting from:

- assistance to passengers with reduced mobility (PRM), provided by ADR through a service agreement entrusted to the ADR Assistance subsidiary: revenues for 8.3 million euros, with a 3.6% increase resulting from the increase in passenger traffic and the adjustment of the prices applied at Fiumicino and Ciampino airport in accordance with the Planning Agreement;
- passenger check-in desks: revenues for 4.5 million Euros, a decrease compared to the previous year (-26.3%) and mainly due to the adjust of the prices from March 1, 2017, down compared to those applied previously;
- other aeronautical revenues: amounting to 0.3 million euros and consisting of the revenues for the use of the porterage and left luggage services which showed a slight improvement (+8.9%) compared with the first half of 2016.

Non-aeronautical activities

Non-aeronautical activities include commercial activities (sub-concessions and utilities, car parks, advertising), real estate activities and other activities for third parties.

GRAPH 1. Economic performance of non-aeronautical activities



Non-aeronautical revenues rose by 14.2% compared to the first half of 2016 and amounted to 114.2 million euros. The most significant components recorded the trends below.

Sub-concession of retail outlets

Sub-concessions of retail outlets, which relate to the sub-concessions for the retail sale of goods and services, recorded revenues of 60.0 million euros in the first half of 2017, increasing by 20.1% compared to the same period of 2016. This positive trend is due to the opening of the new “front building” commercial space in the Extra-Schengen area where, consequently to an expansion of the commercial offer and to the concentration of the shops in one single area, a considerable rise was recorded (about +27% of turnover of the retail outlets in the Extra-Schengen area compared to the same period of 2016). In detail:

- Core Categories: the segment generated revenues from the sub-concession contract of LS Travel Retail Roma S.r.l., a company of the Lagardère Services group, for 21.5 million euros, up +14.7% compared to the previous period. The performance was positively affected by the opening of the “Front building” in the Extra-Schengen area, as well as by the volume and favorable passenger mix. At Domestic/Schengen level, the turnover for retailers grew by 9%, partly as a consequence of the change in the passenger check-in flows;
- Specialist Retail: revenues were recorded for 18.3 million euros, growing by 32.6% thanks to the opening of the front building (about +44% of turnover in the Extra-Schengen area); the most significant growth was recorded in the Luxury categories (about +41% of turnover), Accessories (about +50%) and Electronics (about +23%); in the Domestic/Schengen area, the impact of the changes in the flows at Terminal 1, contrary to what was recorded in the Core Categories, generated a drop in the turnover for retailers of -4%;
- Food & Beverage: the revenues for the period equaled 15.7 million euros, up +13.3% concentrated in the Extra-Schengen area (about +21% of turnover); at Domestic/Schengen level, the change in the security flows at Terminal 1 negatively impacted the performance of the area (about -3% of turnover);
- Other commercial activities: passenger service activities such as currency exchange counters, VAT Refunds and the luggage wrapping business recorded revenues for 4.5 million euros, up compared to the previous year (+26.1%), thanks to the growing reference passenger segment (non-Schengen).

Real estate management

Revenues from real-estate activities in the first six months of the year amounted to 28.1 million euros, up 13.7% compared to the same period of last year. The revenues of the first half 2017 are broken down as follows:

- fees and utilities for retail and other sub-concessions: the revenues amount to 24.6 million euros, increasing by 15.7%. This performance is mainly attributable to the increase in sub-concession fee, already contractually required, for the Technical Area, to the greater revenues for utilities, deriving from the opening of the front building, and the full-year effect of the openings following the fire of May 2015 (e.g. VIP Lounges BA and Le Navi, which were reopened on March 1, 2016);
- other fees charged at Fiumicino and Ciampino, calculated on the volumes of activities managed (hotels, car hire, car wash, fuel stations, etc.): revenues equaled 3.5 million euros, increasing by 1.4% compared to the previous year. This phenomenon is attributable to the improved performance of car rental companies, while the other business segments recorded a drop.

Car parks

Car park management, with turnover of 12.9 million euros, remained essentially in line with the previous year (-0.8%). This result was achieved despite the presence of reduced multi-story car parking due to upgrading of the infrastructures under the “Car Parking Revitalization” initiative, completed in the first half of 2016. This initiative considerably increased the quality of the infrastructure, adapting it to the strictest and highest European standards (ESPA certification). More parking areas were also made available for the sub-concessions of car rental companies. In detail, the following trends for the main items were recorded:

- passenger car parking: revenues for 10.6 million euros, essentially in line with the previous year (-1.0%). This segment is the one that was most affected by competition in alternative means of transport to reach the airport; in particular, during the reference period, more frequent bus connections were made available, which contributed to a decreased use of cars as a means of transport to reach Fiumicino and Ciampino airports, of -3.6% and -2.0%, respectively. To make the car parks at the airport more attractive, new fee actions were implemented aiming to recover profitability margins and volumes in the passenger car park customer segments of the booking on line and walk-in distribution channels. Web marketing activities supporting the business were also further developed, and the online booking platform was renewed.
- airport operator car parking: revenues of 2.3 million euros, essentially in line with the previous year (-0.3%).

Advertising

Revenues from the sub-concession of advertising business activities in the form of royalties on the turnover by the sub-concessions, exclusively on these activities, amounted to 6.7 million euros in the first half of 2017, up by 1.0% million euros.

Other activities

Revenues from other activities in the first half of 2017 amounted to 6.5 million euros, down by 2.3%; the most significant items showed the following trends:

- revenues for the chargeback of cleaning and biological wastewater treatment for 1.7 million euros, down by 1.8% compared to the first half of 2016;

- revenues for other sales (fuel, consumable materials, etc.), equal to 1.2 million euros, down 0.1 million euros;
- revenues for information systems of 0.7 million euros, in line with the comparative period (-0.3%).

ADR Group investments

The initiatives implementing the Planning Agreement continued in 2017.

TABLE 1. Breakdown of ADR Group capital investment in the first half of 2017

(MILLIONS OF EUROS)	1ST HALF 2017			1ST HALF 2016		
	INVEST-MENTS	RENEWALS (*)	TOTAL	INVEST-MENTS	RENEWALS (*)	TOTAL
Works on runways and aprons, extension of the East area aprons, AZ tech-	10.3	9.5	19.8	2.8	2.1	4.9
Departure area E/F (Pier C and 3rd Bhs)	18.2	0.0	18.2	61.2	0.0	61.2
Urbanization of west area / aprons "W" 1st phase and 2nd phase	16.2	0.0	16.2	2.2	0.0	2.2
Maintenance works and terminal optimization	4.8	3.3	8.1	1.4	6.6	8.0
Fiumicino - maintenance, electrical network and air-conditioning works	0.3	6.9	7.2	0.2	5.7	5.9
Fiumicino - civil maintenance work (var. buildings)	0.9	4.0	4.9	3.9	5.4	9.3
T5 reconfiguration and T1/T3 sensitive flights	4.1	0.0	4.1	0.5	0.0	0.5
Works on commercial areas and multilevel car parks	2.0	1.9	3.9	0.5	1.8	2.3
Works on baggage systems and new x-ray machines	2.3	0.7	3.0	12.9	1.0	13.9
East Airport System	2.8	0.0	2.8	5.9	0.0	5.9
Fiumicino - sewer and water network maintenance works	0.0	1.8	1.8	0.0	1.3	1.3
Fiumicino - Electrical equipment maintenance works	0.2	1.5	1.7	0.6	3.3	3.9
New ADR HQ	1.7	0.0	1.7	0.5	0.0	0.5
Ciampino - airside system and airport terminals upgrade	1.1	0.1	1.2	0.1	0.8	0.9
Vehicle and equipment purchases	1.2	0.0	1.2	3.0	0.0	3.0
Ciampino - infrastructure adaptation works	0.0	1.0	1.0	0.8	2.5	3.3
Works on airport access	0.1	0.8	0.9	0.3	1.8	2.1
Terminal 3 - restructuring	0.7	0.0	0.7	1.5	0.0	1.5
Energy saving actions	0.6	0.0	0.6	0.5	0.0	0.5
Fiumicino - electromechanical system maintenance works	0.0	0.4	0.4	0.1	1.6	1.7
Fiumicino Nord: Long-term capacity development	0.2	0.0	0.2	1.4	0.0	1.4
Ciampino - airport reconfiguration from military to civil	0.0	0.1	0.1	0.0	1.8	1.8
Maintenance works on buildings managed by sub-concessionaires	0.1	0.0	0.1	0.0	0.1	0.1
HBS/BHS Terminal 1	0.0	0.0	0.0	19.5	0.0	19.5
Infrastructural restoration works at T3	0.0	0.0	0.0	0.0	8.2	8.2
Other	4.4	0.7	5.1	5.1	2.7	7.8
TOTAL	**72.2**	**32.7**	**104.9**	**124.9**	**46.7**	**171.6**

(*) These amounts are for the use of the provisions for renovation of airport infrastructure

Following is a description of the main investments for the various categories.

Runways and aprons

Works were carried out to upgrade runway 16R/34L (Runway 1). While the runway was closed, an underground crossing was created with the collectors to dispose of the rain water; this operation was the most critical in terms of operating interference and of the considerable work required for the works to mitigate the water risk in the West area, which is still in progress and will continue in the coming months.

Works continued to create the West aprons 1st phase. In the six months in particular, the works were completed to upgrade the W taxi way serving the same aprons, and to upgrade and reconfigure (from code C to code E) the aprons of quadrant 800, which were made operational on May 31.

Works continued for the construction of the quadrant 300 aprons in the new boarding area A.

Works were started in order to upgrade a portion of strip at runway 07/25 (Runway 2) between connecting runways BB and BC. Specifically these are operations for the plano-altimetric arrangement aimed at reducing the risk of bird strike linked to possible water stagnation.

The works to adjust the shoulders between taxiway A, taxiway B and the BA/BB connections were completed.

The project regarding the doubling of the Bravo taxiway is in progress.

Terminals

In the six months the new Pier (Departure area “E”) continued to become progressively operational, for which the areas are operating at both passenger levels (departure level and arrival level above).

The actions were completed to adjust and internally upgrade Terminal 3 and Terminal 1, which allowed the transfer to such infrastructure of the sensitive flights operating from Terminal 5, conforming, to this end, the areas concerned to the specific requirements of functionality and security required by such flights; the new fast track was also opened at T1.

The activities aimed at improving the image and services rendered to passengers continued at Fiumicino terminals. In particular:

- the third new concept reception area for passengers with reduce mobility was completed at Terminal 1, departures level, in addition to the two areas already created in 2016 at Terminal 1 and Terminal 3;
- a new lavatory was created according to the new concept at boarding area C8-C16; in the same area the upgrade works were started to improve comfort and optimize the spaces;
- 6 unidirectional check points were created at Terminal 3 for passengers in transit towards departure area E;
- the works were completed to reconfigure the passenger passport area at Terminal 3 by increasing the passenger control station by 4 passport boxes and 4 e-gates, for the passengers in transit/originating towards non-Schengen airports, both common and directed to sensitive destinations;
- having completed the preparatory activities, the works were started for the creation of a new waiting area for passengers at boarding area B at apron level, with the installation of two new remote departure gates and one new lavatory area;
- renovation and restyling works continued in the former boarding area H, including the area in front of the State Ceremonial hall and the One Stop Security checkpoints.
- at the Arrivals Hall of Terminal 3 the works were started to predispose the area to be devoted to the new Tourist Information Point of the Municipality of Rome; the action also includes the expansion of the connection ramp present in the area, with the consequent optimization of the flow of passengers heading for the exits, the railway station and the Bus Hub;
- the works were started that concern the new signs to direct passengers at terminals, featuring the same graphic and technological standards adopted for the Pier and the Front Building, allowing for improved readability and use of the indication, in addition to energy optimization.

Regarding the initiatives aimed at improving the experience for Passengers with reduced mobility (PRM), while optimizing their travel time and decongesting the terminals from the transit of the "Club Car" vehicles, the works of a civil and system nature were started, which are needed to reorganize the "CREW" and "PRM" flow leasing/entering and in transit at the "*Crew Briefing Center*", with the consequent redistribution of the spaces dedicated to border police, customs and tax police.

The process for the design and approval by ENAC of the East Airport System was started (Lot 1: new Pier A and Front Building of Terminal 1; Lot 2: extension of Terminal 1, reconfiguration of boarding area C, creation of a node at boarding area D).

The preliminary design to adjust Terminal 5 in second phase was completed, in order to manage the infrastructure for both arriving and departing passengers.

As regards Ciampino airport, renovation works on the General Aviation Terminal have been completed.

Systems

The civil works at the new high/medium voltage electric sub-station are being carried out.

The works to build the new electrical network for the runways continued: the medium voltage rings at Runway 3 were completed; the medium voltage rings at Runway 1 are being completed, while Runway 2 continues to be worked on; the remaking of the electric switch boxes serving the Runway 1 and the ring city side are in the conclusive stage; the civil and system works at the central units of the UPS generators and the arrangement of the adjacent access aprons are all underway.

The electric switch boxes of Fiumicino airport network was upgraded by replacing the medium voltage panels and some of the low voltage general panels.

The system that monitors and remotely controls the AVL systems (lighting signals on runways) was replaced in order to improve performance and reliability and to make it expandable for integration with the flight infrastructures soon to be created.

At Ciampino airport the extraordinary maintenance works on the baggage sorting lines were started, in preparation for the installation of the new *Rx Standard* 3 machines for checking checked baggage.

Infrastructure and buildings

The civil works were continued to create the TVCC system to control the perimeter of Fiumicino airport.

The works continued in order to create a footpath platform to improve pedestrian mobility in connection with the central area of the east area of Fiumicino airport.

The works to upgrade the building for former Alitalia offices to be used as the new ADR's headquarters were continued.

The design of the "Business City" is being continued, a management and operating hub characterized by a mix of offices and add-on services, along the lines of the main European airports, with the aim of meeting the demand for efficient, high-quality office space. The planned location for this infrastructure is the area used currently as ADR's offices.

A third "Airport Offices Building" (EPUA 3), located in the area in front of Terminal 1, is at planning stage.

As regards investments in car parks, the subdivision of the Long Stay car park into a covered and an uncovered sector was completed at Fiumicino airport, as well as the replacement of all the emergency staircases at multilevel parking areas. Preliminary works on additional stories were completed at Ciampino, with metal structural units constructed on the P5 passenger car park.

The vehicle fleet of the subsidiary undertaking ADR Assistance was increased with the purchase of one Ambulift.

ICT infrastructures and systems

As part of the initiatives aimed at improving the passenger experience, in terms of automation of the check points, traveling through the airport (Fast Travel) and journey simplification with customized services and information (Smart Travel), numerous ICT-related activities continued to be carried out in the first half of 2017. The main ones are reported below:

- the new ADR app was released, which was redesigned according to a business and communication approach, in order to become an essential element for the digital transformation strategy of the airport; the new App includes innovative functions such as wayfinding, indoor guided navigation through beacon, push-notifications (proximity marketing) and flight tracking;
- the installation of *Pax Track* devices (automatic check of boarding passes at security points) was completed; 41 devices were installed in total at Fiumicino terminals, and 4 in Ciampino;
- two ledwalls were installed, with a surface of 8 and 18 square meters respectively, dedicated to advertising the gastronomic offer to the upper level of the Front Building;
- phase 2 of the system monitoring the passenger flow at the airport has been completed to allow the detection of possible overcrowding situations in some specified areas is in progress. It will enable the monitoring of the flows and travel time between the different areas of the airport.

With the actions listed below, in the first half of 2017 the technological initiatives continued, which are aimed at increasing the operating efficiency of the corporate lines:

- the new asset management system was released, which provides for the implementation on SAP platform of the main maintenance processes;
- the release of the Aeronautical Data Quality (ADQ) was completed; it allows the quality, tracking and integrity of the aeronautical data to be guaranteed (as required by EASA regulations);
- the new information system supporting the membership process was completed and made operational.

As regards the subsidiary ADR Tel, the migration of the new public switchboards has been completed for handling telephone traffic to and from the National Telephone Network (RTN). The new system, characterized by a latest generation architecture based entirely on IP technology replaced the previous traditional telephone technology (TDM).

2030 Fiumicino Masterplan

Following the transmission of 2030 Fiumicino Masterplan, which requires the upgrading of the North area by creating a new runway, the first module of a new terminal, the related aprons and the complementary works, with the aim of adjusting the system's capacity to the expected traffic demands, last February ENAC issued the technical authorization, sharing the arrangement of the projected development framework.

On March 31, 2017, ENAC, in its capacity as applicant, communicated that it has presented to the Ministry for the Environment, Land and Sea (MATTM) a petition to start the Environmental Impact Assessment (VIA) procedure of the Masterplan, while publishing at the same time the notice in the newspapers and filing the Development Plan, the Environmental Impact Study and the project examination sheets, predisposed by ADR, with the Ministries and bodies concerned.

On May 30, 2017 the deadline expired for the public (Authorities, Bodies, Associations, private owners) to present options or observations to the MATTM.

Innovation, research and development

In the first half of 2017 no research and development costs were incurred.

Human resources

As of June 30, 2017 the ADR Group had a total headcount of 3,655, recording an increase of 262 people (+7.7%) compared to December 31, 2016. This change is mainly attributable to:

- physiological increase in workforce of the operating companies connected with the seasonal nature of passenger traffic and the achievement of defined service levels;
- expansion of the scope managed by Airport Cleaning, following the opening of the new areas of the Front Building and Pier E;
- initiatives for the internalization of the maintenance activities with reference to head and electric systems;
- upgrade at Ciampino airport, needed, among other things, to improve the General Aviation Terminal.

The average headcount of the Group in first half of 2017 was equal to 3,053.1 fte, up 80.2 fte (+2.7%) compared to the same period of 2016. This increase was mainly attributable to:

- expansion of the scope managed by Airport Cleaning to the newly created areas at Fiumicino airport (Front Building and Pier E). This increase was partly offset by the initiatives taken to improve efficiency, which require the dynamic management of the existing positions based on the real curves in terms of traffic and use of toilet facilities;
- insourcing and enhancement initiatives for maintenance activities, with reference to heat, electric, civil and electromechanical installations;
- expansion, in terms of number and covers, of the points managed by ADR Security and not directly connected with the trend of passenger traffic, as a direct consequence of internalization initiatives (e.g. direct management of the facilitation activity at e-gates for boarding passes, direct management of service passages) and of the adjustment of the control measures required by the National Security Program (e.g. surveillance at the land-side area at Fiumicino and Ciampino airport). These increases were offset by the initiatives taken to optimize the passenger control processes at security check points and make them more efficient;
- enhancement of the passenger information and decorum supervision activities at Ciampino airport, needed, among other things, to improve the General Aviation Terminal.

Organizational Model

In the first half of 2017 the organizational development concerned the new arrangement of the Aviation unit at Ciampino, with the acquisition of the new perimeter of the General Aviation and of the Security Manager, with the creation of a point dedicated to security compliance assurance and the reconfiguration of the Tenders and Purchases Unit by creating a forth supply management line.

With reference to Subsidiary undertakings, the organizational development concentrated on the reorganization of ADR Mobility by focusing the responsibilities on the other activities for the implementation and operation of the airport mobility services, and on updating the organizational structure of Airport Cleaning. The Company's entire system of procedures was also redefined to enhance the internal control system.

With a view to compliance with Regulation EU 139/04, the appointment of the Compliance Manager for Ciampino airport was formalized and the appointment of the Deputy Post Holder was completed for both airports.

Training

In the first half of 2017, 43,510 training and education hours were provided, with the participation of 5,910 people in the ADR Group. 35% of the training hours provided in total were through internal trainers of the ADR Group, suitably trained and recognized as reference for their professional and specialist knowhow. The training provided was aimed, on the one hand, at maintaining the core skills acquired (through technical specialist training and/or in compliance with legal obligations) and, on the other, at implementing new training projects and routes to support the set business objectives and challenges.

With reference to the topic of improving the quality of Customer services, the ADR Group renewed, also in 2017, its commitment to the Customer Experience Education, with training actions involving 843 employees (9,468 hours) in on board training, recurrent training and Quality Groups.

On subjects related to regulations on Health and Safety in the Workplace, 1,399 employees were trained (19,144 hours).

As regard specialist training, the main initiatives concerned the activation of the following routes:

- Project management, addressing 37 senior Project Managers at the Operation and Maintenance and Infrastructural Development departments (2,664 hours) with the aim of enhancing the technical skills and the managerial competence of Project Managers;
- Lean Methodology, addressing 23 project managers from different corporate structures (1,472 hours) with the aim of spreading the process optimization methodology with regard to airport services.

In terms of behavioral training, worth mentioning are the “operative leadership” initiative involving 68 resource coordinators in the Operations segment (214 hours) and the “task force” initiative supporting Operations in airport emergency situations (196 hours), concerning 49 staff members.

E-learning training mainly concerned regulatory compliance and airside safety issued, with the training of 1,330 employees of the ADR Group and about 8,000 external resources employed in companies operating in the airport system.

Development

As regards the Talent Management systems of the ADR Group, in the first half of 2017 the following performance assessment processes were followed:

- “Management Leadership Review”: a system for assessing the managerial skills, which involved 44 resources between Managers and Executives, in relation to the Leadership Model of the Atlantia Group;
- “Performance Development”: an evaluation system that concerned 790 resources including management, employees and operating coordinators, with the aim of assessing and enhancing the organizational skills required for an effective control of one’s own role.

In the first half of 2017, in line with Atlantia’s development policies, special attention was also devoted to the start of the development plans aimed at enhancing young professionals, as a group of potentially valuable resources to build the managerial pipeline in the medium to long-term. This activity concerned: induction and on boarding initiatives for 19 newly hired resources, mentoring from the managers of the ADR Group, interviews with talented staff by Human Resources and a “development lab” initiative on project management that involved 27 professionals.

With a view to developing the skills of the human resources in charge of operations, a Fast Assessment route was also activated, which involved 130 Security Check Point Coordinators, aimed at assessing the control over the current role and those of requiring greater responsibility. Based on the evidence, the feedback process was started, with individual improvement plans.

Welfare

With a view to improving the engagement and involvement of the airport and territorial community of Fiumicino and Ciampino, the following projects were promoted:

- Open day at Leonardo da Vinci: a program of guided tours and events to allow high school students to know and visit the most important Italian airport;
- ADR Welcome: a school-work project involving 40 students from the local schools for activities in contact with passengers.

Furthermore, in order to combine professional commitments with family needs, for the third year in a row, ADR organized the Summer Camp dedicated to the employees’ children aged 4 to 18, contributing to 70% of the total expenses for the campus.

Industrial relations

In the first half of 2017, the dialogue between ADR and the Social partners mainly focused on:

- introduction of the Flexible Benefit system that allows the conversion of the amount of the Premium from purchasing goods into services, in a completely tax-free and contribution-free regime;
- operating impacts introduced into ADR Assistance after reviewing the organizational processes supporting the new operating models;
- management of the operating impacts from internalizing maintenance activities on electric and heat installations;
- introduction, for ADR Security personnel, of a new computerized system for attendance and access to check points;
- enhancement of the professional level of employees also through an agreement for funded training.

ADR also coordinated the negotiations between some companies operating within the airport grounds and the Social Parties in order to encourage the airport service continuity.

TABLE 1. Main human resource indicators

	M.U.	06.30.2017	12.31.2016
Group headcount by qualification	No.	**3,655**	**3,393**
Managers	No.	50	53
Administrative staff	No.	227	225
White-collar	No.	2,011	1,963
Blue-collar	No.	1,367	1,152
Group headcount by company	No.	**3,655**	**3,393**
ADR S.p.A.	No.	1,368	1,309
ADR Tel	No.	55	54
ADR Assistance	No.	421	313
ADR Security	No.	1,018	1,030
ADR Mobility	No.	64	66
Airport Cleaning	No.	729	621
Group headcount by contract type	No.	**3,655**	**3,393**
Open-ended contract	No.	2,787	2,771
Fixed-term contract	No.	868	622
	M.U.	1st HALF 2017	1st HALF 2016
Group headcount by qualificat. (average headcount)	FTE	**3,053.1**	**2,972.9**
Managers	FTE	50.8	50.7
Administrative staff	FTE	225.9	212.6
White-collar	FTE	1,736.9	1,762.4
Blue-collar	FTE	1,039.5	947.2
Group headcount by company (average headcount)		**3,053.1**	**2,972.9**
ADR	FTE	1,302.6	1,212.1
ADR Tel	FTE	54.8	52.0
ADR Assistance	FTE	277.4	276.3
ADR Security	FTE	813.1	883.5
ADR Mobility	FTE	59.3	62.4
Airport Cleaning	FTE	545.9	486.6

Service quality

For ADR, the first half 2017 was characterized by further acceleration of implementation of its continuous improvement policy for service quality. Continuing the renewal procedure launched in previous years, numerous actions were undertaken to improve all stages of the passenger travel experience, with the aim of aligning Fiumicino's performance with that of the best European airports of comparable size.

In the first six months of 2017, the measurements taken by ACI - Airports Council International (the international association which, through passenger interviews, measures perceived quality in over 250 airports worldwide) showed a record score never previously achieved. The global passenger satisfaction score for services provided at Fiumicino airport was 4.30 (on a scale of 1-extremely poor to 5-excellent), a marked increase on the average date of 2016, which was 4.07, now positioning Fiumicino on a par with the best hubs in the European Union in terms of the quality of services to passengers. Fiumicino's development was driven by the opening of the new area dedicated to Extra Schengen flights as well as by services such as security and check-in checks and courteous and helpful airport staff. In terms of comfort, the cleanliness and availability of rest rooms had a significant impact, as did the general cleanliness of the terminals, constantly monitored by dedicated airport staff.

As regards the quality provided, through a networked monitoring system of over 20,000 objective checks per month performed at Fiumicino and Ciampino airports, it was possible to detect a significant increase in the levels of service provided compared to the first half of 2016. Of note is the decrease in waiting times for last baggage delivery, from 23 minutes and 9 seconds in the first half of 2016 for domestic flights (time in 90% of cases) to 22 minutes and 31 seconds in 2017 (-2.7%). The result was stable at 35 minutes for international flights; regarding check-in, waiting times (in 90% of cases) for national flights in 2017 equal to 4 minutes (in line with the first half of 2016), while an improvement was recorded for international flights, from 9 minutes and 29 seconds of the first half of 2016 to 8 minutes and 48 seconds of the first half of 2017 (-7.2%). Rest room cleaning maintained an excellent level, where on a scale of 1 (extremely poor) to 4 (good), the average score increased from 3.95 of the first half of 2016 to 3.98 in the first half of 2017.

An improved performance was also seen in terms of perceived quality, with a percentage of fully satisfied passengers rising by 3.1 percentage point, reaching 92.1% in the first half of 2017 compared to 89% in 2016.

Numerous incentives were also launched at Ciampino airport to improve the passenger travel experience, with clear results in terms of perceived quality: the percentage of fully satisfied passengers rising from 83.4% in 2016 to 88.1% in 2017 (+4.6%). Worthy of note is the increase in the percentage of passengers satisfied with the baggage reclaim process, which jumped by over 20 percentage points from 69.3% in the first half of 2016 to 89% in the first half of 2017. Consistent with the perceived quality, in terms of quality provided the improvements recorded in the waiting time were appreciable, falling by around 4% to reach 25'48" compared to 26'54" in the first half of 2016 (times refer to 90% of cases). The waiting time in the check-in lines dropped significantly by around 26%, from 18 minutes and 56 seconds in 2016 to 14'03" in 2017.

Service Charter

Compared to 2016, ADR intervened on the structure of the 2017 Service Charter only with reference to the change in the standard of some indicators.

At Fiumicino airport, the objectives of the following indicators were changed:

- Indicator no. 23 “Easy to view and updated website”: changing from 83% to 85%;
- Indicator no. 24 “Perception about the effectiveness of the operating information points”: changing from 86% to 90%;
- Indicator no. 25 “Perception about the clarity, intelligibility and effectiveness of internal signs”: changing from 87% to 90%;
- Indicator no. 26 “Perception about personnel professionalism (info point security)”: changing from 85% to 90%;
- Indicator no. 27 “Overall perception about the effectiveness and accessibility of the public information services (monitors, announcements, internal signs, etc.)”: changing from 85% to 87%;

For Ciampino airport, the standards were defined in light of the performance reached in 2016, compared with the values published in the previous Service Charter.

In terms of quality provided, as regards Fiumicino, the table below shows that the performance in the first half of 2017 improved in general compared to the same period of 2016.

All the indicators relating to the check-in process improved considerably, with differences ranging between +0.3 p.p. for waiting time at domestic check-in desk for National flights, and about +3 p.p. for waiting time for Schengen flights. A considerable jump was also recorded for carry-on baggage security checks for sensitive flights, from 96.8% in 2016 to 97.3% in 2017.

At Ciampino, the analysis about the quality level provided shows a significant improvement for the check-in process, with 94% against the standards, compared to 88.2% of 2016, and for the indicators relating to baggage reclaim.

TABLE 1. Main service quality indicators included in the Service Charter of Fiumicino and Ciampino

	M.U.	1ST HALF 2017	1ST HALF 2016[5]	STANDARD
Fiumicino				
Waiting time in line at domestic check-in desks, within 6 minutes	%	96.0	95.7	90
Waiting time in line at Schengen check-in desks, within 12 minutes	%	95.7	92.3	90
Waiting time in line at non-Schengen check-in desks, within 16 minutes	%	97.2	96.3	90
Waiting time for carry-on baggage security checks, within 5 minutes for non-sensitive flights	%	97.3	96.8	90
Delivery of first bag from block-on within 19 minutes at domestic level	%	88.5	88.5	90
Delivery of first bag from block-on within 26 minutes at Schengen level	%	95.9	95.8	90
Delivery of first bag from block-on within 30 minutes at non-Schengen level	%	97.2	97.1	90
Delivery of last bag from block-on within 26 minutes at domestic level	%	95.1	95.2	90
Delivery of last bag from block-on within 35 minutes at Schengen level	%	95.3	95.2	90
Delivery of last bag from block-on within 37 minutes at non-Schengen level (narrow body)	%	96.8	96.7	90
Delivery of last bag from block-on within 40 minutes at non-Schengen level (wide body)	%	75.3	75.7	90
Punctuality of departing flights (flights leaving with less than 15 minutes' delay)	%	78.5	77.8	77
Ciampino				
Waiting time in line at check-in desks, within 17 minutes	%	94.0	88.2	90
Waiting time for carry-on baggage security checks, within 7 minutes	%	95.6	97.3	90
Delivery of first bag from block-on within 19 minutes	%	90.4	83.4	90
Delivery of last bag from block-on within 25 minutes	%	88.3	85.5	90
Punctuality of departing flights (flights leaving with less than 15 minutes' delay)	%	85.4	86.2	85

[5] Compared to the data published in the Consolidated interim financial report as of June 30, 2016, data for security procedures (Fiumicino and Ciampino) and last baggage claim (Ciampino) for the first half of 2016 was recalculated based on the new standards in the 2017 Service Charter.

Environment

For ADR, environmental protection is a strategic priority and the sustainable approach to airport activities management is a working method that is increasingly insourced.

In this context, as part of the planning, implementation and management of new infrastructures, also in the first half of 2017 ADR continued its commitment to adopting the more advanced environmental certification criteria to meet the LEED (Leadership in Energy and Environmental Design) sustainability requirements. The LEED standard is a form of voluntary certification, recognized at international level, which largely promotes the construction of environment-friendly, sustainable and efficient buildings from the standpoints of energy and the consumption of all environmental resources involved in the construction and management process.

For a long time now the ADR Group has also been committed to environmentally friendly and low environmental impact airport development; as a result, with a maximum transparency approach, also this year the ADR Group's Sustainability Report will be made public, which constitutes a major summary reference of the results achieved and of activities in progress.

Confirming ADR's commitment to sustainability, and with a view to developing increasingly efficient communication in conjunction with a policy that focuses on listening to stakeholders, in 2017 the section of the corporate website dedicated to the environment was completely renewed. A specific section dedicated to communications was also developed in particular, to be used by stakeholders to send suggestions on environmental and sustainability issues.

Moreover, in the first half of 2017, ADR started a project aimed at consolidating and further developing its Environmental Management System. According to this approach, the risk assessment system was reconsidered, the structure of the operating procedures and instructions was developed and the internal control system was renewed and strengthened. The system, according to ISO 14001:2015, was updated according to a risk-based approach by analyzing the processes and sub-processes that are potentially exposed to environmental risks, considering the interaction with the main clusters of company assets and the environmental segments that are the most important for ADR (emissions into the atmosphere, discharges into the water, soil and subsoil, energy consumption, etc.). Based on the analysis, a complex plan of action was arranged with the aim of continuous development, which will be implemented in 2017.

In terms of indicators, the first half of 2017 saw the continuation of the commitment to improving the key environmental indicators:

- rationalization of energy consumption and reduction of consumption per passenger;
- offsetting of residual CO_2 emissions from Fiumicino airport by purchasing the credits of "green" projects. Fiumicino was confirmed as one of the few major airports worldwide to be "neutral" in terms of CO_2 emissions;
- integrated management of the waste cycle and increased separate waste collection;
- improvement and optimization of the system monitoring the quality of drinking water and waste water;
- reduced drinking water consumption per passenger.

Also for the development of the Environment chapter relating to the second 2017-2021 regulatory sub period of the Planning Agreement, ADR, making reference to ENAC guidelines for 2015, defined a new set of environmental indicators that is more complex and up to date compared to the one defined for the previous contractual period. The new system of indicators allows more efficient monitoring of the company's actual commitment to sustainability and environmental protection and covers the following areas:

- reduced energy consumption at the terminals;
- energy production from photovoltaic sources: in the five-year period 2017-2021 ADR expects to produce 1.5% of electricity from renewable sources, at both Fiumicino and Ciampino airports;
- replacement of the car pooling fleet with low-emission vehicles (mainly electric or hybrid), to achieve replacement of 35% of the vehicles at Fiumicino and 60% at Ciampino;
- optimization of the separate waste collection of non-hazardous waste in the passenger transit areas;
- reduced drinking water consumption per passenger;
- verification of inclusion of environmental clauses in the contracts.

Water consumption

At both airports, the quality of the drinking water is ensured by carrying out chemical and biological analyses regularly during the year. Supplementing the checks already carried out, in 2017, for Fiumicino airport, the definitive version of a study (Water Safety Plans - WPSs) was predisposed, which is aimed at creating a global risk management system extended to the entire drinking water chain, from collection to end users.

Energy consumption

In January 2017, the ISO 50001 standard certification of the Energy Management System was maintained following a specific audit by the certifying body TUV.

At Fiumicino, consequently to the increase in airport infrastructure by about 30% in terms of serviced area, with the opening of the new Pier E, the front building and the relevant BHS, in addition to the new BHS of T1, electricity consumption in the first half of 2017 was 20% greater than in the same period of 2016; 82.4 GWh were consumed, with a kWh/(passenger*m^2) ratio of 9.55 (-13% compared to 2016, thanks to the energy profile of the new buildings and their use not in full operation in the first half).

In the first half of 2017, consistently with the previous years, actions were continued to make energy consumption more efficient, including the start of a system to manage the refrigeration stations, the optimization of the systems for the automation and regulation of the air conditioning system and the lighting regulation. Moreover, in June the installation of a 10 kW wind turbine was completed.

Reporting continued with regard to the company for Energy Efficiency Monitoring, as a result of which 200 reports were made that allowed the operational optimization of the systems with consequent energy savings.

In April 2017 AEEGSI issued a resolution that clarified the provisions of Italian law decree 244/16 (so-called "Milleproroghe" decree) regarding system charges. According to the mentioned resolution, from January 1, 2017, the tariff components that should have been applied to the electricity consumed but not taken from the public grid are no longer payable, also in relation to the periods before January 1, 2017, with the only exception of the "MCT" tariff component covering the territorial remuneration to the local bodies hosting nuclear plants.

At Ciampino, 4.9 GWh were consumed in the first half of 2017 (+2.6% compared to the same period of 2016) with a kWh/(passenger*m^2) ratio of 7.5, down 4% compared to 2016. Also at Ciampino airport, activities continued to improve energy efficiency.

CO_2 emissions

From 2011 ADR adhered to the Airport Carbon Accreditation (ACA) of ACI Europe (Airports Council International), a certification system aimed at reducing direct and indirect CO_2 emissions.

In March 2017, ADR maintained level 3 of the "Optimization" ACA accreditation for Ciampino; these results were obtained thanks to energy savings actions and the improved waste management performance, particularly by increasing separate waste collection. Fiumicino confirms level 3+ of the "Neutrality" ACA accreditation, confirming its role as one of the very few larger world airports to have obtained this result.

Production of waste

In the first half of 2017 municipal or comparable waste (paper, cardboard, plastic, wood, etc.) represented about 83% of the total waste produced at Fiumicino and almost all (99%) of the waste produced at Ciampino and mainly derive from the terminals and the offices. The separate collection program continued at both airports. To further develop waste sorting, a new project was activated, which implies:

- the regular monitoring of waste contribution by food & beverage operators according to the "door to door service", relating the turnover and the surfaces under sub-concession with the production of waste at individual shops. Consistent performance indicators are expected to be regularly sent to the various operators with the aim of stimulating effective cooperation from all the operators;
- the elimination of the waste contribution area that are not delimited and controlled. Special fenced areas are being created which can be accessed only by authorized operators and to which a new tariff system (correlated to the quantity of unsorted waste produced) will be applied in order to raise even more awareness about the correct sorting of waste.

In May 2017 a new agreement was formalized with an operator specialized in managing waste depots as well as the collection, transport and disposal of the waste produced at Fiumicino airport, which will become operation on July 1.

A new waste deposit area was created and activated at Ciampino airport, purposefully arranged to replace the area facing the terminal.

Noise pollution

The annual monitoring activities conducted in the first half of 2017 at Fiumicino airport confirmed that no limits were exceeded, whilst at Ciampino airport a number of "limits exceeded" areas were found, also noted in previous years and for which ADR submitted the envisaged mitigation plan to the competent authorities.

In November 2013 ADR had forwarded the "Plan for noise reduction and abatement" for Ciampino airport to the Lazio Regional Authority and the Municipal authorities concerned (Rome, Ciampino and Marino). This plan was reviewed after the observations made by the above mentioned Bodies and presented again in November 2015. Subsequently, the Ministry for the Environment, Land and Sea Protection, in compliance with legislation introduced in the meantime that defined Ciampino as an "airport of national interest", took over from the Lazio Regional Authority and the municipalities of

Rome, Ciampino and Marino and launched its own investigations to assess the Plan, the results of which are still pending. In the first half of 2017 the competent authorities continued their assessment of the plan.

Risk factors of the ADR Group

The correct management of the risks inherent in performing the company's businesses is a fundamental element for the ADR Group to maximize opportunities and reduce the potential losses associated to unexpected events, preserve the creation of economic value in the long-term and protect the tangible assets and intangible interests of the stakeholders.

The ADR Group has adopted a preventive approach to risk management, to direct choices and activities of the management, with the belief that a suitable process of identification, measurement, management and monitoring of the main risks contributes to guaranteeing that the company is run smoothly, correctly and in line with the strategic objectives. The key principles of the internal control and risk management system of the ADR Group are based on:

- defining roles and responsibilities with the objective of creating synergies among the players in the process and a suitable system of operating mandates that consider the nature, normal size and risks of the individual categories of operations;
- periodic and continuous repetition of the risk identification and assessment process, periodic assessment of the effectiveness and efficiency of the company processes;
- continuous monitoring of the internal control system carried out firstly by line management, and of the checks of the Internal Audit department to ensure the actual application of the procedures and compliance with regulations in force;
- the segregation of duties and the compliance with suitable authorization and decision tracking processes;
- a suitable protection of the assets of the organization and access to data strictly necessary to perform the assigned activities;
- continuous supervision of periodic assessment activities and their constant updating.

The arrangement of the risk management system can be summarized mainly as the activities performed by:

- The Board of Directors, which defines the nature and level of risk compatible with the strategic objectives (the Risk Appetite), through a continuous process of analysis and assessment of the business context in which the company works. In relation to the risk profiles, the guidelines for the risk management and containment action implementation system are outlined;
- ADR's top management pursues the company objectives in compliance with the guidelines defined by the Board of Directors and made operational in terms of risk assessment by the Legal Department entrusted with guaranteeing a risk management system that is in line with the methods specified by the parent company Atlantia.

With the purpose of providing a synthetic representation of the risks, the following four macro-categories can be identified: (i) strategic, (ii) operational, (iii) financial and (iv) compliance.

Strategic risks

The strategic risk factors may significantly affect the long-term performance, thus determining reviews of the ADR Group's development policies. The main strategic risks are attributable to the evolution of the air transport market: the ADR Group's economic results are highly affected by air traffic which, in turn, is conditioned by the economic scenario, the economic-financial conditions of the individual carriers, the alliances between carriers and the competition, on some routes, from alternative means of transport. The risk management tools are: i) short and long-term analysis of the competitive scenario, (ii) monitoring the trends of the demand, (iii) investment program in close cooperation with the stakeholders, (iv) diversification of the customers of the operating carriers, also by introducing an incentive plan for the development of additional traffic.

The company performance is also closely connected to the affairs of the main carrier (Alitalia) and other important carriers including Ryanair, EasyJetand Vueling.

As for other sector operators, the possible decrease in or discontinuation of flights by one or more of the mentioned carriers and the termination or change of the connections to some destinations featuring high passenger traffic may negatively impact the activity and the growth prospects of the ADR Group and its results of operations and financial position.

Among the significant strategic risks, of particular importance are the risks connected to the development of the investments in compliance with the Planning Agreement and the commitments towards the stakeholders.

Operational risks

The operational risk factors are strictly connected to the performance of the company activities and, though able to affect the short and long-term performance, do not imply significant consequences on the strategic choices.

Air transport security risks are the most significant category of the operational risks: potential incidents have negative consequences with a highly significant impact on the business of the ADR Group. Among the chief management tools are: (i) the safety management system, (ii) continuing investments in safety and security (iii) staff training, (iv) strict control and constant monitoring activities of the security standards.

Important risks of an operational nature may affect the continuity and/or quality of service: strikes of its own staff, airline, air traffic controllers and sector operators; adverse weather conditions (snow, fog, etc.), service interruptions by utility providers (e.g. water, electricity, etc.) or connectivity services, may lead to interruptions in the activity and have a negative financial, reputational and service quality impact. The main management tools primarily include the airport plans and procedures to manage contingencies and states of emergency.

Financial risks

The net debt of the ADR Group amounts to 1,137.5 million euros as of June 30, 2017 (994.5 million euros as of December 31, 2016).

The gross nominal debt of the ADR Group is exclusively referred to the Parent Company ADR (1,475.0 million euros) and comprises (i) two bond issues from 2013 and 2017 valid on the *Euro Medium Term Notes* (EMTN) of the senior unsecured type and with a par value as of June 30, 2017 equal to 900.0 million euros, (ii) bond issue in pound sterling called “Class A4 Notes” issued in 2003 and with a par value, converted into euro via a cross currency swap of 325 million euros and (iii) three bank loans granted by Banca Nazionale del Lavoro (“BNL”), expiring in 2020 for a total amount of 100 million euros fully used, by the European Investment Bank (“EIB”), expiring in 2031 for an amount used equal to 110 million euros (on a total value of the loan of 150 million euros), and by Cassa Depositi e Presitti (“CDP”), expiring in 2031 for an amount used of 40 million euros (on a total value of the loan of 150 million euros).

The Class A4 Notes bond issue of 215 million pound sterling has been, right from the beginning, hedged against exchange rate risk and interest rate risk, through cross currency swap contracts for a total value of 325 million euros, at a fixed rate of 6.4%. It should be remembered that in March 2016 ADR became the direct debtor towards the A4 shareholders in place of the securitization special purpose company Romulus Finance that had issued the notes in 2003, following the "*Issuer Substitution*" transaction implemented in the form of novation.

On 18 May 2017, the banks of the revolving facility ("RCF") accepted the one year extension (to July 2022) of the contract's duration based on the specific request of ADR sent on the basis of the contract in force, which assigns the company the right to request a one year extension of the duration in each of the first two anniversaries following the signing taking place in July 2016.

On January 31, 2017, the residual tranche of 30 million euros was used of the 100 million euro loan granted in November 2016 by BNL, a bank in the BNP Paribas Group which was also part of the lending banking pool for the RCF line. The BNL bank loans, fully used for the total amount of 100 million euros, expires in November 2020 and was disbursed at cost conditions that are particularly advantageous for the company. From a contractual point of view, the terms and conditions that govern this loan are in line with those in the RCF contract.

In the second half of December 2016 two new contracts had been signed with regard to the 300 million euros line resolved by the European Investment Bank ("EIB") in favor of ADR in 2014, with contracts partly with EIB (150 million euros) and, for the residual 150 million euros, with Cassa Depositi e Prestiti ("CDP"). The EIB/CDP loan was subscribed by the two banks to support the "Aeroporti di Roma – Fiumicino Sud" project regarding the execution of the main works included in the project of infrastructural development of the existing airport perimeter of Fiumicino. These are fixed- or floating-rate amortizing loans with maturity up to 15 years and a period of availability of (i) 36 months for the EIB line and (ii) 18 months for the CDP line. As of June 30, 2017, these new funding lines granted by the EIB and CDP are used for 110 and 40 million euros, respectively. The lines used expire in 2031, are of the amortizing repayment type and with a fixed rate. The financial contracts that govern them are characterized by terms and conditions that are more orientated to a "project" type loan structure consisting of their disbursement.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument fails to meet its obligations, thereby causing a loss. As of June 30, 2017, the ADR Group's maximum exposure to this risk is represented by the par value of the guarantees provided for third parties' debt or commitments, the carrying value of the financial assets shown in the annual report and especially trade receivables from customers.

For an analysis of the policies in place to control the investment in loans, please see Note 9.3 to the Condensed consolidated financial statements.

Liquidity risk

Liquidity risk occurs when the ADR Group does not hold and finds it difficult to obtain the resources needed to face future financial commitments.

The financial structure of the ADR Group is distinguished by a limited incidence of the financial leverage component, since net debt as of June 30, 2017 equals 2.0 times the EBITDA of the last 12 months.

Commitments on repayments or refinancing of the existing short-term debt are not envisaged, since the BNL bank loan will be due in 2020, like the first capital units repaying the EIB and CDP loans, the new RCF facility (not used) will mature in 2022 (with optional extension by a further two years), the EMTN bond loans in 2021 and 2026 and the Class A4 Notes in 2023.

Note that the cash and cash equivalents at the end of the period, for 337.8 million euros, and the RCF line of credit of 250 million euros help ensure a more than adequate liquidity reserve for unexpected needs. As of June 30, 2017, 150 million euros were also available on the medium/long-term EIB/CDP lines. Also see note 9.3 in the Notes to the Condensed consolidated financial statements.

Interest rate risk

The ADR Group uses external financial resources. All the funding lines currently used are at a fixed rate. Only the RCF line is at floating rate, but has not been used.

The ADR Group uses interest rate swaps (IRS) to manage its exposure to unfavorable fluctuations in interest rates.

With resolution of May 14, 2015 the Parent Company's Board of Directors authorized, consistently with the policies adopted by its shareholder, the possibility of signing, by assessing the best market opportunities, “forward starting” interest rate swap transactions up to a notional 900 million euros and with a maximum duration of 10 years. With this type of instruments, which allow forward interest rates to be fixed for the dates envisaged for undertaking new debt, ADR improves its ability to tackle the risk of rising interest rates in a market featuring extreme volatility.

As of June 30, 2017 three “forward starting” interest rate swap contracts for a total notional capital of 300 million euros, effective starting from February 20, 2020 for a duration of 10 years, signed by ADR on October 18, 2016.

Also see note 9.3 in the Notes to the Condensed consolidated financial statements.

Exchange rate risk

This is linked to unfavorable changes in the exchange rate with consequent increases in the outgoing cash flows.

The ADR Group has a financial exposure in pound sterling. For this reason, the Group uses currency swaps to manage its exposure to unfavorable fluctuations in exchange rates. Also see note 9.3 in the Notes to the Condensed consolidated financial statements.

Concerning transactions with consumers, the ADR Group has a negligible exposure to the risk since the transactions in currencies other than the euro are related to limited purchases of goods and services.

Risks related to outstanding loan agreements

Rating

ADR and its funding sources, both bonds and banking facilities, are directly or indirectly conditioned by the assignment of a rating by the rating agencies, which in ADR's specific case are released publicly by Standard & Poor's, Moody's and Fitch. The rating level assigned, in fact, affects the cost of the debt (according to contractually defined parameters for the RCF line only) and the levels for triggering the residual financial ratios envisaged in the banking contracts.

With reference to the rating assigned to ADR by the above-mentioned agencies, it is worth noting that, on May 16, 2017, the rating agency Standard & Poor's, considering the factors relating to the current developments of the parent company Atlantia, also revised ADR's outlook from "stable" to "negative", though maintaining the rating level unchanged and equal to BBB+ just like the stand alone credit profile equal to "a+". Finally, it must be pointed out that, following the change to the rating outlook for the Italian Republic - from "stable" to "negative" on December 7, 2016 - Moody's, on January 20, adopted a similar decision for ADR's outlook, at the same time confirming the Baa1 rating. Finally Fitch Ratings maintains, unlike the other rating agencies, a "stable" outlook, combined with a rating level equaling BBB+.

As of June 30, 2017 no additional changes were made to the ratings assigned to ADR.

It is underlined that, following Alitalia's entry into extraordinary administration, all three of the agencies published explanatory notes - Moody's on May 2, Standard &Poor's on May 4 and Fitch on May 11 - regarding the potential impacts of the crisis situation of the main carrier on Fiumicino Airport and on ADR's rating. Though making separate detailed comments, in the substance all three agencies agree in deeming that there are no risks, despite the changing situation, of negative impacts on ADR's rating in the short term.

Security and financial covenants

With the previously mentioned "Issuer Substitution" transaction, the complex security package established in 2003 to support the Romulus debt structure, for which only Class A4 remains, ceased. The only, though more limited guarantee, is a "deed of assignment" under British law in favor of notes A4 on any receivables of AdR related to cross currency swaps in place with the counterparties Unicredit and Mediobanca. In any case this guarantee is limited to a maximum value of 96.5 million euros. Furthermore, after the acquisition by Atlantia and EDF Invest of 64% of the capital of Aéroports de la Côte d'Azur (ACA), through the financial acquisition vehicle Azzurra Aeroporti S.r.l., ADR committed to constitute a pledge in favor of the company's lenders on the total equity investment in Azzurra Aeroporti S.r.l., (10% of the company capital), once the latter company is transformed into a joint stock company. In any case also this potential guarantee is limited to a maximum amount of 130.6 million euros.

ADR's loan agreements include financial covenants among the contractual clauses, which are calculated on a historic basis with the contracts applied to the companies with full investment grade. Worth mentioning is the presence of the leverage ratio, respecting – in the most stringent hypothesis – a threshold value not exceeding 4.75, which drops to 4.25 in case of downgrade of the Company's rating level to BBB-/Baa3.

The financial ratios must be checked twice a year, in accordance with the agreements, by applying the calculation formulas to the reference data of the Group (which must exclude any equity investments in companies funded through non-recourse financial debt) in the Consolidated Yearly Financial Report as of December 31 and the Consolidated Interim Financial Report as of June 30.

Moreover, the loan agreements call for acceleration, termination and withdrawal conditions typical for loans of this type.

The documentation of the EMTN Program, updated on May 22, 2017, does not envisage limitations to the charge of ADR nor the observance of financial covenants or obligation to perform/not perform (except for a negative pledging commitment, typical of the contractual documentation of a non-banking issuer) in line with market practice for "investment grade" issuers.

Compliance risks

Risks of compliance with laws and regulations

The ADR Group operates in a sector that is highly regulated at domestic, EU and international level: an example of significant compliance risk categories can be related to the regulations concerning noise and the environment. The airport operator is obliged to respect the national and international laws on containing noise and environmental protection. The management of these risks is focused on the utmost substantial compliance with regulations and legislation in force, cooperation with the reference authorities and the implementation of activities to protect the environment.

Regulatory risks

The airport operator performs the activities under a concession agreement, in compliance with obligations whose non-fulfillment may cause the termination or cancellation of the concession. In addition it is possible to incur sanctions as a consequence of the non-fulfillment of concession obligations required by the Planning Agreement. The main risk management tool, in addition to the reference company procedures, is a close connection with the granting authority to ensure the utmost respect of fulfillments relating to the regulated activities.

OTHER **INFORMATION**

Updates and changes to the reference regulatory framework

Some national and EU provisions were issued during the first half of 2017, which affect the regulatory framework of the airport sector in general and ADR's business in particular.

Continuity of the services provided by Alitalia in extraordinary administration

With Min. Decree of the Ministry for Economic Development of May 2, 2017, published in the Official Gazette no. 104 of May 6, 2017, Alitalia - Società Aerea Italiana S.p.A. was admitted, with immediate effect, to the extraordinary administration procedure, pursuant to Italian Decree Law no. 347 of December 23, 2003, and three extraordinary commissioners were appointed (Mr. Luigi Gubitosi, prof. Enrico Laghi, prof. Stefano Paleari).

The court of Civitavecchia declared the insolvency of Alitalia - Società Aerea Italiana S.p.A. amministrazione straordinaria ("Alitalia SAI under special administration") with sentence of May 11, 2017.

The decree of the Ministry for Economic Development of May 12, 2017 was subsequently published in the Official Gazette no. 124 of May 30, 2017, with which also Alitalia Cityliner S.p.A. was admitted to the extraordinary administration procedure and the same commissioners' board of Alitalia was appointed.

On May 17, 2017, in compliance with the provisions of Italian Law Decree no. 55 of May 2, 2017, the Extraordinary Commissioners of Alitalia SAI under special administration published the "Call for expressions of interest" that are not binding to propose the contents of the possible Program for the economic rebalancing of the business in the company under special administration.

With Italian Law Decree no. 55 of May 2, 2017, in order to avoid the discontinuation of the service provided by Alitalia SAI under special administration, a loan for payment was arranged for 600 million euros with a duration of six months, in favor of the carrier, to be used for the management requirements of the company and of the other group companies under special administration that can no longer be postponed. The loan was granted with interest at the six-month Euribor rate, increased by 1,000 basis points, and shall be returned within six months from its disbursement, to be pre-deducted with priority over any other debt relating to the procedure.

Italian Law Decree 55/2017 was not converted but was repealed and completely re-protected by the provisions of art. 50 of Law no. 96 of June 21, 2017 (published in section 31/L of O.G. no. 144 of June 23, 2017) for the conversion, with amendments, of Italian Law Decree no. 50 of April 24, 2017 containing "urgent provisions on financial issues, initiatives in favor of territorial bodies, additional actions in the areas hit by seismic events and development measures".

The mentioned law 96/2017 requires that the procedures that are consequent to the invitation, published by the Extraordinary Commissioners, to collect expressions of interest aimed at defining the extraordinary administration procedure, take place within six months from the granting of the loan, ensuring compliance with the transparency principles, equal treatment and non discrimination.

Harmonization of the national regulations on noise pollution.

Italian Legislative Decree no. 42 of February 17, 2017 was published in O.G. no. 79 of April 4, 2017, which contains provisions to harmonize the national regulations on noise pollution. The decree makes some changes, among others, to Law 447/1995, including:

- the introduction of the obligation, when presenting the Environmental Impact Assessment (VIA) for airport infrastructure to "take into account, in the design phase, the cases of more than one infrastructure contributing to the emission of noise";
- the clarification that the obligation to allocate 7% of the accounting provisions, destined for maintaining and upgrading the infrastructure, in order to execute noise mitigation works does not apply if it is proven that measures for containing and combating noise are not necessary since the acoustic limits set by the specific regulations are not being exceeded;
- the imposition of a sanction on the transport infrastructure operators that do not prepare, present and implement the noise containment and abatement plan.

Enhancement of the checks on people at air boarders in the Schengen Area

Regulation (EU) 2017/458 of March 15, 2017 was published, which introduces systematic checks in the national and European databases for all the people that cross external barriers, incoming and outgoing, including the beneficiaries of the right of free circulation pursuant to EU law, which in the previous regime were subject to a minimum check regarding identity, ticket and validity of the document. Member States are granted a transitional six-month period - starting from the regulation coming into force – during which targeted (and not systematic) checks are still possible in the databases. This period may be extended up to maximum 18 months, in case of infrastructural difficulties that require a longer period of time to make the necessary adjustments.

Checks regarding the accessibility and use of airport infrastructure

Law no. 48 of April 18, 2017 was published in the O.G, no. 93 of April 21, 2017, which converted, with amendments, Italian Law Decree no. 14 of February 20, 2017, regarding city security.

The procedure includes some measures to control and supervise the territory, which are aimed at preventing and combating decay situations and ensuring the free use of particularly sensitive public areas that are focal points for mobility, such as railway, airport, maritime and public transport infrastructure. The mentioned measures provide for:

- administrative fines with the contextual order to leave the location where the event occurred, for those who behave in ways that prevent accessibility to and use of the mentioned infrastructure, violating the prohibitions to stay and occupy the relevant spaces;
- the jurisdiction of the mayor of the municipality in whose territory the conduct was ascertained, notwithstanding the powers of the sector Authorities;
- the application of the removal order against those who commit, in the same areas, the violations provided for by the following provisions: art. 688 of the Criminal Code (intoxication in a public place), art. 726 of the Criminal Code (acts against decency in public places), art. 29 of Italian Legislative Decree no. 114/1998 (illegal trade in state property areas) and art. 7, par. 15-bis of Italian Legislative Decree no. 285/1992 (illegal parking attendant service). The removal order is enforced without prejudice to the application of the administrative sanctions required by the relevant provisions.

Review of relief and fire fighting activities of the National Body of Firefighters.

Italian Legislative Decree no. 97 of May 29, 2017, published in the O.G. no. 144 of June 23, 2017, reviews and reorganizes the functions, tasks and arrangement of the personnel of the National Body of Firefighters, implementing Law 124/2015 containing delegations to the Government regarding the reorganization of the public administration. Regarding the relief and fire fighting service at airports, art. 4, par. 3 requires that:

- at civil and military airports open to commercial air traffic, the National Body of Firefighters exercises the role of competent Authority for the aspects relating to the certification and supervision of the relief and fire fighting services, in agreement with ENAC and in compliance with national and EU regulations;

- at the airports listed in table A, contained in the decree, the National Body ensures the relief and fire fighting service in compliance with the national, international and EU regulations as well as the specific agreements reached with the airport operator as required by the regulations themselves.

Tender for the award of outlets in the General Aviation Terminal at Ciampino

The documents required by applicable regulations and the tender documents to grant the relevant sub-concessions to the six awarded parties are being acquired.

Correction to the Tender Code

In the O.G. no. 103 of May 5, 2017 (Section no. 22), Italian Legislative Decree no. 56 of April 19, 2017 was published, which corrects the code of public tenders that came into force on May 20, 2017.

The decree comprises 131 articles that include several corrections to Italian Legislative Decree 50/2016, which are aimed at improving the regulatory system without undermining it, in order to make it more homogenous, clear and suitable while pursuing the development objective set by law 11/2016 with regard to the government delegation to implement EU directives, the awarding of concession agreements, public tenders and the tender procedures of the granting bodies in the water, energy, transport and postal service sectors, also to reorganize the regulations in force with regard to public contracts relating to works, services and supplies.

Inter-company relations and transactions with related parties

Disclosure on management and coordination of the company

From August 2, 2007, ADR qualifies as a company "managed and coordinated" by Gemina, which wholly owned Leonardo S.r.l., subsequently merged into Gemina. As a result of the merger by incorporation of Gemina into Atlantia, with effect from December 1, 2013, ADR is subject to "management and co-ordination" by Atlantia.

In turn, ADR "manages and coordinates" its subsidiary undertakings, ADR Tel, ADR Sviluppo S.r.l., ADR Assistance, ADR Security, ADR Mobility and Airport Cleaning.

Inter-company relations and transactions with related parties

All the transactions with parent companies, subsidiary undertakings and other related parties were carried out on an arm's length basis.

With reference to inter-company relations and transactions with related parties, please see Note 10 to the Condensed consolidated interim financial statements.

Subsequent events

Traffic trends in the first seven months of 2017 [6]

In the period January-July 2017, the Roman airport system recorded a slight +0.3% rise in passengers transported resulting from the significant growth in the international component (+3.3%, EU +2.3% and non-EU +5.8%, respectively), which offsets the drop in the volumes of domestic traffic (-7.5%).

TABLE 1. Main traffic data of the Roman airport system

	JAN. –JUL. 2017	JAN. –JUL. 2016	Δ%
Movements (No.)	**192,593**	**199,526**	**(3.5%)**
Fiumicino	162,788	171,467	(5.1%)
Ciampino	29,805	28,059	6.2%
Passengers (No.)	**25,374,801**	**25,290,991**	**0.3%**
Fiumicino	22,096,634	22,193,465	(0.4%)
Ciampino	3,278,167	3,097,526	5.8%
Cargo (t)	**102,198**	**90,580**	**12.8%**
Fiumicino	92,981	81,628	13.9%
Ciampino	9,217	8,952	3.0%

Fiumicino

In the period considered, Fiumicino recorded a slight drop in passenger traffic of -0.4%, as well as a decrease in seats (-2.7%), aircraft tonnage (-2.9%) and movements (-5.1%).

With reference to individual geographic areas, good results derive from the International component (+2.4%), driven by the Non-EU segment (+6.0%), where increases are recorded on all market sectors, headed by C/S America and the Far East (+19.2% and +13.3%, respectively). Domestic traffic is down instead (-6.7%) consequently to the cuts made to the Alitalia's network.

In the first three weeks of July, the trend of the first half of the year is confirmed, with a drop in passenger traffic (-2.0%) and movements (-4.7%) that is attributable to the performance of the domestic market; International traffic is on the rise instead (+0.4%), driven by the strong growth of the Non-EU component (+5.3%).

Ciampino

In the period under review, the airport recorded a growth of 5.8% in passengers together with an increase in capacity (movements +6.2%, aircraft tonnage +4.4% and seats +3.2%).

In the first three weeks of July, the growth confirms the level of the first half (+4.8%), still driven by the international segment (+4.2%).

[6] Provisional data updated to July 21, 2017 and compared with the same period of 2016.

Other significant events

- After law 48/2017 on city security came into force on July 6, 2017, Lazio Airport Management adopted Ruling no. 10/2017 to update, according to the new regulatory context, the provisions regarding the access, stay and occupation of terminals at Leonardo da Vinci Fiumicino airport and their pertinent areas open to the public, also to prevent any conduct that may hinder the accessibility to and the use of the airport infrastructure and the occurrence of decay situations.

- Italian Legislative Decree 104/2017 "Implementation of directive 2014/52/EU of the European Parliament and Council of April 16, 2014, was published on the Official Gazette no. 156 of July 6, 2017, which amended directive 2011/92/EU concerning the assessment of the environmental impact of certain public and private projects, pursuant to articles 1 and 14 of law no. 114 of July 9, 2015". The decree, which has been in force since July 21, 2017, amends the provisions regarding the procedures for the assessment of the environmental impact, contained in Part II of the Consolidated Act on the Environment (Italian Legislative Decree 152/2006).

Business Outlook

The leading official sources confirm the economic growth trend of the developing countries for 2017, foreseeing a slight pick up in the European macro-economic scenario and persistence of a situation of non significant improvement for Italy.

Given such a macroeconomic situation, overall traffic volumes are forecast to develop, essentially in line with 2016, confirming the growth trend of the international segment.

ADR intends to continue the efforts to increase intercontinental connectivity, also enhancing the short-mid haul services in Europe also by leveraging carriers with a high growth potential.

The implementation of the Infrastructural Development Plan will also continue, further intensifying the investments and continuing to enhance the synergies and know-how available within the Atlantia group.

The ADR Group intends to improve the quality levels and renew the commercial offer so as to enhance the passenger experience at the airport, continuing the considerable efforts made in searching for maximum efficiency in managing its core business and the operating efficiency so as to ensure greater value for the user, the stakeholders and the shareholders.

For the year 2017, except for the negative effects that may potentially derived from a development of the Alitalia situation, and more generally, unless the traffic development worsens, an economic performance can be predicted in terms of profitability that is essentially in line with that of the year 2016.

The Board of Directors

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS **AS OF JUNE 30, 2017**

Condensed consolidated interim financial statements as of June 30, 2017

CONSOLIDATED **FINANCIAL STATEMENTS OF THE AEROPORTI DI ROMA GROUP**

Consolidated statement of financial position

ASSETS (THOUSANDS OF EUROS)	NOTES	06.30.2017	OF WHICH TOWARDS RELATED PARTIES	12.31.2016	OF WHICH TOWARDS RELATED PARTIES
NON-CURRENT ASSETS					
Tangible assets	6.1	50,433		52,980	
Concession fees		2,295,814		2,265,212	
Other intangible assets		9,740		10,370	
Intangible assets	6.2	2,305,554		2,275,582	
Equity investments	6.3	73,809		75,120	
Other non-current financial assets	6.4	16,670		11,236	
Deferred tax assets	6.5	87,249		101,346	
Other non-current assets	6.6	429		432	
TOTAL NON-CURRENT ASSETS		**2,534,144**		**2,516,696**	
CURRENT ASSETS					
Inventories		3,648		4,297	
Trade receivables		319,342	*3,324*	289,476	*2,812*
Trade assets	6.7	322,990	*3,324*	293,773	*2,812*
Other current financial assets	6.4	2,436	*2,430*	0	
Current tax assets	6.8	8,072	*7,470*	8,348	*7,470*
Other current assets	6.9	11,709	*559*	51,392	*533*
Cash and cash equivalents	6.10	337,755		74,159	
TOTAL CURRENT ASSETS		**682,962**	***13,783***	**427,672**	*10,815*
TOTAL ASSETS		**3,217,106**	***13,783***	**2,944,368**	***10,815***

SHAREHOLDERS' EQUITY AND LIABILITIES (THOUSANDS OF EUROS)	NOTES	06.30.2017	OF WHICH TOWARDS RELATED PARTIES	12.31.2016	OF WHICH TOWARDS RELATED PARTIES
SHAREHOLDERS' EQUITY					
GROUP SHAREHOLDERS' EQUITY					
Share capital		62,225		62,225	
Reserves and retained earnings		907,369		891,653	
Net income for the period, net of the advance on dividends		105,869		152,524	
		1,075,463		1,106,402	
MINORITY INTERESTS IN SHAREHOLDERS' EQUITY		0		0	
TOTAL SHAREHOLDERS' EQUITY	6.11	**1,075,463**		**1,106,402**	
LIABILITIES					
NON-CURRENT LIABILITIES					
Provisions for employee benefits	6.12	19,268		19,759	
Provision for renovation of airport infrastructure	6.13	110,087		106,819	
Other allowances for risks and charges	6.14	26,932		26,110	
Allowances for non-current provisions		156,287		152,688	
Bonds		1,101,609	*244,792*	834,195	*251,116*
Medium/long-term loans		249,412		69,804	
Financial instruments - derivatives		138,074		138,519	
Non-current financial liabilities	6.15	1,489,095	*244,792*	1,042,518	*251,116*
Other non-current liabilities	6.16	1,798	*532.*	935	*454*
TOTAL NON-CURRENT LIABILITIES		1,647,180	*245,324*	1,196,141	*251,570*
CURRENT LIABILITIES					
Provisions for employee benefits	6.12	1,489		1,437	
Provision for renovation of airport infrastructure	6.13	87,546		98,610	
Other allowances for risks and charges	6.14	45,663		52,013	
Allowances for current provisions		134,698		152,060	
Trade payables	6.17	209,847	*61,994*	289,739	*67,406*
Trade liabilities		209,847	*61,994*	289,739	*67,406*
Current share of medium/long-term financial liabilities		5,047	*400*	15,955	*450*
Financial instruments - derivatives		235		21,394	
Current financial liabilities	6.15	5,282	*400*	37,349	*450*
Current tax liabilities	6.8	9,854	*7,903*	21,816	*15,020*
Other current liabilities	6.18	134,782	*1,404*	140,861	*2,603*
TOTAL CURRENT LIABILITIES		494,463	71,701	641,825	85,479
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,217,106**	***317,025***	**2,944,368**	***337,049***

Consolidated income statement

(THOUSANDS OF EUROS)	NOTES	1st HALF 2017	OF WHICH TOWARDS RELATED PARTIES	1st HALF 2016	OF WHICH TOWARDS RELATED PARTIES
REVENUES					
Revenues from airport management		415,280	*6,839*	391,923	*5,990*
Revenues from construction services		66,168		108,178	
Other operating income		12,602	*742*	6,465	*766*
TOTAL REVENUES	7.1	494,050	*7,581*	506,566	*6,756*
COSTS					
Consumption of raw materials and consumables	7.2	(15,531)	*(9,558)*	(14,969)	*(9,018)*
Service costs	7.3	(153,546)	*(42,318)*	(210,544)	*(26,506)*
Payroll costs	7.4	(82,316)	*(1,557)*	(78,590)	*(1,888)*
Concession fees		(15,327)		(16,173)	
Expenses for leased assets		(1,464)		(1,612)	
(Allocation to) use of the provisions for renovation of airport infrastructure		8,679		16,872	
Allocations to allowances for risks and charges		(560)		(3,964)	
Other costs		(10,396)		(5,281)	
Other operating costs	7.5	(19,068)		(10,158)	*(51)*
Depreciation of tangible assets	6.1	(6,021)		(2,928)	
Amortization of intangible concession fees	6.2	(35,564)		(31,204)	
Amortization of other intangible assets	6.2	(2,181)		(2,001)	
Amortization and depreciation		(43,766)		(36,133)	
TOTAL COSTS		(314,227)	*(53,433)*	(350,394)	*(37,463)*
OPERATING INCOME (EBIT)		**179,823**		**156,172**	
Financial income		166		208	
Financial expense		(32,123)	*(6,603)*	(57,225)	*(7,336)*
Foreign exchange gains (losses)		6,323		33,544	
FINANCIAL INCOME (EXPENSE)	7.6	(25,634)	*(6,603)*	**(23,473)**	*(7,336)*
Share of profit (loss) of associates accounted for using the equity method	7.7	1,035		1,330	
INCOME (LOSS) BEFORE TAXES		**155,224**		134,029	
Income taxes	7.8	(49,355)		(46,659)	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**105,869**		**87,370**	
Net income (loss) from discontinued operations		0		0	
NET INCOME FOR THE PERIOD		**105,869**		**87,370**	
of which					
Group income		105,869		87,370	
Minority interests		0		0	

Consolidated Statement of Comprehensive Income

(THOUSANDS OF EUROS)	NOTES	1st HALF 2017	1st HALF 2016
NET INCOME FOR THE PERIOD		**105,869**	**87,370**
Profits (losses) from fair value measurement of the cash flow hedges	6.15	13,972	(19,142)
Tax effect		(3,354)	4,348
Share pertaining to the "Other components of comprehensive income" of equity investments accounted for using the equity method	6.3	61	65
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect		**10,679**	**(14,729)**
Income (loss) from actuarial valuation of employee benefits	6.12	51	(1,125)
Tax effect		(12)	295
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect		**39**	**(830)**
Reclassifications of the other components of the comprehensive income statement for the period		**432**	**0**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT		11,150	(15,559)
COMPREHENSIVE INCOME FOR THE PERIOD		**117,019**	**71,811**
of which			
Comprehensive income attributable to the Group		117,019	71,811
Comprehensive income attributable to minority interests		0	0

Statement of changes in consolidated equity

(THOUSANDS OF EUROS)	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	RESERVE FOR THE VALUATION OF EQUITY INVESTMENTS ACCORDING TO THE EQUITY METHOD	OTHER RESERVES AND RETAINED EARNINGS	NET INCOME FOR THE PERIOD (net of the advance on dividends)	TOTAL	MINORITY INTERESTS IN SHAREHOLDERS' EQUITY	TOTAL SHAREHOLDERS' EQUITY
BALANCE AS OF DECEMBER 31, 2015	**62,225**	**12,462**	**667,389**	**(55,654)**	**(37)**	**267,721**	**136,575**	**1,090,681**	**0**	**1,090,681**
Net income for the period							87,370	87,370	0	87,370
Other components of comprehensive income:				(14,794)	65	(830)		(15,559)		(15,559)
Profits (losses) from fair value measurement of the cash flow hedge derivative instruments, net of the tax effect				(14,794)				(14,794)		(14,794)
Gains (losses) from actuarial estimates, net of the tax effect						(830)		(830)		(830)
Share of profit (loss) of associates accounted for using the equity method					65			65		65
Comprehensive income for the period				(14,794)	65	(830)	87,370	71,811	0	71,811
Dividend distribution						(134,405)		(134,405)	0	(134,405)
Residual profit allocation						136,575	(136,575)	0		0
Other changes					(1)	221		220		220
BALANCE AS OF JUNE 30, 2016	**62,225**	**12,462**	**667,389**	**(70,448)**	**27**	**269,282**	**87,370**	**1,028,307**	**0**	**1,028,307**
BALANCE AS OF DECEMBER 31, 2016	**62,225**	**12,462**	**667,389**	**(58,642)**	**(87)**	**270,531**	**152,524**	**1,106,402**	**0**	**1,106,402**
Net income for the period							105,869	105,869		105,869
Other components of comprehensive income:				11,050	61	39		11,150		11,150
Profits (losses) from fair value measurement of the cash flow hedge derivative instruments, net of the tax effect				11,050				11,050		11,050
Income (loss) from actuarial valuation of employee benefits, net of the tax effect						39		39		39
Share pertaining to the “Other components of comprehensive income” of equity investments accounted for using the equity method					61			61		61
Comprehensive income for the period				11,050	61	39	105,869	117,019		117,019
Dividend distribution (balance)							(148,094)	(148,094)		(148,094)
Residual profit allocation						4,430	(4,430)			
Other changes					23	113		136		136
BALANCE AS OF JUNE 30, 2017	**62,225**	**12,462**	**667,389**	**(47,592)**	**(3)**	**275,113**	**105,869**	**1,075,463**		**1,075,463**

Consolidated Statement of Cash Flows

(THOUSANDS OF EUROS)	NOTES	1st HALF 2017	1st HALF 2016
Net income for the period		**105,869**	**87,370**
Adjusted by:			
Amortization and depreciation	6.1/6.2	43,766	36,133
Allocation to the provisions for renovation of airport infrastructure	6.13	23,990	29,796
Financial expense from discounting provisions	7.6	1,008	1,891
Change in other provisions		(6,040)	2,509
Share of profit (loss) of associates accounted for using the equity method	7.7	(1,035)	(1,330)
Net change in deferred tax (assets) liabilities		10,594	8,122
Other non-monetary costs (revenues)		2,374	1,210
Changes in the working capital and other changes		(86,328)	7,881
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**94,198**	**173,582**
Investments in tangible assets	6.1	(3,447)	(14,777)
Investments in intangible assets	6.2	(68,804)	(115,799)
Works for renovation of airport infrastructure	6.13	(32,669)	(46,669)
Equity investments and minority shareholdings in consolidated companies		0	(1)
Dividends received from subsidiaries, valued according to the equity method		0	1,147
Gains from divestment of tangible and intangible assets and equity investments		1,060	4,015
Net change in other non-current assets		3	1
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)		**(103,857)**	**(172,083)**
Dividends paid		(148,095)	(134,405)
Issue of bonds		472,266	0
Raising of medium/long-term loans		180,000	0
Repayment of bonds		(199,999)	0
Net change in other current and non-current financial liabilities		(30,795)	(9,915)
Net change in current and non-current financial assets		(123)	10,511
NET CASH FLOW FROM FUNDING ACTIVITIES (C)		**273,254**	**(133,809)**
NET CASH FLOW FOR THE PERIOD (A+B+C)		**263,595**	**(132,310)**
Cash and cash equivalents at the start of the period	6.10	74,159	218,593
Cash and cash equivalents at the end of the period	6.10	337,754	86,283

Additional information to the statement of cash flows

(THOUSANDS OF EUROS)		1st HALF 2017	1st HALF 2016
Net income taxes paid (reimbursed)		50,451	42,813
Interest income collected		20	102
Interest payable and commissions paid		53,159	30,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE AEROPORTI DI ROMA GROUP

1. General information

Aeroporti di Roma S.p.A. (hereafter the "Company" or "ADR" or "the Parent Company") manages the Roman airport system on an exclusive basis under the concession signed between the Italian Civil Aviation Authority ("ENAC") and ADR. On December 21, 2012 the Prime Minister approved the new Planning Agreement signed between ADR and ENAC on October 25, 2012, based on which ADR is entrusted with managing the airport system directly and indirectly through the subsidiary undertakings, which specific activities are assigned to.

The registered office of the Parent Company is in Fiumicino, Via dell'Aeroporto di Fiumicino 320, while the secondary office is in Ciampino, Via Appia Nuova 1651. The duration is currently set until December 31, 2050. On the date of presenting the Condensed consolidated interim financial statements, Atlantia S.p.A. ("Atlantia") is the shareholder that directly holds the majority of the shares of ADR (60,187,939, equal to 96.73% of the capital) and exercises the management and coordination towards the company.

These condensed consolidated interim financial statements of ADR and its subsidiary undertakings (the "ADR Group") were approved by the Board of Directors of the company during the meeting of August 1, 2017 and subject to audit by EY S.p.A..

The consolidated financial statements were prepared in the assumption of going-concern.

2. Form and content of the Consolidated financial statements

The condensed consolidated interim financial statements as of June 30, 2017 were prepared in compliance with IAS 34 "Interim financial reporting" (applicable for the 6-month financial information).

The condensed consolidated interim financial statements comprise statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and these explanatory notes, applying the provisions of IAS 1 "Presentation of Financial Statements" and the general criterion of the historical cost, with the exception of the financial statement items that according to IFRS are recognized at their fair value, as stated in the valuation criteria of the individual items described in the Consolidated Financial Statements as of December 31, 2016, to which reference is made.

Compared to the annual consolidated financial statements, a summarized report is envisaged in terms of form and content, as provided for by IAS 34. As a consequence, for more detailed information, these condensed consolidated interim financial statements must be read together with the consolidated financial statements for the year ended December 31, 2016, prepared according to the International Financial Reporting Standards (IFRS).

The accounting statements are the same as those adopted in the consolidated yearly financial statements as of December 31, 2016.

All the values are expressed in thousands of euros, unless otherwise stated. Euro is the functional currency of the parent company and the subsidiary undertakings and the currency of presentation of the financial statements.

For each item in the consolidated financial statements, the corresponding value of the previous year or period is reported for comparison purposes.

3. Consolidation area and principles

The condensed consolidated interim financial statements include the financial statements of ADR and its subsidiary undertakings for the year ending June 30, 2017, directly or indirectly controlled by ADR, both by virtue of the shares held to obtain the majority of votes in the Meeting (also when considering the potential voting rights deriving from options that can be exercised immediately) and due to other facts or circumstances that (also when excluding the related shares) assign the power over the company, the exposure or the right to variable returns on the investment of the company and the ability to use the power over the company to influence the returns on the investment.

The controlled entities are included in the consolidation area as of the date when control is acquired by the Group and are excluded from the area as of the date when control is lost by the Group. Annex 1 “List of equity investments” lists the companies included in the consolidation area. The consolidation area has not changed compared to December 31, 2016.

For consolidation purposes, the accounting situations of the subsidiary undertakings were used, approved by the relevant Board of Directors and the Sole Directors, adjusted on the basis of the IFRS standards adopted by the Group.

The consolidation principles are the same applied to the preparation of the consolidated financial statements for the year ended December 31, 2016, to which reference is made.

4. Accounting standards applied

In preparing the condensed consolidated interim financial statements as of June 30, 2017, the same accounting standards and valuation criteria applied in preparing the consolidated financial statements for the year ended December 31, 2016, were used, to which reference is made for an analytical description of these standards and criteria.

Therefore, the accounting standards applied in preparing this document have not changed significantly compared to those adopted in preparing the consolidated financial statements for the year ended December 31, 2016, as, during the first six months of 2017, no new accounting standards, new interpretations or amendments to the applicable standards came into force, which had a significant impact on the consolidated financial statements of the ADR Group.

The Group is assessing the possible impact, which cannot currently be estimated reasonably, deriving from the application of all the newly issued standards reported analytically in Note 4 of the consolidated financial statements for the year ended December 31, 2016 as well as for all the reviews and amendments to the existing standards.

In particular, with reference to IFRS 15, the Group is completing the checks regarding the applicability of the new standard to the different types of contracts in place and the study of the possible management and accounting repercussions. A study was carried out on the applicability of the new standard with reference to the concession agreement held by ADR, of the sub-concession agreements, as well as the other agreements held by the Group, which represent the most significant component of the consolidated revenues.

Based on the examinations conducted so far, confirming the indication in Note 4 of the consolidated financial statements at December 31, 2016, the concession agreement held by ADR is deemed not to fall within the scope of application of IFRS 15. As a result, the current methods of representation will not be subject to change, also with reference to the revenues from construction services, as well as the above-mentioned sub-concession agreements.

Based on the analyses made so far, no significant impact has been found on the Consolidated Financial Statements of the ADR Group which may derive from adopting IFRS 15. However, the examinations are still underway and the definitive conclusions are expected to be available by the end of the year.

With reference to the new standard IFRS 9 (in force from the January 1, 2018), the Group started analyzing the possible impacts deriving from its application; the analysis is still in an initial phase and is expected to be completed by the end of the year. In particular, the main types of items potentially concerned are represented by trade receivables to customers, as part of the non-current financial assets and financial liabilities.

Concerning the possible impacts deriving from the introduction of IFRS 16, to applied at a later time (in force from January 1, 2019), in any case it is specified that the Group does not hold significant leasing instruments as lessee, while the new standard is not deemed to have a significant impact on the agreements in which the Group plays the role of lessor, mainly including the sub-concession agreements of the areas destined to commercial activities.

According to IFRS, the preparation of the financial statements requires estimates and valuations to be made, which affect the determination of the book value of assets and liabilities as well as the information provided in the explanatory notes, also with reference to the assets and liabilities potentially existing at the end of the period. These estimates are used in particular for the valuation of receivables, the provisions for renovation of airport infrastructures, other allowances for risks and charges, employee benefits, the fair value of financial assets and liabilities, the recoverability of deferred tax assets.

Therefore, the actual results subsequently recorded may differ from these estimates; furthermore, the estimates and valuations are reviewed and updated periodically and the effects deriving from any variation are immediately reflected in the financial statements.

In accordance with IAS 36, when preparing the consolidated interim financial statements, the book value of the assets posted is subject to impairment only when internal and external impairment indicators are present that require the immediate measurement of the relevant losses.

5. Concession Agreement

Concessionary Relationship

ADR's corporate purpose is the construction and management of airports or of a part thereof, and the exercise of any activity related or complementary to air traffic of any type or specialty. This goal is achieved on the basis of a Concession for the single management of the Roman airport system entrusted to the Company with Italian Law no. 755 of November 10, 1973.

The concessionaire ADR ensures the management and development of the Roman airport system ("Leonardo da Vinci" at Fiumicino and "G.B. Pastine" at Ciampino) in accordance with international, European and national regulations as well as the Regulations of ENAC that govern the operation of the airport open to civil traffic.

The original Agreement for the management of the concession 2820/74 was in force until December 21, 2012. After that date, a new Single Deed - Planning Agreement was approved with specific Council of Ministers Presidential Decree. In a single document this regulates both the relations regarding the airport management concession and the criteria to determine and periodically update the fees applicable to the so-called "regulated services".

The principle remains in place according to which the management must be inspired by financial and organizational criteria pursuant to Italian Law no. 755 of November 10, 1973 and subsequent amendments.

Duration of the Concession

The term of the concession expires on June 30, 2044 in compliance with art. 14 of Italian Law no. 359 of August 8, 1992, and art. 1-quater of Italian Law no. 351 of August 3, 1995, as set forth in the reports by the Ministry of Transport and Navigation on September 12, 1994 and January 23, 1998.

The causes for revocation, default or termination of the concessionary relationship are specified in the new Single Deed - Planning Agreement under articles 18, 19 and 20 as well as art. 20-bis for the effects set for the natural expiry as of June 30, 2044.

Subject matter of the Concession

Italian Law 755/73 (art. 1) sets forth the subject of the concession, consisting in the single management of the Roman airport system, to be carried out under the supervision of the Ministry of Transport (now ENAC - Italian Civil Aviation Authority - pursuant to Italian Legislative Decree 250/1997) according to the provisions of the Navigation Code and regulations currently in force.

ADR also provides security screening services for passengers and carry-on and checked baggage, always based on the concession regime.

Income

Pursuant to art. 6, paragraph 1, of Italian Law 755/73, "all revenues of the State, which derive from the management of the two airports, belong to the company holding the concession".

Art. 10 of the Single Deed - Planning Agreement lists in detail the income of the concessionaire, providing also the “fair fee” to be paid to it by anyone carrying out non-aeronautical activities for a profit, also occasionally, within the airports under concession that is not remunerated otherwise.

This article also specifies the income deriving from or connected to commercial activities that are not included in the tariff discipline of the Planning Agreement.

It regulates the so-called “regulated consideration”, i.e. the airport services originally identified in the “Reordering framework regarding the tariff system for airport services rendered on an exclusive basis” proposed by the Minister of Transport and Navigation in conjunction with the Minister of Finance and approved with CIPE resolution no. 86 of August 4, 2000 and replaced by Resolution no. 51/08. These fees include the airport fees and all the fees for the services rendered on an exclusive basis.

Concession fees

Italian Law Decree 251/95, converted into Italian Law 351/95 introduced the obligation to pay a concession fee.

The reference parameter for calculating the fee (“WLU” - Work Load Unit) was adopted following the Decree of the State Property Office of June 30, 2003. The WLU corresponds to one passenger or 100 kg of cargo or post and is calculated using the data reported in the statistical yearbook of the Ministry for Infrastructure and Transport - ENAC (Italian Civil Aviation Authority). This fee quantification method was confirmed until 2018, with subsequent Decrees of the State Property Office.

According to art. 2, paragraph 4 of the Single Deed - Planning Agreement, if, consequently to regulatory provisions and/or administrative measures, the amount of the concession fee was to be changed compared to the one in force at the time of the stipulation, or if forms of taxation were introduced with an equivalent effect on the Concessionaire's account, the latter shall be entitled to a specific increase to cover the greater disbursement.

ADR also pays ENAC a fee for the concession of the baggage and passenger security checking services pursuant to Italian Ministerial Decree no. 85/99. The amount is set to 0.07 euros per outgoing passenger (Italian Ministerial Decree of July 13, 2005). The obligation to make this payment is reported also under art. 2, paragraph 5 of the Planning Agreement.

The asset regime

Art. 12 of the Single Deed- Planning Agreement governs the right to use the assets by the Concessionaire. The same is to be interpreted together with the provisions in articles 703 and 41 of the Navigation Code.

Additional rules contained in the Planning Agreement contribute to defining the legal treatment of the assets (e.g. art. 20-bis) which, though conditioned by the pertinence of the principle of correlation for the use to perform regulated activities or alternatively commercially (unregulated) activities, does not significantly differ from the pre-existing regime. In particular:

- the assets received under concession at the time of establishing the concessionaire or subsequently created by it by virtue of laws of the State with public funds, are possessed by the concessionaire under the right of use regime as these are government property; these assets are summarized in the table below:

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016
Assets received under the concession at Fiumicino	119,812	119,812
Assets received under the concession at Ciampino	29,293	29,293
Assets completed on behalf of the State (*)	742,197	742,197
TOTAL	**891,302**	**891,302**

(*) value of the construction services for works financed, realized and reported to the Italian Civil Aviation Authority

- the assets acquired/created by the Concessionaire with funding from its accounts and used to perform activities subject to fee regulation are possessed under the ownership regime until the end of the concession. This leads to the obligation to hand them over to the Grantor upon the natural expiry of the concession; this action will be in any case conditioned by the repayment of their value to be established according to the new convention rules;
- the same treatment applies to the goods acquired/created by the Concessionaire with funding from its accounts, but used to perform (unregulated) commercial activities, provided these are related to real estate;
- for commercial movable properties instead the concessionaire has full ownership; the Grantor is granted a right to purchase (art. 20-bis 4.d) upon the natural expiry of the concession, which can be exercised by paying the former concessionaire their residual carrying value.

Based on the Single Deed - Planning Agreement, at the natural expiration of the concession, ENAC will send ADR a fee equal to the residual value of the investments made. The residue value will be taken from the regulatory accounts. To date the ADR Group does not have assets in service whose residual value from the regulatory accounts exceeds zero.

6. Information on the items of the consolidated statement of financial position

6.1 Tangible assets

(THOUSANDS OF EUROS)	12.31.2016			CHANGE				06.30.2017		
	COST	ACC. DEPR.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	DISPOSALS	COST	ACC. DEPR.	NET VALUE
Plant and machinery	88,668	(50,340)	38,328	697	(4,308)	2,849	0	92,214	(54,648)	37,566
Industrial and commercial equipment	13,500	(10,725)	2,775	173	(364)	32	0	13,447	(10,831)	2,616
Other assets	25,006	(19,911)	5,095	824	(1,349)	2,853	0	28,683	(21,260)	7,423
Work in progress and advances	6,782	0	6,782	1,753	0	(5,707)	0	2,828	0	2,828
TOTAL TANGIBLE ASSETS	**133,956**	**(80,976)**	**52,980**	**3,447**	**(6,021)**	**27**	**0**	**137,172**	**(86,739)**	**50,433**

(THOUSANDS OF EUROS)	12.31.2015			CHANGE				06.30.2016		
	COST	ACC. DEPR.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	DISPOSALS	COST	ACC. DEPR.	NET VALUE
Plant and machinery	60,302	(44,336)	15,966	886	(1,858)	26	0	61,214	(46,194)	15,020
Industrial and commercial equipment	12,144	(10,181)	1,963	411	(270)	0	0	12,555	(10,451)	2,104
Other assets	23,606	(18,969)	4,637	395	(800)	44	(17)	23,262	(19,003)	4,259
Work in progress and advances	13,783	0	13,783	13,085	0	(40)	0	26,828	0	26,828
TOTAL TANGIBLE ASSETS	**109,835**	**(73,486)**	**36,349**	**14,777**	**(2,928)**	**30**	**(17)**	**123,859**	**(75,648)**	**48,211**

Tangible assets, equaling 50,433 thousand euros (52,980 thousand euros as of December 31, 2016), are down in the period by 2,547 thousand euros, mainly due to depreciation (6,021 thousand euros), partly offset by the investments.

Investments of 3,447 thousand euros mainly refer to:

- within the category Plant and machinery (697 thousand euros), to transport vehicles and the like (419 thousand euros);
- within the category Industrial and commercial equipment (173 thousand euros), to workshop equipment (78 thousand euros);
- within the category Other assets (824 thousand euros), to electronic machinery (233 thousand euros) and Furniture/Furnishings (529 thousand euros);
- within the category Work in progress and advances (1,753 thousand euros), to electronic machinery for 696 thousand euros and advertising equipment for 333 thousand euros.

During the six months no significant changes took place in the estimated useful life of the assets.

6.2 Intangible assets

(THOUSANDS OF EUROS)	12.31.2016				CHANGE			06.30.2017			
	COST	W.D.	ACC. AMORT.	NET VALUE	INVEST MENTS	AMORTI ZATION	OTHER CHANGES	COST	W.D.	ACC. AMORT.	NET VALUE
Concession fees											
Airport management concession - rights acquired	2,167,966	0	(812,665)	1,355,301	0	(24,643)	0	2,167,966	0	(837,308)	1,330,658
Airport management concession - investments in infrastructure	1,061,137	0	(151,226)	909,911	66,166	(10,921)	0	1,127,303	0	(162,147)	965,156
TOTAL CONCESSION FEES	3,229,103	0	(963,891)	2,265,212	66,166	(35,564)	0	3,295,269	0	(999,455)	2,295,814
Other intangible assets	58,137	(41)	(48,826)	9,270	2,638	(2,181)	13	60,788	(41)	(51,007)	9,740
Advances to suppliers	1,100	0	0	1,100	0	0	(1,100)	0	0	0	0
TOTAL OTHER INTANGIBLE ASSETS	59,237	(41)	(48,826)	10,370	2,638	(2,181)	(1,087)	60,788	(41)	(51,007)	9,740
TOTAL INTANGIBLE ASSETS	**3,288,340**	**(41)**	**(1,012,717)**	**2,275,582**	**68,804**	**(37,745)**	**(1,087)**	**3,356,057**	**(41)**	**(1,050,462)**	**2,305,554**

(THOUSANDS OF EUROS)	12.31.2015				CHANGE			06.30.2016			
	COST	W.D.	ACC. AMORT.	NET VALUE	INVEST MENTS	AMORTI ZATION	OTHER CHANGES	COST	W.D.	ACC. AMORT.	NET VALUE
Concession fees											
Airport management concession - rights acquired	2,167,966	0	(763,381)	1,404,585	0	(24,642)	0	2,167,966	0	(788,023)	1,379,943
Airport management concession - investments in infrastructure	758,360	0	(137,302)	621,058	108,177	(6,562)	0	866,537	0	(143,864)	722,673
TOTAL CONCESSION FEES	2,926,326	0	(900,683)	2,025,643	108,177	(31,204)	0	3,034,503	0	(931,887)	2,102,616
Other intangible assets	53,304	(41)	(44,728)	8,535	1,970	(2,001)	10	55,284	(41)	(46,729)	8,514
Advances to suppliers	6,651	0	0	6,651	5,652	0	(4,038)	8,265	0	0	8,265
TOTAL OTHER INTANGIBLE ASSETS	59,955	(41)	(44,728)	15,186	7,622	(2,001)	(4,028)	63,549	(41)	(46,729)	16,779
TOTAL INTANGIBLE ASSETS	**2,986,281**	**(41)**	**(945,411)**	**2,040,829**	**115,799**	**(33,205)**	**(4,028)**	**3,098,052**	**(41)**	**(978,616)**	**2,119,395**

Intangible assets, equal to 2,305,554 thousand euros (2,275,582 thousand euros as of December 31, 2016) rose by 29,972 thousand euros mainly due to the investments in the period, equal to 68,804 thousand euros, partly offset by the amortization equal to 37,745 thousand euros.

Concession fees include the concession relating to managing the Roman airport system; for further information on the concession relationship reference should be made to Note 5. In detail:

- Airport management concession - rights acquired: represents the value of the airport management concession, and reflects the difference between the price paid for ADR's shares by Leonardo S.p.A. (incorporated in Leonardo S.p.A. effective January 1, 2001) compared to the pro-rata value of shareholders' equity of ADR Group;
- Airport management concession - investments in infrastructure: includes the activities to create new infrastructure and/or improve and enhance the existing airport infrastructure carried out by the ADR Group.

The investments in the Airport management concession - investments in infrastructure equal 66,166 thousand euros and relate to construction services provided in the half on infrastructure in concession. In applying IFRIC 12, in the income statement the costs connected to these investments are recorded, as well as the fair value of the related construction services carried out.

Worth noting are:

- works to create departure area E/F (formerly Pier C) for 18.2 million euros;
- Works on runways and aprons for 10.3 million euros.
- urbanization work West area/Aprons W for 16.2 million euros;
- terminal maintenance and optimization works for 4.8 million euros;
- T5 reconfiguration interventions and T1/T3 sensitive flights for 4.1 million euros;
- work relating to the East Terminal System for 2.8 million euros.

No impairment indicators were identified as of June 30, 2017.

The Other intangible assets, equal to 9,740 thousand euros (9,270 thousand euros as of December 31, 2016), include the rights to use the property rights, concessions, licenses, trademarks and similar rights. The investments for the period, equal to 2,638 thousand euros, mainly refer to the implementation of airport systems, the evolutionary maintenance of the accounting system and the acquisition of licenses.

Advances to suppliers, equal to zero in June 30, 2017 compared to a balance of 1,100 thousand euros as of December 31, 2016, which referred to the advances for the works to create departure area F (formerly Pier C), agreed with ATI Cimolai and disbursed in 2014 and in 2016, in accordance with the Deed of submission of the technical variation and supplementary appraisal no. 3 phase 3 and 4 of August 7, 2014, in order to guarantee a fast resumption of the works and the respect of the set delivery terms. The 1,100 thousand euros decrease compared to December 31, 2016 is attributable to the recovery occurred in relation to the end of the work progress.

6.3 Equity investments

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
ASSOCIATED UNDERTAKINGS			
Pavimental S.p.A.	2,855	2,562	293
Spea Engineering S.p.A.	17,101	18,705	(1,604)
Consorzio E.T.L. (in liquidation)	0	0	0
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	0	0
	19,956	**21,267**	**(1,311)**
OTHER COMPANIES			
Azzurra Aeroporti S.r.l.	52,000	52,000	0
Aeroporto di Genova S.p.A.	894	894	0
S.A.CAL. S.p.A.	957	957	0
Consorzio CAIE	1	1	0
Leonardo Energia - Società Consortile a r.l.	1	1	0
	53,853	**53,853**	**0**
TOTAL	**73,809**	**75,120**	**(1,311)**

Equity investments amount to 73,809 thousand euros, up by 1,311 thousand euros compared to December 31, 2016 due to the combined effect of:

- increase in the investment in Pavimental S.p.A. ("Pavimental") (20% of the capital) of 293 thousand euros, consequently to the valuation with the equity method (of which 214 thousand euros booked to the income statement, +56 thousand euros to the other components of the comprehensive income statement and 23 thousand euros to the shareholders' equity). The company operates in the building and maintenance sector and in the modernization of road, motorway and airport paving;
- reduction of the value of the investment in Spea Engineering S.p.A. ("Spea Engineering") (20%) of 1,604 thousand euros, consequently to the valuation with the equity method, which led to a 2,430 euro reduction consequently to the resolution to distribute dividends and a revaluation of 826 thousand euros in relation to the result of the period (of which 821 thousand euros booked to the income statement, 5 thousand euros to the comprehensive income statement). The company is engaged in the provision of engineering services for work design and management activities.

After the acquisition by Atlantia and EDF Invest of 64% of the capital of Aéroports de la Côte d'Azur (ACA), through the financial acquisition vehicle Azzurra Aeroporti S.r.l. ("Azzurra Aeroporti"), ADR committed to constitute a pledge in favor of the Azzurra Aeroporti's lenders on the total equity investment in the company (10%), once Azzurra Aeroporti is transformed into a joint stock company. In any case this potential guarantee is limited to a maximum amount of 130.6 million euros.

6.4 Other current and non-current financial assets

(THOUSANDS OF EUROS)			06.30.2017			12.31.2016
	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE
OTHER FINANCIAL ASSETS						
Derivatives with positive fair value	13,880	0	13,880	7,822	0	7,822
Other financial assets	5,226	2,436	2,790	3,414	0	3,414
TOTAL OTHER FINANCIAL ASSETS	**19,106**	**2,436**	**16,670**	**11,236**	**0**	**11,236**

Derivatives with positive fair value

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
Interest rate hedging derivatives	13,880	7,822	6,058
Interest accrual	0	0	0
TOTAL DERIVATIVES WITH POSITIVE FAIR VALUE	**13,880**	**7,822**	**6,058**
non-current share	13,880	7,822	6,058
current share	0	0	0

Interest rate hedging derivatives

The ADR Group uses hedging derivatives for exchange and interest rate risks to mitigate any future increases in outgoing cash flows attributable to unfavorable changes in exchange and interest rates.

During the month of October 2016 ADR signed three interest rate swap contracts of the forward starting type, with activation on February 20, 2020, with the purpose of hedging the interest rate risk for part of the new funding lines that will need to be signed, suitably in advance, to ensure the repayment of the bond loan expiring in 2021. Below is a table summarizing the main characteristics of the three contracts mentioned, which have a positive fair value at June 30, 2017.

									FAIR VALUE OF THE DERIVATIVE		*CHANGE IN FAIR VALUE*	
COUNTERPARTY	COMPANY	INSTRUM.	TYPE	RISK COVERED	SUBSCR. DATE	EXP.	NOTIONAL VALUE COVERED	RATE APPLIED	AS OF 06.30.2017	AS OF 12.31.2016	TO THE INCOME STATEMENT	TO OCI (***)
Unicredit, BNPP, RBS	ADR	IRS FWD (*)	CF	I	10/2016	02/2030	300,000	They pay an average fixed rate of 0.969% and receive 6 month EURIBOR	13,880	7,822	0	6,058
							TOTAL		**13,880**	**7,822**	**0**	**6,058**
							of which:					
							Exchange rate hedging derivatives		0	0		
							Interest rate hedging derivatives		13,880	7,822		

(*) IRS forward starting: activation date February 20, 2020

(**) the change in fair value is posted in the OCI net of the tax effect

CF: Cash Flow Value Hedge - C: exchange rate - I: interest

For the valuation techniques and the inputs used to determine the fair value of the derivatives reference is made to Note 9.4 Information on fair value measurement.

Other financial assets

The Other non-current financial assets, equal to 2,790 thousand euros (3,414 thousand euros as of December 31, 2016), refer to the ancillary charges incurred to sign the Revolving facility unused at as June 30, 2017. For details reference is made to Note 6.15.

The Other current financial assets, equal to 2,436 thousand euros (0 thousand euros as of December 31, 2016), mainly include the recognition of the receivable from the associate Spea Engineering S.p.A. regarding the dividends resolved in the six-month period and not yet paid.

6.5 Deferred tax assets

The Deferred tax assets, equal to 87,249 thousand euros (101,346 thousand euros as of December 31, 2016), are shown net of deferred tax liabilities that can be offset. The nature of the temporary differences is illustrated in the table below.

(THOUSANDS OF EUROS)	12.31.2016			CHANGE	06.30.2017
		PROVISIONS	RELEASES	DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES ON INCOME AND CHARGES RECORDED IN THE SHAREHOLDERS' EQUITY	
DEFERRED TAX ASSETS					
Allocation to (use of) the provisions for renovation of airport infrastructure	88,291	1,322	(9,369)	0	80,244
Allocation to allowance for obsolete and slow moving goods	95	0	0	0	95
Allocations to provisions for doubtful accounts	7,587	1,177	0	0	8,764
Amortized cost and derivative instruments	19,006	0	(37)	(3,490)	15,479
Allowances for risks and charges	17,487	109	(1,838)	0	15,758
Other	1,585	282	(302)	(13)	1,552
TOTAL DEFERRED TAX ASSETS	134,051	2,890	(11,546)	(3,503)	121,892
DEFERRED TAX LIABILITIES THAT CAN BE OFFSET					
Application of IFRIC 12	32,705	3,015	(1,077)	0	34,643
TOTAL DEFERRED TAX LIABILITIES	32,705	3,015	(1,077)	0	34,643
TOTAL NET DEFERRED TAX ASSETS	**101,346**	**(125)**	**(10,469)**	**(3,503)**	**87,249**

The changes of 2017 mainly refer to the allocation to and use of the provisions for renovation of airport infrastructure, to the effects of applying IFRIC 12 on the fixed assets.

6.6 Other non-current assets

Other non-current assets, equal to 429 thousand euros (432 thousand euros as of December 31, 2016), refer to guarantee deposits.

6.7 Trade assets

Trade assets, equal to 322,990 thousand euros (293,773 thousand euros as of December 31, 2016), include:

- inventories, equal to 3,648 thousand euros (4,297 thousand euros as of December 31, 2016) comprising consumable materials, clothing, spare parts, cleaning material, fuel, telephone material, etc.;
- trade receivables, equal to 319,342 thousand euros (289,476 thousand euros as of December 31, 2016).

In detail the trade receivables are broken down as follows:

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
Due from clients	345,054	310,210	34,844
Due from parent companies	143	52	91
Receivables for construction services	18,872	18,872	0
Other trade receivables	2,222	930	1,292
TOTAL TRADE RECEIVABLES, GROSS OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	366,291	330,064	36,227
Provisions for doubtful accounts	(39,264)	(32,903)	(6,361)
Provisions for overdue interest	(7,685)	(7,685)	0
TOTAL PROVISIONS FOR DOUBTFUL ACCOUNTS	(46,949)	(40,588)	(6,361)
TOTAL TRADE RECEIVABLES	**319,342**	**289,476**	**29,866**

“Due from clients” (gross of provisions for doubtful loans) total 345,054 thousand euros and recorded a positive change of 34,844 thousand euros, mainly attributable to the increased exposure to the main domestic carrier. This increase is due, in the first part of the half, to the moratorium phase granted to the company in preparation for the launch of the financial restructuring plan, and the subsequent admission of the carrier, on May 1, 2017, to the extraordinary administration procedure, following the failed approval of the same. As a consequence all the receivables accrued prior to May 1, 2017 will be settled with the methods and times set by the procedure; however, among these, the receivables for airport fees have a degree of privilege at the time of allocation, which lessens their risk of uncollectability. In any case any losses on receivables for services subject to settlement and resulting as an outcome of the procedure underway, being considered as an event outside the responsibility of the concessionaire, would be suitable to lead to an alteration in the economic-financial balance that would be restored in accordance with the Planning Agreement, in the same way as other cases of force majeure or of change in the regulatory framework.

The receivables from Alitalia SAI under extraordinary administration regarding activities not regulated as of May 1, 2017, were written-down instead; indeed, for these receivables there is no guarantee about the collection and the aforesaid privileges at the time of distribution are not applicable nor the rebalancing mechanisms provided for by the Planning Agreement.

Finally, the receivables accrued after May 1, 2017 have been duly collected so far.

It is worth remembering that the ADR Group's receivables from the companies belonging to the Alitalia LAI group under special administration since 2008, equal 11,086 thousand euros. For the amounts due from Alitalia LAI S.p.A. under special administration, worth remembering is that in 2011 the surety of 6.3 million euros was enforced, issued by Alitalia/CAI to secure the amounts due to ADR from Alitalia S.p.A. LAI under special administration (as well as to the aircraft owned by lessors, obliged in a fair manner) in order to allow the aircrafts owned by the lessors to reach Alitalia/CAI free from claims of seizure for protection purposes made by ADR. The amount enforced and collected was posted under the Other current liabilities.

The receivables from ENAC for construction services (gross of the provisions for doubtful accounts), equal to 18,872 thousand euros, comprise the receivables for work, largely relating to the state-financed portion of construction works in departure area E/F.

The other trade receivables, equal to 2,222 thousand euros (930 thousand euros as of December 31, 2016), refer to prepaid expenses of a commercial nature.

The table below shows the movements of the provisions for doubtful accounts:

(THOUSANDS OF EUROS)	12.31.2016	INCREASES	DECREASES	06.30.2017
Provisions for doubtful accounts	32,903	6,469	(108)	39,264
Provisions for overdue interest	7,685	0	0	7,685
TOTAL PROVISIONS FOR DOUBTFUL ACCOUNTS	**40,588**	**6,469**	**(108)**	**46,949**

The book value of trade receivables is close to the relevant fair value.

6.8 Current tax assets and liabilities

The table below shows in detail the assets and liabilities for current taxes at the start and end of the period.

	ASSETS			LIABILITIES		
(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE	06.30.2017	12.31.2016	CHANGE
Due from/to parent companies for tax consolidation	7,470	7,470	0	7,903	15,020	(7,117)
IRES	122	122	0	215	73	142
IRAP	480	756	(276)	1,736	6,723	(4,987)
TOTAL	**8,072**	**8,348**	**(276)**	**9,854**	**21,816**	**(11,962)**

Current tax assets are equal to 8,072 thousand euros (8,348 thousand euros as of December 31, 2016) and mainly include:

- the receivable from the parent company Atlantia (as consolidating company for tax purposes) of 7,470 thousand euros for the rebate application regarding the higher IRES paid in the taxation periods 2007-2011 due to the non deduction of IRAP on staff costs; for further information on the tax consolidation please see Note 7.8 Income taxes;
- the IRAP receivable of 480 thousand euros, down compared to the balance at the end of 2016 (756 thousand euros) consequently to the tax accrued in the six-month period.

Current tax liabilities, equal to 9,854 thousand euros (21,816 thousand euros as of December 31, 2016), consist mainly of the payable to the parent company Atlantia due to the tax consolidation for 7,903 thousand euros. The decrease in Current tax liabilities (-11,962 thousand euros) is attributable to the payment of the 2016 balance and the first advance for 2017, partly offset by the estimated taxes for the period.

6.9 Other current assets

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
Due from parent companies	0	0	0
Due from associated undertakings	482	482	0
Due from tax authorities	8,617	10,251	(1,634)
Due from others	2,610	40,659	(38,049)
TOTAL OTHER CURRENT ASSETS	**11,709**	**51,392**	**(39,683)**

Due from tax authorities, equal to 8,617 thousand euros (10,251 thousand euros as of December 31, 2016), mainly include:

- VAT credit of 2,928 thousand euros (3,440 thousand euros as of December 31, 2016);
- other due from tax authorities equal to 4,611 thousand euros, for taxes (and the relevant collection charges and interest) regarding the period 1/1/1993-3/23/1995, recognized as limited by the Supreme Court, within the dispute with the Customs Office, and with repayment required. These receivables reduced by 1,634 thousand euros compared to December 31, 2016, in relation to the partial repayment occurred in the six months (for more information see Note 9.5 Litigation).

Due from others are equal to 2,610 thousand euros (40,659 thousand euros as of December 31, 2016). They dropped by 38,049 thousand euros mainly as a consequence of the collections from Insurance companies in line with the transactional agreements reached with them. For further information reference should be made to Note 11.1.

6.10 Cash and cash equivalents

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
Bank and post office deposits	337,346	73,757	263,589
Cash and notes in hand	409	402	7
TOTAL CASH AND CASH EQUIVALENTS	**337,755**	**74,159**	**263,596**

Cash and cash equivalents, amounting to 337,755 thousand euros, have increased by 263,596 thousand euros compared to December 31, 2016, consequently to the financial transactions of the period. New funding lines were used: banks (BNL, EIB and CDP for 180 million euros in total) and bonds (new EMTN issue for a par value of 500 million euros) partially used to buy back part of the EMTN 2021 bond (for a par value of 200 million euros), for the payment of the balance of the 2016 dividends (148.1 million euros), in addition to the payment of the premium paid on the buyback of the above mentioned bonds and the ancillary charges incurred to start the new funding lines mentioned.

6.11 Shareholders' equity

The shareholders' equity of the ADR Group as of June 30, 2017 amounts to 1,075,463 thousand euros (1,106,402 thousand euros as of December 31, 2016), while the minority interests in shareholders' equity amount to zero (zero also as of December 31, 2016).

The shareholders' equity is analyzed as follows:

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
Share capital	62,225	62,225	0
Share premium reserve	667,389	667,389	0
Legal reserve	12,462	12,462	0
Cash flow hedge reserve	(47,592)	(58,642)	11,050
Reserve for the valuation of equity investments according to the equity method	(3)	(87)	84
Other reserves and retained earnings	275,113	270,531	4,582
Net income for the period, net of the advance on dividends	105,869	152,524	(46,655)
TOTAL GROUP SHAREHOLDERS' EQUITY	**1,075,463**	**1,106,402**	**(30,939)**
MINORITY INTERESTS IN SHAREHOLDERS' EQUITY	0	0	0
TOTAL SHAREHOLDERS' EQUITY	**1,075,463**	**1,106,402**	**(30,939)**

The changes taking place in the six months are highlighted in the table entered among the accounting statements and mainly refer to:

- Group income for the period for 105,869 thousand euros;

- the positive result of the comprehensive income statement for 11,150 thousand euros deriving mainly from the positive change in fair value of the cash flow hedge derivatives (11,050 thousand euros net of the tax effect);
- the distribution of the balance of dividends of the year 2016 equal to 148,094 thousand euros (2.38 euros per share).

As of June 30, 2017 ADR's share capital, wholly subscribed and paid up, amounts to 62,224,743 euros, represented by 62,224,743 shares with a par value of 1 euro each.

ADR’s legal reserve represents the part of profits which, according to the contents of art. 2430 of the Italian Civil Code, may not be distributed as dividends. The reserve reached the maximum amount required by law.

The cash flow hedge reserve includes the measurement at fair value of the cash flow hedge derivatives; for more details reference is made to Note 6.4 and Note 6.15.

Furthermore, pursuant to IFRS 2, the value accrued in the period of the fair value of the remuneration plans based on shares and settled with the conferment of securities as resolved by the Board of Directors of the Parent Company Atlantia also in favor of employees and directors of ADR, equal to 113 thousand euros, was booked to the income statement, counterbalanced by an increase in the specific shareholders’ equity reserve, classified in the item “other reserves and retained earnings”. For information on the remuneration plans based on shares reference is made to Note 11.2.

6.12 Provisions for employee benefits

Provisions for employee benefits are 20,757 thousand euros (21,196 thousand euros as of December 31, 2016) of which 19,268 thousand euros non-current, and consist of an employee severance indemnity provision, governed by art. 2120 of the Italian Civil Code, which includes the estimate of the bond, determined based on actuarial techniques, relating to the amount to be paid to ADR employees when terminating the employment relationship. The change in the employee severance indemnity provision is shown in the following table.

(THOUSANDS OF EUROS)	1ST HALF 2017	
INITIAL VALUE OF THE EMPLOYEE SEVERANCE INDEMNITY PROVISION		**21,196**
Current cost	62	
Interest payable	125	
Total costs recorded in the income statement		187
Liquidation / Releases		(574)
Actuarial gains/losses from changes in the demographic assumptions	0	
Actuarial gains/losses from changes in the financial assumptions	(70)	
Effect of past experience	18	
Total actuarial gains/losses recognized in the comprehensive income statement		(52)
FINAL VALUE OF THE EMPLOYEE SEVERANCE INDEMNITY PROVISION		**20,757**
of which:		
non-current share		19,268
current share		1,489

Summarized below are the main assumptions made for the actuarial estimate process regarding the employee severance indemnities as of June 30, 2017:

FINANCIAL ASSUMPTIONS	1ST HALF 2017	1ST HALF 2016
Discounting rate	0.90%	0.77%
Inflation rate	1.5% from 2017 onwards	1.5% for 2016 1.8% for 2017 1.7% for 2018 1.6% for 2019 2.0% from 2020 onwards
Annual rate of increase in employee severance indemnities	2.18% from 2017 onwards	2.18% for 2016 2.37% for 2017 2.3% for 2018 2.24% for 2019 2.49% from 2020 onwards
Annual rate of pay increase	0.21%	0.65%
Annual turnover rate	0.83%	1.02%
Annual rate of disbursement of advances	1.29%	1.73%

The discounting rate used to determine the current value of the obligation was determined in accordance with paragraph 78 of IAS 19, with reference to the average return curve deriving from the index IBOXX Eurozone Corporates AA 7-10 with duration based on the average permanence of the collective measurement subject.

DEMOGRAPHIC ASSUMPTIONS	2017/2016
Mortality	Mortality tables RG48 published by the State's general office (with adoption of the age shifting)
Inability	INPS tables divided by age and gender, reduced to 70%
Retirement	Reaching the minimum foreseen by the regulations in force.

6.13 Provisions for renovation of airport infrastructure (non-current and current share)

The Provisions for renovation of airport infrastructure, equal to 197,633 thousand euros (205,429 thousand euros at December 31, 2016), of which 87,546 thousand euros for the current share (98,610 thousand euros at December 31, 2016), include the current value of the updated estimate of the charges to be incurred for extraordinary maintenance recoveries and replacements in the face of the contractual obligation set by the airport management concession signed by the granting Administration with the aim of ensuring the due functionality and safety of the airport infrastructure.

Reported below is the analysis of the changes during the period.

(THOUSANDS OF EUROS)	12.31.2016	PROVISIONS	DISCOUNTING EFFECT	DECREASES FOR THE REVERSAL OF FUNDS IN EXCESS	OPERATING USES	06.30.2017
Provision for renovation of airport infrastructure	**205,429**	23,991	883	0	(32,670)	**197,633**
of which:						
current share	98,610					87,546
non-current share	106,819					110,087

6.14 Other allowances for risks and charges (current and non-current share)

The Other allowances for risks and charges are equal to 72,595 thousand euros (78,123 thousand euros at December 31, 2016), of which 45,663 thousand euros for the current share (52,013 at December 31, 2016). Reported below is the analysis of the breakdown of the item and the changes during the period.

(THOUSANDS OF EUROS)	12.31.2016	PROVISIONS	DECREASES FOR THE REVERSAL OF FUNDS IN EXCESS	OPERATING USES	06.30.2017
Tax provisions	19,278	471	0	0	19,749
Provisions for current and potential disputes	57,596	82	(6,024)	(64)	51,590
Provisions for internal insurance	1,236	7	0	0	1,243
To cover investee companies' losses	13	0	0	0	13
TOTAL OTHER ALLOWANCES FOR RISKS AND CHARGES	**78,123**	**560**	**(6,024)**	**(64)**	**72,595**
of which:					
current share	52,013				45,663
non-current share	26,110				26,932

The tax provision, equal to 19,749 thousand euros, relating to the risk of a negative outcome of the pending cases regarding the dispute with UTF (now the Customs Office) on the tax and additional fee on electricity for the period 2002-2012, following the unfavorable decisions of the Supreme Court on some disputes already considered by the Court, and to the valuation of the liability risk consequently to the unfavorable decisions concerning ICI/IMU (property taxes).

The provisions for current and potential disputes of 51,590 thousand euros (57,596 thousand euros at December 31, 2016) include the estimated charges that are expected to be incurred in connection with the disputes in progress at period end. This provision reduced in the six months by 6,006 thousand euros, essentially due to re-absorption for 6,024 thousand.

This fund includes, among others, a prudent valuation, made on the basis of the best current information, of the liabilities the Company is likely to be called to account for (including the portion on the insurers' account), for the claims for compensation of third parties referring to the fire event at T3. On this point, so far 160 claims have been lodged by third parties (carriers, handlers, sub-concessionaires and passengers), only partly supported by a clear quantification of the damages, to date amounting to approximately 107 million euros. For more information on the fire event at Terminal 3, reference is made to Note 11.1.

For further information on the current disputes reference should be made to Note 9.5 Litigation.

6.15 Financial liabilities (current and non-current share)

(THOUSANDS OF EUROS)					06.30.2017			31.12. 2016
	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE
MEDIUM/LONG-TERM FINANCIAL LIABILITIES								
Bonds	1,101,609	0	1,101,609	397,085	704,524	834,195	0	834,195
Medium/long-term loans	249,412	0	249,412	124,829	124,583	69,804	0	69,804
Accrued expenses medium/long-term financial liabilities	5,047	5,047	0	0	0	15,955	15,955	0
TOTAL MEDIUM/LONG-TERM FINANCIAL LIABILITIES	1,356,068	5,047	1,351,021	521,914	829,107	919,954	15,955	903,999
FINANCIAL INSTRUMENTS - DERIVATIVES	138,309	235	138,074		138,074	159,913	21,394	138,519
TOTAL FINANCIAL LIABILITIES	**1,494,377**	**5,282**	**1,489,095**	**521,914**	**967,181**	**1,079,867**	**37,349**	**1,042,518**

Bonds

	31.12. 2016				CHANGES	06.30.2017
(THOUSANDS OF EUROS)	BOOK VALUE	NEW LOANS RAISED	REPAYMENTS	EXCHANGE RATE DIFFERENCES	AMORTIZED COST EFFECT	BOOK VALUE
Bonds	834,195	500,000	(199,999)	(6,324)	(26,263)	1,101,609
current share	0					0
non-current share	834,195					1,101,609

As of June 30, 2017, bonds are equal to 1,101,609 thousand euros (834,195 thousand euros as of December 31, 2016). The increase, equal to 267,414 thousand euros, is the result of the combined effect of the new issue transaction, finalized in June and expiring in 2027, and the simultaneous buyback of the bond issued in 2013 expiring in 2021, which were both issued in association with the EMTN issue program launched by ADR in 2013 for 1.5 billion euros. The change in the period was affected by the valuation of loans with the amortized cost method and the adjustment of the A4 bond value in pound sterling to the exchange rate at the end of the period.

Reported below is the main information regarding the bond issues existing as of June 30, 2017.

(THOUSANDS OF EUROS)

NAME	ISSUER	OUTSTANDING PAR VALUE	CURRENCY	BOOK VALUE	INTEREST RATE	COUPON	REPAYMENT	TOTAL DURATION	EXPIRY
Class A4 (*)	ADR (**)	215,000	GBP	233,584	5.441%	every six months	at maturity	20 years	02/2023
€600,000,000 3.250% EMTN 02/2021	ADR	400,000	EUR	397,085	3.25%	yearly	at maturity	7 years and 2 months	02/2021
€500,000,000 1.625% EMTN 06/2027	ADR	500,000	EUR	470,940	1.625%	yearly	at maturity	10 years	06/2027
TOTAL BONDS				**1,101,609**					

(*) the book value recorded in the financial statements (233.6 million euros) is affected by the adoption of the amortized cost method and the adjustment to the exchange rate at the end of the period.

(**) originally issued by the vehicle Romulus Finance, subsequently “replaced” by ADR following the Issuer Substitution operation.

Note that 99.87% of the A4 Romulus bonds are held by the parent company Atlantia, which acquired them consequently to the Tender Offer procedure concluded in January 2015. For further information reference should be made to Note 8.

In addition to the mentioned A4 tranche, which is the last existing series that characterized the securitization structure of 2003 focused on the vehicle Romulus Finance, the bonds currently existing consist of the senior unsecured issue of December 10, 2013 for a total equaling a par value of 600 million euros - of which to date 400 million euros remain, following the buyback transaction, - implemented as part of the previously mentioned EMTN Program in 2013, in addition to, as part of the same Program, the new issue, finalized on June 8, 2017, for a par value of 500 million euros. The securities representing both bond issues were placed with qualified investors and listed in the regulated market of the Irish stock exchange.

The latest senior unsecured bond issue in 2017 was rated with a solid investment grade of “BBB+”, “Baa1” and “BBB+” by the agencies Standard & Poor’s (“S&P”), Moody's and Fitch Ratings, respectively. However Moody’s assigned a negative outlook because of the typical sensitivity of the agency compared to the opinion expressed on the sovereign rating of the Italian Republic. Also S&P assigned a negative outlook, though mostly affected by factors related to the current developments concerning the Parent Company Atlantia. Instead the outlook assigned by Fitch remained “stable”.

The fair value of the bond issues is reported in the table below.

(THOUSANDS OF EUROS)	06.30.2017		12.31.2016	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Fixed rate	1,101,609	1,237,204	834,195	974,172
TOTAL BOND ISSUES	**1,101,609**	**1,237,204**	**834,195**	**974,172**

The fair value of the bond issues was determined on the basis of the market values available at June 30, 2017; in particular, the future cash flows were discounted on the basis of the standard discounting curves used in market practice (6-month Euribor and 6-month Libor). A spread was also considered on the curves to express the counterparty risk, in line with ADR's situation on the measurement date. Compared to December 31, 2016, a reduction is recorded in the fair value of the bond in pound sterling, only partly deriving from the exchange rate effect, while the new issue and simultaneous buyback of the bond in euros already in circulation lead to an increase in the fair value. These combined effects imply an overall increase in the fair value of 263.0 million euros compared to December 31, 2016.

Medium/long-term loans

	12.31.2016				06.30.2017
(THOUSANDS OF EUROS)	BOOK VALUE	NEW LOANS RAISED	REPAYMENTS	AMORTIZED COST EFFECT	BOOK VALUE
Medium/long-term loans	69,804	180,000	0	(392)	249,412
current share	0				0
non-current share	69,804				249,412

Medium/long-term loans equal 249,412 thousand euros (69,804 at the end of the previous year) and include the bank loan granted by BNL (99,829 thousand euros), EIB (109,771 thousand euros) and CDP (39,812 thousand euros). The increase, compared to the end of last year (+179,608 thousand euros), mainly relates to the disbursement of the second and last tranche of 30.0 million euros of the BNL loan and the partial disbursement of the funding lines granted by EIB and CDP, for a par value equal to 110.0 and 40.0 million euros respectively.

Reported below is the main information regarding medium/long-term loans existing as of June 30, 2017.

(THOUSANDS OF EUROS)

LENDER	NAME	AMOUNT GRANTED	AMOUNT USED (PAR VALUE)	BOOK VALUE	CURRENCY	RATE	INTEREST PAYMENT FREQUENCY	REPAYMENT	DURATION	EXPIRY
Syndicate of banks	*Revolving Credit Facility ("RCF")*	250,000	0	0	EUR	variable index-linked to the Euribor + margin	quarterly	revolving	5 years	07/2022 (*)
Banca Nazionale del Lavoro ("BNL")	*BNL Loan*	100,000	100,000	99,829	EUR	0.18%	every six months	at maturity	4 years	11/2020
European Investment Bank ("EIB")	*EIB Loan*	150,000	110,000	109,771	EUR	1.341%	yearly	amortizing from 2020	14 years	09/2031
Cassa Depositi e Presiti ("CDP")	*CDP Loan*	150,000	40,000	39,812	EUR	1.629%	yearly	amortizing from 2020	14 years	09/2031
TOTAL MEDIUM/LONG-TERM LOANS		**650,000**	**250,000**	**249,412**						

(*) this date may be extended in accordance with the relevant contracts and optionally, for another year.

The Revolving Credit Facility ("RCF"), like the ADR debt deriving from the bond issues carried out as part of the EMTN Program, is of the senior unsecured type and is aimed at ensuring suitable liquidity support for the Company's development plans. The syndicate of banks that granted this loan comprises: Barclays, BNP Paribas, Crédit Agricole, Mediobanca, Natixis, Société Générale, The Royal Bank of Scotland and UniCredit. The interest rates applied to the RCF vary in relation to the level of ADR's rating.

The line of credit granted by BNL was signed by ADR in November 2016. This line of credit, amounting to 100 million euros, is completely used as of June 30, 2017 and must be repaid in full in November 2020. The contractual structure is in line with the previously mentioned RCF and is characterized by a covenant structure in full compliance with the best corporate investment grades. This line of credit enjoys an especially favorable interest rate since the funds made available by the granting bank benefit from the Targeted Longer-Term Refinancing Operations ("TLTRO") program provided by the European Central Bank.

In December 2016 two loan agreements were drafted with regard to the 300 million euro line resolved by the European Investment Bank ("EIB") in favor of ADR in 2014, with contracts partly with EIB (150 million euros) and partly, for the residual 150 million euros, with Cassa Depositi e Prestiti ("CDP"). The EIB/CDP loan was subscribed by the two banks to support the "Aeroporti di Roma – Fiumicino Sud" project regarding the execution of the main works included in the project of infrastructural development of the existing airport perimeter of Fiumicino. These are fixed- or floating-rate amortizing loans with maturity up to 15 years and a period of availability of (i) 36 months for the EIB line and (ii) 18 months for the CDP line. As of June 30, 2017 these new lines of credit are used for 110.0 and 40.0 million euros respectively and were both signed at fixed rate for a duration of about 14 years with a grace period of about 3 years. These loans, precisely for their purpose, are subject to terms and conditions that are more similar to project-type contractual structures.

The fair value of the medium/long-term loans is reported in the table below.

(THOUSANDS OF EUROS)		06.30.2017		12.31.2016
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Fixed rate	249,412	246,844	69,804	69,053
Floating rate	0	0	0	0
TOTAL BOND ISSUES	**249,412**	**246,844**	**69,804**	**69,053**

The fair value of the medium/long-term loans was determined on the basis of the market values available at June 30, 2017; in particular, the future cash flows were discounted on the basis of the standard discounting curves used in market practice (6-month Euribor). A spread was also considered on the curves to express the counterparty risk, in line with ADR's situation on the measurement date.

Derivatives with negative fair value

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
Exchange rate hedging derivatives	80,228	73,903	6,325
Interest rate hedging derivatives	57,846	85,767	(27,921)
Interest accrual	235	243	(8)
TOTAL DERIVATIVES WITH NEGATIVE FAIR VALUE	**138,309**	**159,913**	**(21,604)**
non-current share	138,074	138,519	(445)
current share	235	21,394	(21,159)

Exchange rate and interest rate hedging derivatives

The ADR Group uses hedging derivatives for exchange and interest rate risks to mitigate any future increases in outgoing cash flows attributable to unfavorable changes in exchange and interest rates.

As of June 30, 2017 the ADR Group has a cross currency swap allowing the cash flows in euro regarding the payment of interest and the redemption of the A4 bond in pound sterling to be stabilized.

During the month of June 2015 (and subsequently restructured in June 2016) and in February 2016, ADR also signed interest rate swap contracts of the forward starting type, starting on February 9, 2017 and April 20, 2017, respectively, adopting a policy of hedging against the prospective rate risk deriving from future financial requirements. These hedges, after their activation, were subject to unwinding in correspondence to the new debt assumed with the new 500 million euro bond issue of June 2017. The relative negative fair value, at the date of unwinding the contracts, was paid to the counterparties; the corresponding negative cash flow hedge reserve (equal to 19,878 thousand euros) is reversed again in the income statement for the residual life of the new bond issue. The amount of the cash flow hedge reserve attributed to the income statement in June 2017 equals 569 thousand euros.

Below is a table summarizing the outstanding derivative contracts with negative fair value of the ADR Group at June 30, 2017.

									FAIR VALUE OF THE DERIVATIVE		*CHANGE IN FAIR VALUE*		
COUNTERPARTY	COMPANY	INSTRUM.	TYPE	RISK COVERED	SUBSCR. DATE	EXP.	NOTIONAL VALUE COVERED	RATE APPLIED	AS OF 06.30.2017	AS OF 12.31.2016	TO THE INCOME STATEMENT	TO OCI (***)	AMOUNTS PAID
Mediobanca, UniCredit	ADR	CCS	CF	I	02/2013	02/2023	325,019	It receives a fixed rate of 5.441% and pays 3 month Euribor + 90bps until 12/2009, then pays a fixed rate of 6.4%	(57,846)	(64,616)	118	6,652	
				C					(80,228)	(73,903)	(6,325)		
									(138,074)	(138,519)	(6,207)	6,652	
Société Générale	ADR	IRS FWD (*)	CF	I	06/2015 (restructured on 6/2016)	02/2027	250,000	It pays a fixed rate of 1.530% and receives 6-month EURIBOR	0	(20,819)	11	1,200	19,608
Société Générale	ADR	IRS FWD (**)	CF	I	02/2016	04/2026	50,000	It pays a fixed rate of 0.688% and receives 6-month EURIBOR	0	(332)	0	62	270
					TOTAL				**(138,074)**	**(159,670)**	**(6,196)**	**7,914**	**19,878**
					of which:								
					Exchange rate hedging derivatives				(80,228)	(73,903)			
					Interest rate hedging derivatives				(57,846)	(85,767)			

(*) IRS forward starting: activation date February 9, 2017

(**) IRS forward starting: activation date April 20, 2017.

(***) the change in fair value is posted in the OCI net of the tax effect

CF: Cash Flow Value Hedge - C: exchange rate - I: interest

For the valuation techniques and the inputs used to determine the fair value of the derivatives reference is made to Note 9.4 Information on fair value measurement.

6.16 Other non-current liabilities

The other non-current liabilities are equal to 1,798 thousand euros (935 thousand euros as of December 31, 2016) and consist for 1,428 thousand euros of dues to personnel and 370 thousand euros of dues to social security agencies. The increase of 863 thousand euros is essentially attributable to the allocation relating to the remuneration plans based on shares and settled in cash. For information on the remuneration plans based on shares reference is made to Note 11.2.

6.17 Trade payables

Trade payables are equal to 209,847 thousand euros (289,739 thousand euros as of December 31, 2016).

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
Due to suppliers	191,083	279,937	(88,854)
Due to parent companies	855	1,033	(178)
Deferred income	10,950	1,329	9,621
Advances received	6,959	7,440	(481)
TOTAL TRADE PAYABLES	**209,847**	**289,739**	**(79,892)**

Payables to suppliers, equal to 191,083 thousand euros, are down 88,854 thousand euros. This is attributable to the considerable volume of investments made at the end of 2016 and that were mainly settled, due to the payment extensions, during this first part of the year.

Deferred income, equal to 10,950 thousand euros, rose by 9,621 thousand euros compared to December 31, 2016 consequently to the advance billing of the sub-concession fees made at the end of the six-month period.

6.18 Other current liabilities

The Other current liabilities are equal to 134,782 thousand euros (140,861 thousand euros as of December 31, 2016).

The item is analyzed in the table below.

(THOUSANDS OF EUROS)	06.30.2017	12.31.2016	CHANGE
Payables for taxes other than income taxes	76,125	83,369	(7,244)
Payables for firefighting services	3,734	0	3,734
Payables to personnel	15,700	17,062	(1,362)
Due to social security agencies	9,936	9,316	620
Payables for security deposits	10,396	9,826	570
Other payables	18,891	21,288	(2,397)
TOTAL OTHER CURRENT LIABILITIES	**134,782**	**140,861**	**(6,079)**

The Payables for taxes other than income taxes are equal to 76,125 thousand euros (83,369 thousand euros as of December 31, 2016) and mainly include:

- payable for the passenger surcharges for 60,576 thousand euros (71,296 thousand euros as of December 31, 2016). This amount was paid the following month after collection of municipal surcharge from carriers, while the outstanding amounts due are recorded in a contra-entry under receivables from clients. The surcharge on the passenger boarding fee charged to the carriers equals 10 euros per passenger, of which 7.5 euros allocated to INPS and one euro (commissarial surcharge) for the commissarial management of the Municipality of Rome. The trend of the payable for the surcharge, down by 10,720 thousand euros compared to the end of 2016, reflects the correlated effect of the trend, in the half, of the corresponding fees from the carriers;
- payable of 11,046 thousand euros to the Lazio Regional Authority for IRESA (7,934 thousand euros as of December 31, 2016). This tax is charged by the Lazio Regional Authority to carriers, who are obliged to pay it to the airport management companies which, in line with the surcharges commented on above, must periodically pay them back to the Regional board. ADR started to charge this tax in May 2014, applicable from January 1, 2014, after the signing of the agreement for tax management of the tax with the Lazio Regional Authority on January 30, 2014. The 3,112 thousand euro increase in IRESA charges compared to December 31, 2016 reflects the correlated effect of the performance in the period of this type of collections from carriers.

The Payables for firefighting services equal 3,734 thousand euros, up by 3,734 thousand euros compared to December 31, 2016 essentially due to the price accrued in the period.

The Other payables, equal to 18,891 thousand euros, (21,288 thousand euros as of December 31, 2016), include the payable to ENAC for the concession fee 15,597 thousand euros (17,186 thousand euros as of December 31, 2016). This payable is down by 1,589 thousand euros in relation to the payment of the second installment of 2016 made in January 2017, net of the portion accrued in the period.

7. Information on the items of the consolidated income statement

7.1 Revenues

Revenues in the first half of 2017 equal 494,050 thousand euros (506,566 thousand euros in the first half of 2016) and are broken down as follows:

(THOUSANDS OF EUROS)	1ST HALF 2017	1ST HALF 2016
AERONAUTICAL		
Airport fees	231,209	226,960
Centralized infrastructures	9,482	8,248
Security services	47,248	42,242
Other	13,144	14,448
	301,083	*291,898*
NON-AERONAUTICAL		
Sub-concessions and utilities:		
Properties and utilities	28,096	24,701
Shops	60,032	49,985
Car parks	12,932	13,041
Advertising	6,658	5,666
Other	6,479	6,632
	114,197	*100,025*
REVENUES FROM AIRPORT MANAGEMENT	415,280	391,923
REVENUES FROM CONSTRUCTION SERVICES	66,168	108,178
OTHER OPERATING INCOME	12,602	6,465
TOTAL REVENUES	**494,050**	**506,566**

Revenues from airport management, equal to 415,280 thousand euros, rose by 6.0% overall compared to the reference period, essentially due to the development of aeronautical activities (+3.1%), attributable, in addition to the effect on the first two months of the year of the adjustment of the unit fees, which start from March 1, of each year, the traffic performance and in particular the favorable mix effect. The non-aeronautical segment grew more significantly (+14.2%), driven by the positive performance of commercial sub-concessions (+20.1%), mainly as a consequence of the commercial area coming into operation, which is included in the new infrastructure called “Front Building” and annexed to the new E terminal in the Extra-Schengen area, and of the real estate sub-concessions, growing by 13.7%.

Revenues from construction services equal to 66,168 thousand euros (108,178 thousand euros in the first half of 2016) refer to revenues from construction services for self-funded works.

Consistently with the accounting model adopted, according to the application of accounting standard IFRIC 12, these revenues, which represent the consideration due for the activity performed, are measured at fair value, determined on the basis of the total costs incurred (external costs mainly).

Other operating income equal to 12,602 thousand euros (6,465 thousand euros in the first half of 2016) is broken down as follows:

(THOUSANDS OF EUROS)	1ST HALF 2017	1ST HALF 2016
Grants and subsidies	0	8
Gains on disposals	24	0
Reabsorption of funds:		
Other allowances for risks and charges	6,024	26
Expense recoveries	2,755	2,516
Damages and compensation from third parties	129	5
Other income	3,670	3,910
TOTAL OTHER OPERATING INCOME	**12,602**	**6,465**

The increase totaling 6,137 thousand euros is essentially attributable to the re-absorbtion of the other allowances for risks and charges (+5,998 compared to December 31, 2016).

7.2 Consumption of raw materials and consumables

The item Consumption of raw materials and consumables is equal to 15,531 thousand euros (14,969 thousand euros in the reference period). The details are reported in the table below.

(THOUSANDS OF EUROS)	1ST HALF 2017	1ST HALF 2016
Fuel and lubricants	1,391	1,338
Electricity, gas and water	11,160	10,978
Consumables, spare parts and various materials	2,980	2,653
TOTAL CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**15,531**	**14,969**

7.3 Service costs

Service costs equal 153,546 thousand euros (210,544 thousand euros in six month period of 2016). The details are reported in the table below.

(THOUSANDS OF EUROS)	1ST HALF 2017	1ST HALF 2016
Costs for maintenance	20,812	20,340
Costs for renovation of airport infrastructure	32,670	46,669
External service costs	6,132	6,785
Costs for construction services	61,689	103,008
Cleaning and disinfestations	3,996	4,188
Professional services	3,596	6,619
Firefighting services	3,989	4,053
Other costs	20,117	18,750
Remuneration of Directors and Statutory Auditors	545	132
TOTAL SERVICE COSTS	**153,546**	**210,544**

The decrease in service costs is essentially attributable to lower costs for construction services (-41.3 million euros), for renovation of airport infrastructure (-14.0 million euros) and for professional services (-3.0 million euros), in addition to the effect of the extra costs incurred in the comparative period ceasing as a result of the operating penalization due to the fire at Terminal 3 of May 2015.

This performance was initially offset by the costs incurred for the operation of the new infrastructure and by the increasing costs for commercial development (classified in Other costs).

7.4 Payroll costs

Payroll costs equal 82,316 thousand euros (78,590 thousand euros in the reference period). The details are reported in the table below.

(THOUSANDS OF EUROS)	1ST HALF 2017	1ST HALF 2016
Salaries and wages	59,703	57,738
Social security charges	16,237	15,870
Post-employment benefits	3,682	3,467
Previous years payroll costs adjustments	8	75
Other costs	2,686	1,440
TOTAL PAYROLL COSTS	**82,316**	**78,590**

The increase of 3,726 thousand euros compared to 2016 mainly derives from the increased average workforce employed by the ADR Group (80.2 fte). This increase is essentially attributable to the extension of the scope of operation of Airport Cleaning to the newly created areas (Front Building and Pier E), to the internalization initiatives, the enhancement of the activities of information to passengers and supervision of the decorum at Ciampino airport. The increase in the average headcount in the first half of 2017 was partially offset by the initiatives to make the cleaning activities and security checks for passengers at check points more efficient.

The table below shows the average headcount of the ADR Group (broken down by treatment):

AVERAGE HEADCOUNT	1ST HALF 2017	1ST HALF 2016	CHANGE
Managers	50.8	50.7	0.1
Administrative staff	225.9	212.6	13.3
White-collar	1,736.9	1,762.4	(25.5)
Blue-collar	1,039.5	947.2	92.3
TOTAL AVERAGE HEADCOUNT	**3,053.1**	**2,972.9**	**80.2**

The following table also shows the average number of employees by Company:

AVERAGE HEADCOUNT	1ST HALF 2017	1ST HALF 2016	CHANGE
ADR S.p.A.	1,302.6	1,212.1	90.5
ADR Tel S.p.A.	54.8	52.0	2.8
ADR Assistance S.r.l.	277.4	276.3	1.1
ADR Security S.r.l.	813.1	883.5	(70.4)
ADR Mobility S.r.l.	59.3	62.4	(3.1)
Airport Cleaning S.r.l.	545.9	486.6	59.3
TOTAL AVERAGE HEADCOUNT	**3,053.1**	**2,972.9**	**80.2**

7.5 Other operating costs

The other operating costs equal 19,068 thousand euros (10,158 thousand euros in the reference period). The details are reported in the table below.

(THOUSANDS OF EUROS)	1ST HALF 2017	1ST HALF 2016
Concession fee	15,327	16,173
Expenses for leased assets	1,464	1,612
Allocation to (use of) the provisions for renovation of airport infrastructure	(8,679)	(16,872)
Allocations to allowances for risks and charges	560	3,964
Other costs:		
Allocations to provisions for doubtful accounts	6,468	1,543
Indirect taxes and levies	3,080	2,795
Other expenses	848	943
TOTAL OTHER OPERATING COSTS	**19,068**	**10,158**

Concession fees, equal to 15,327 thousand euros, decreased by 846 thousand euros compared to the reference period in line with the adjustment of the parameters for calculating the concession fees to the inflation trend.

The item Allocation to (use of) the provisions for renovation of airport infrastructure includes the allocation to the provisions for renovation of airport infrastructure, recorded net of the uses against the costs incurred in the period, classified in the corresponding item of the income statement by nature.

The Allocations to allowances for risks and charges are equal to 560 thousand euros compared to the 3,964 thousand of the reference six-month period. For more details reference is made to Note 6.14.

Provisions for doubtful accounts, equal to 6,468 thousand euros reflect an updated assessment of the recoverability of the ADR Group's trade receivables. The increase compared to the comparative period equals 4,925 compared to the same period of 2016; this is mainly attributable to the write-down of the receivables from Alitalia SAI under special administration relating to unregulated activities and accrued in the period before the carrier started the procedure. For these receivables there is no guarantee about the collection, and possible privileges at the time of distribution are not applicable nor the protection mechanisms provided for by the Planning Agreement.

7.6 Financial income (expense)

The item financial income (expense) equals 25,634 thousand euros (23,473 thousand euros in the first half of 2016). The tables below provide details on the financial income and expenses.

Financial income

(THOUSANDS OF EUROS)	1ST HALF 2017	1ST HALF 2016
Interest income		
Interest on bank deposits and loans	31	92
Income on derivatives		
Valuation of derivatives	129	95
Other income		
Interest on overdue current receivables	6	0
Interest from clients	0	17
Other	0	4
TOTAL FINANCIAL INCOME	**166**	**208**

Financial expense

(THOUSANDS OF EUROS)	1ST HALF 2017	1ST HALF 2016
FINANCIAL EXPENSE FROM DISCOUNTING PROVISIONS FOR RENOVATION OF AIRPORT INFRASTRUCTURE	883	1,807
Interest on outstanding bonds	16,376	17,034
Interest on medium/long-term loans	641	487
Effects of applying the amortized cost method	1,820	1,781
Other financial interest expenses	8	2
TOTAL FINANCIAL INTEREST EXPENSE	18,845	19,304
Valuation of derivatives	6,324	32,849
IRS differentials	5,946	3,180
TOTAL EXPENSES ON DERIVATIVES	12,270	36,029
Devaluation of investments valued at cost	0	0
Financial expense from discounting employee benefits	125	84
Other expenses	0	1
TOTAL OTHER EXPENSES	125	85
TOTAL FINANCIAL EXPENSE	**32,123**	**57,225**

The Financial expense from discounting provisions for renovation of airport infrastructure, equal to 883 thousand euros, includes the financial component for the discounting of the provision and dropped by 924 thousand euros consequently to the change in the rate applied.

The Interest on outstanding bonds amounts to 16,376 thousand euros; the 658 thousand euros decrease compared to the first half of 2016 is mainly attributable to the positive performance of the exchange differential applied to the coupon in pound sterling on the A4 bond. This positive performance was obviously offset by the greater negative value of the item IRS differentials for the exchange rate risk component of the CCS signed in 2003. The income statement also shows an increase in IRS differentials of 1,592 thousand euros consequently to the activation of the three IRS forward starting derivatives recorded in the period between their date of activation and the subsequent unwind carried out after the new bond issue. The release of the relevant cash flow hedge reserve to the income statement for 569 thousand euros was subsequently accounted for.

The Expense from valuation of derivatives, equal to 6,324 thousand euros (32,849 thousand euros in the first half of 2016) reflects the change occurring in the six months in the fair value of the cross currency swap contracts for the Euro/Sterling exchange rate component hedging the A4 bonds issued in pound sterling (shown in Note 6.15).

Foreign exchange gains (losses)

(THOUSANDS OF EUROS)	1ST HALF 2017	1ST HALF 2016
Foreign exchange gains	6,339	33,603
Foreign exchange losses	(15)	(59)
TOTAL FOREIGN EXCHANGE GAINS (LOSSES)	**6,324**	**33,544**

For the notes refer to the paragraph relating to the Financial expense.

7.7 Share of profit/(loss) of associates accounted for using the equity method

The share of profit/(loss) of associates accounted for using the equity method, equal to 1,035 thousand euros (1,330 in the first half of 2016), includes the effect on the income statement of the valuation of the associate Spea Engineering for 821 thousand euros and of the associated undertaking Pavimental for 214 thousand euros (+1,747 thousand euros and -417 thousand euros respectively in the first half of 2016).

7.8 Income taxes

The income taxes equal 49,355 thousand euros (46,659 thousand euros in the first half of 2016). The item is analyzed in the table below.

(THOUSANDS OF EUROS)	1ST HALF 2017	1ST HALF 2016
CURRENT TAXES		
IRES	29,154	30,538
IRAP	9,616	8,144
	38,770	**38,682**
DIFFERENCES ON CURRENT TAXES OF PREVIOUS YEARS		
Income taxes of previous years	(9)	(145)
	(9)	**(145)**
DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets	8,656	5,375
Deferred tax liabilities	1,938	2,747
	10,594	**8,122**
TOTAL INCOME TAXES	**49,355**	**46,659**

With reference to IRES, please note that in June 2017 ADR, together with the companies of the Group, ADR Tel S.p.A. ("ADR Tel"), ADR Assistance, ADR Mobility ("ADR Mobility") and ADR Security, communicated to the consolidating company Atlantia the desire of exercising the group taxation option, pursuant art. 117 of TUIR, for the three-year period 2017-2019.

The estimated IRES tax burden in the first half of 2017 takes into account the reduction in IRES rate from 27.5% to 24% from the year 2017, in accordance with the "Stability law" 2016.

Deferred tax assets and liabilities were determined on the basis of the tax rates that are expected to be applied when these differences will be reversed.

For more details on the calculation of prepaid taxes reference should be made to Note 6.5.

8. Guarantees and covenants on medium/long-term financial liabilities

The Class A4 Notes bond in pound sterling issued originally in 2003 by the securitization special-purpose company Romulus Finance, subsequently replaced – through an "issuer substitution" operation – by ADR is guaranteed, as of June 30, 2017, by a lien (via a so-called Deed of Assignment under British law) on the receivables that may derive from cross currency swap contracts hedging Class A4 Notes. This guarantee in favor of the creditors of the bond in pound sterling would be enforced only if the fair value of the cross currency swap contracts had a positive value (as of June 30, 2017 this value is negative for 138.1 million euros) and for an overall value up to 96.5 million euros.

Furthermore, after the acquisition by Atlantia and EDF Invest of 64% of the capital of Aéroports de la Côte d'Azur (ACA), through the financial acquisition vehicle Azzurra Aeroporti, ADR committed to constitute a pledge in favor of the Azzurra Aeroporti's lenders on the total equity investment in the company (10%), once Azzurra Aeroporti is transformed into a joint stock company. In any case also this potential guarantee is limited to a maximum amount of 130.6 million euros.

ADR's loan agreements include financial covenants among the contractual clauses, which are calculated on a historic basis with the contracts applied to the companies with a sound investment grade rating. Worth mentioning among these is the presence of the leverage ratio, which ADR undertakes to maintain – in the contract that contains the most stringent thresholds – within the value of 4.75x, decreasing to 4.25x in case of downgrade of ADR to BBB-/Baa3.

The financial ratios must be checked once a year, pursuant to the contracts, based on the Group results (making specific corrective adjustments to the various bank agreements) of the six months or year.

The closing data at June 30, 2017 confirms, based on the simulations carried out, the respect of the financial ratios set in the agreements. The calculation of the financial ratios will be formalized after the approval of this Consolidated interim financial report as of June 30, 2017.

Moreover, the loan agreements call for acceleration, termination and withdrawal conditions typical for loans of this type.

The documentation of the EMTN Program, updated on May 22, 2017, does not envisage limitations to the charge of ADR nor the observance of financial covenants or obligation to perform/not perform (except for a negative pledging commitment, typical of the contractual documentation of a non-banking issuer) in line with market practice for "investment grade" issuers.

9. Other guarantees, commitments and risks

9.1 Guarantees

As of June 30, 2017 the ADR Group has guarantees issued as part of the loan agreements mentioned in Note 7. Sureties were not issued to clients and third parties (0 million euros as of December 31, 2016).

9.2 Commitments

The commitments on purchases of the ADR Group amount to 58.9 million euros regarding investment activities.

9.3 Management of financial risks

Credit risk

As of December 31, 2016, the ADR Group's maximum exposure to credit risk is equal to the carrying value of the financial assets shown in the financial statements, as well as the par value of the guarantees provided for third parties' debt or commitments.

The greatest credit risk is given by the receivables arising from its transactions with customers. The risk of customers' default is dealt with by making provisions in a specific allowance for doubtful accounts, whose balance is reviewed from time to time. The ADR Group's policy in this respect involves the making of provisions for each position, depending on the age of the receivable, the creditworthiness of the individual customer, the progress in the receivable management and collection process.

The Group's commercial policies set out the procedure illustrated below for the creation of trade receivables:

- cash payment is required in transactions with consumers (multilevel and long-term parking lots, first aid, etc.), with occasional counterparties (e.g. club memberships, luggage porters, taxi access management, etc.);
- cash payment or prepayment is required from occasional carriers without a satisfactory credit profile or collateral;
- credit terms are extended to loyal customers considered reliable (carriers with medium-term operational plans and sub-concessionaires). However, these customers' creditworthiness is monitored and, where necessary, collateral is required.

Liquidity risk

The liquidity risk is the risk that the financial resources available may be insufficient to cover the expiring obligations. In consideration of ADR Group's ability to generate cash flows, the diversification of the sources of financing and the availability of lines of credit, the Company believes to have access to sufficient sources of finance to meet the planned financial requirements.

As of June 30, 2017 the ADR Group had a liquidity reserve estimated at 737.8 million euros, comprising:

- 337.8 million euros refer to cash and cash equivalents;
- 400 million euros of unused credit facilities (for more details see Note 6.15).

Interest rate and exchange rate risk

The ADR Group uses interest rate derivatives, with the objective to mitigate, at acceptable terms and conditions, the potential effects of changes in interest rates and exchange rates on its operating performance.

With resolution of May 14, 2015 the Parent Company's Board of Directors authorized, consistently with the policies adopted by its shareholder, the possibility of signing, by assessing the best market opportunities, “forward starting” interest rate swap transactions up to a notional 900 million euros and with a maximum duration of 10 years. With this type of instruments, which allow forward interest rates to be fixed for the dates envisaged for undertaking new debt, ADR improves its ability to tackle the risk of rising interest rates in a market featuring extreme volatility.

As of June 30, 2017 the ADR Group has:

- cross currency swap derivatives to cover the A4 bonds; Class A4 of the bonds originally issued by Romulus Finance, equal to 215 million pound sterling, was covered, for the entire duration (until expiration in 2023) by a cross currency swap in euro. The characteristics of this derivative instrument are described in Note 6.15;
- “forward starting” interest rate swap contracts signed on October 18, 2016 for a total notional capital of 300 million euros, effective starting from February 20, 2020 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 6.4.

The Group does not have any other transaction in foreign currency in place.

9.4 Information on fair value measurements

Below is the fair value measurement at period end and the classification according to the fair value hierarchy of the assets and liabilities valued at fair value on a recurring basis (there are no assets or liabilities valued at fair value on a non recurring basis):

				06.30.2017
(THOUSANDS OF EUROS)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Derivatives with positive fair value	0	13.880	0	13.880
Derivatives with negative fair value	0	(138,074)	0	(138,074)
TOTAL HEDGING DERIVATIVES	**0**	**(124.194)**	**0**	**(124.194)**

The only financial instruments of the Group valued at fair value are the derivative instruments described in Note 6.4 and Note 6.15. These derivative instruments are included in “level 2” of the “fair value hierarchy” defined by IFRS 7, with the fair value measured on the basis of the valuation techniques that refer to the parameters that can be observed in the market, other than the price of the financial instrument.

In the first half of 2017, no transfer took place between the various fair value hierarchy levels.

With reference to the financial liabilities, for which Note 6.15 indicates the fair value, this fair value, calculated according to the techniques stated in the above mentioned notes, is included in level 2 of the “fair value hierarchy” defined by IFRS 7.

9.5 Litigation

As regards litigation as a whole, the ADR Group carried out a valuation of the risk of negative outcomes leading to the creation, prudentially, of a specific allowance under "Allowances for risks and charges" to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. The disputes for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome for the ADR Group, while negligible, could not be measured.

In the Group's judgment, current litigation and other potential disputes should not give rise to liabilities greater than the amount that has already been provided for.

Tax litigation

Significant disputes involving the ADR Group are summarized below.

Litigation with the Customs Office - Electricity

- In 2006 the Tax Office of Rome (UTF - now the Customs Office) issued demands for payment of a total of 13 million euros (including interests, expenses and sanctions), regarding failure to pay the tax on electricity consumption and the related surcharge for the period 2002-2006 in addition to notifications of administrative irregularities. The disputes relate to the alleged sale to third parties of electricity acquired by ADR, as well as the refusal to recognize the favorable terms applied in accordance with art. 52 of the Consolidated Customs Act to entities qualifying for inclusion in the category "industrial operators". ADR appealed the demands in question before the Provincial Tax Commission, defined with a favorable outcome for the Company. In the appeals against the sentences presented by the Customs Office, the Lazio Regional Tax Commission confirmed the outcome in first instance. The Attorney General's Office contested the sentences issued by the Regional Tax Commission and ADR took formal legal action. Following the hearings of March 5 and June 25, 2013, the Supreme Court filed nineteen sentences that accept the reasons for appeal proposed by the Attorney's Office, rejecting those proposed by the company on cross-appeal. In short, the Supreme Court, recognizing the erroneousness of the rulings by the Regional Tax Commission, deemed the claims by the Customs Office to be legitimate with regard to both the transfer of energy to third parties and the denied inclusion in the category of "industrial operators".

  Regarding the sentences issued by the Court and pertaining to the refusal to recognize the favorable terms applied to industrial facilities, the Company filed a motion for revocation as it believes these were issued by excluding essential facts whose existence is inferred from the documents of the case, which were not subject to dispute between the parties in the case.
- Similarly with the audit undertaken, for the years 2002-2006, by the Rome Tax Office, the Customs Office started two subsequent audits towards ADR on its taxation of the consumption, excise tax and surcharge on electricity in the periods 2007-2010 and 2011-2012. Following these audits, the Customs Office notified the relevant Demands for payment and the Imposition of administrative sanctions. The Revenue Agency subsequently notified, for the same tax periods, tax assessments for the VAT due on the challenged taxation of the consumption.

  In relation to the payment orders issued by the Customs Office for the tax periods 2007-2010 and the Revenue Agency for VAT 2007, the Provincial Tax Commission accepted, after the meeting, the appeals lodged by the Company.

  On June 11, 2015 the Regional Tax Commission accepted, after a meeting, the appeal submitted by the Customs Office and the Revenue Agency against the sentence submitted in first instance. In consideration of the legal interpretation formed with the sentences issued by the Supreme Court for the previous years, the Company appealed against the sentence of the Regional Tax Commission in relation to the assessment pertaining to the refusal to recognize the favorable terms applied to industrial facilities, as well as VAT assessment challenged by the Revenue Agency.

In consideration of the rulings of the Supreme Court regarding the dispute on the transfer of energy to third parties made in the previous years, the Company settled the complaint from the Customs Agency for the tax periods 2011 and 2012 with the reduced payment of the ascertained taxes and sanctions.

For the new tax assessments notified by the Revenue Agency for the VAT due on the taxation of consumption of the years 2008-2012, the company appealed before the Provincial Tax Commission. For the years 2008 and 2010, on September 20, 2016 and October 11, 2016 the Provincial Tax Commission filed the rulings with which it rejected the mentioned appeals. Considering its arguments still open, ADR lodged an appeal before the Regional Tax Commission.

Litigation with the Customs Office - Duty Free Shop

In 2007, the Rome Customs District Office notified ADR of reported irregularities in the sales carried out at its duty free shops in the period January 1, 1993 - January 31, 1998 to passengers traveling within the EU that exceeded duty free allowances in terms of amount and value, ordering payment regarding VAT, excise duties and tobacco duties, as a result of the findings set out for a total of 22.3 million euros.

Upon closing the dispute procedure that ended with the filing of the sentence issued by the Rome Regional Tax Commission, with which the right is definitively acknowledged to repayment of the custom duties, applications were formally lodged with the Customs Office and Equitalia Sud for partial relief, with contextual request for the refund of the higher amounts paid. On June 6, 2016, October 28, 2016 and January 20, 2017 ADR collected about 5 million euros as partial repayment.

Tax Indemnity

In 2002, when IRI obtained the consent to sell to the Macquarie Group 44.74% of ADR, the entities Gemina, Impregilo S.p.A. and Falck S.p.A. replaced the same IRI and directly assumed the commitment towards ADR (with a 50%, 13.1% and 36.9% share, respectively) to compensation as issued by IRI during the privatization of ADR, aimed at covering 51.166% of the losses that the company may incur for tax claims relating to periods prior to the privatization that took place in July of 2000. The dispute between ADR and the Customs Office refers to the period of 1993/1998 and is covered by the mentioned guarantee. As Impregilo S.p.A. and Falck S.p.A. repudiate the validity of the guarantee, ADR has brought a case against the latter companies to obtain the payment of the sums due conditionally to the definitive sentence convicting ADR. With sentence of October 2012, the Court of Rome accepted ADR's application, against which Impregilo S.p.A. and Falck S.p.A. have appealed. At the hearing in September 27, 2013, the case was adjourned until November 10, 2017 for final judgment.

ICI / IMU (PROPERTY TAXES)

- The Municipality of Fiumicino notified ADR two tax assessments, challenging the failure to declare and pay the local property tax for 2001 and 2002 regarding Hilton Rome Airport Hotel. The Company, considering that there are valid arguments in favor of its non-liability to pay this tax, has appealed against these tax assessments to the Provincial Tax Commission for Rome. On December 20, 2010 the Provincial Tax Commission for Rome deposited the sentence that rejected ADR's appeal for 2002. Due to the limited degree of investigation of the legal issues at stake in this case, the Company intends to appeal against the sentence of the Provincial Tax Commission for

Rome. On December 23, 2011 the Provincial Tax Commission for Rome deposited the sentence that accepted ADR's appeal against the tax assessment for 2001. The Municipality of Fiumicino lodged an appeal against the sentence handed down by the Provincial Tax Commission for Rome. On January 9, 2015 the sentences issued by the Regional Tax Commission were filed, which rejected the appeal filed by ADR for the year 2002 and accepted the appeal of the Municipality of Fiumicino for the year 2001, respectively. The Company lodged an appeal against the appeal sentence with the Supreme Court.

- In 2011 the Municipality of Fiumicino notified ADR two tax assessments for the years 2005 and 2006 regarding the local property tax for the Hilton Rome Airport Hotel, which the Company has appealed against to the Provincial Tax Commission for Rome and, subsequently to the filing of the unfavorable sentence of first instance, proposed the appeal to the Regional Tax Commission. On May 5, 2016 the Regional Tax Commission for Rome deposited the sentence that rejected ADR's appeal. The Company lodged an appeal with the Supreme Court.
- In line with the objected years, the Municipality of Fiumicino notified ADR tax assessments for the failure to pay the local property tax for 2007-2013 regarding the Hilton Rome Airport Hotel. The company appealed before the Provincial Tax Commission. With sentences filed on July 14, 2016, September 7, 2016 and December 30, 2016, the Provincial Tax Commission rejected the appeals filed by ADR for the years 2007, 2009, 2010 and 2011. For the same years the Company lodged an appeal before the Regional Tax Commission.
- In 2011 the Municipality of Fiumicino notified ADR tax assessments for the failure to pay the local property tax only for 2007-2009 regarding buildings of Alitalia Technical Area. The company appealed before the Provincial Tax Commission which, with sentences filed on December 3, 2015 and November 28, 2016, rejected the appeals filed. ADR has already lodged an appeal with the Regional Tax Commission for 2008 and will do the same for 2009.

Check of ADR Assistance fiscal position

In order to check ADR Assistance’s fiscal position for the tax periods 2013 and 2014, on October 3, 2016 the Revenue Agency notified a request for documents pursuant to art. 51 of Presidential Decree no. 633/72 and art. 32 of Presidential Decree no. 600/73.

On December 29, 2016 the Revenue Agency notified the company a tax assessment for the tax period 2014 regarding the deduction of employment expenses. The company, though deeming these components deducted in the year of accrual, proposed a tax settlement with the Revenue Agency and subsequently settled its position through the reduced payment of just the penalty, offsetting the ascertained tax with the taxes paid in the taxation period 2015.

Administrative, civil and labor litigation

The most significant disputes involving the Parent Company ADR, are shown below, given that no significant disputes involving other Group companies, which might lead to potential liabilities not recorded in the financial statements, are reported.

Airport fees and regulated tariffs

- On April 2014, EasyJet Switzerland SA summoned ADR to return 1 million euros, plus interest, equaling the amount paid, in its words, in excess (non-EU fees rather than EU fees for flights from/to the Swiss Confederation) from 2009 to 2013 for the landing and take-off fees and passenger boarding fees. At the first hearing of October 23, 2014, the parties only referred to the contents of the respective procedural documents and the judge set the terms for the briefs, setting the date for the next hearing for October 7, 2015, during which the date of the next hearing was set to December 20, 2017 to specify the conclusions.

- In February 2013, an appeal to the Lazio Regional Administrative Court was notified by the Municipality of Viterbo, with which the Planning Agreement was contested together with the Prime Ministerial Decree of December 21, 2012 and all the other conditioning, connected and consequent deeds with a claim for damages, which to date is pending with no set hearing.
- In February 2014 Easyjet Airline Company Ltd notified ADR of an appeal to the Lazio Regional Administrative Court for the cancellation, with prior suspension, of the restructuring, from March 1, 2014, of the passenger boarding fees in connection with the determination of the new transit fees. With the appeal, Easyjet contested the Italian Civil Aviation Authority directive relating to “Fiumicino Tariff Arrangement” of December 27, 2013 (and all of the assumed deeds, to the extent to which they restructure the passenger boarding fees at Fiumicino airport). The plaintiffs deem the mentioned restructuring - resulting from the application of a 65% discount on the abovementioned fees to the passengers in transit at the airport and the contextual increase of the same fee for outbound passengers - to be a violation of the Italian and community regulations. At the hearing of May 29, 2014 the Lazio Regional Administrative Court rejected Easyjet’s application for interim relief since the appeal was not secured by the “fumus boni iuris”. An announcement of the date of the relevant hearing is awaited.

Limitation of the handlers authorized to operate in Fiumicino

With appeal before the Lazio Regional Administrative Court of January 14, 2016, also WFS S.r.l. challenged ENAC's awarding procedure, in particular in the part regarding its exclusion. On November 10, 2016 the sentence was published with which the Lazio Regional Administrative Court (TAR) rejected the appeal of WFS, as this is partly inadmissible and partly groundless; the latter consequently appealed against this ruling before the Council of State; the hearing was scheduled for July 27, 2017.

Airport Fuel Supply Fees

- ENI S.p.A. has brought a claim before the Rome Civil Court against its own client airlines in order to ascertain their obligation to pay the oil company the amounts it owes to airport operators, and to order them to pay the amount accrued since October 2005. In the same claim, ENI S.p.A. has also brought a secondary claim against airport operators, including ADR, in order to ascertain that the concession fees paid by ENI to airport operators should not be calculated on the basis of the amount of fuel supplied to airlines. Moreover, as specifically regards ADR, ENI requests that the Company be ordered to return the amount paid in October 2005, totaling 0.2 million euros and that it be determined that ENI does not owe the amount of 1.1 million euros requested by ADR until May 2006 and yet unpaid. Following a referral order on the role, on May 28, 2014 a hearing was held on the outcome, for which the judge reserved the right to decide on the need to obtain a preliminary ruling before the European Court of Justice, however without any specification as regards the subject of the abovementioned issue. At the hearing of December 2, 2015 to pronounce the final judgment, the Judgment was withheld by the Judge, granting the Parties the legal terms to prepare the legal briefs and the responses. With sentence filed on April 12, 2017, the Court of Rome declared the lack of jurisdiction of the Ordinary Judge.
- AirOne S.p.A. has taken out legal proceedings at the Civil Court of Rome against Tamoil, its jet fuel supplier, as well as certain airport operators including ADR claiming the illegality of the fees charged to oil companies by operators in return for the use of airport infrastructure, which these companies subsequently “pass on” to carriers. Consequently, AirOne also requests that Tamoil – together with the above airport operators – be ordered to repay the sum paid by AirOne since 2003, amounting to 2.9 million euros. With no definitive sentence in 2012, the Judge provided an expert to examine the case. At the hearing of February 19, 2015 the judge reserved the right to decide how to continue the

case, due to the various requests regarding the trial put forward by the Parties. With order of February 21, 2015 the judge, having reported the need for an additional technical assessment, required an expert to examine the case. At the hearing of February 25, 2016, the examining magistrate, having acknowledged the positions of the Parties with regard to the additional documents requested by the expert, ordered the latter to reply to the questions based on the documents in the records, setting a term for the expert until April 30, 2016 to forward a draft to the parties, and to the parties a term until May 30, 2016 to make any observations and, again, a term for the expert until June 30, 2016 to file the definitive report. At the hearing of September 14, 2016 scheduled for examining the appraisal, the examining magistrate postponed the judgment to the hearing of May 16, 2018 for final judgment.

- Alitalia LAI under extraordinary administration has taken out legal proceedings at the Civil Court of Milan against some oil companies to force them to return the amounts paid from time to time as royalties on fuel in the period 2000 – 2009, due to the alleged mismatch between these amounts and the management costs for the specific service. In these proceedings, the oil company executives invoked ADR, as third parties, and other airport operators in consideration of the fact that the royalties on fuel were requested by the latter. In some proceedings underway, with partial judgment, the Court of Milan, after deciding on the preliminary exceptions raised by the parties, such as, for example, the limitation of Alitalia's right before May 2000, submitted the case to preliminary inquiry in order to carry out an economic and accounting appraisal "*that may determine a mismatch between the consideration in question and the actual costs incurred for the service, stating the amount of the possible difference between the costs and the consideration paid as airport fees, also in order to ascertain whether and to what extent the plaintiff carried out a passing on operation for the mentioned consideration towards its passengers*". Within the framework of these appraisals - which were started in April 2016 and are planned to end in December 2017 for all the proceedings (with the hearings postponed until January 2018), ADR appointed its own technical consultant.
- Within the framework of the appeal started by Wind Jet against sentence no. 461/2015 issued by the Court of Milan, regarding the claimed return, by some oil companies - which, in turn, invoked SEA and ADR - of the jet fuel fees paid in the period 2004-2009, the Board, with decree issued in June 2017, deeming that "*with regard to disputes having a similar content to the one in question, rulings have already been issued about the validity of the claim ……; sharing the need to require, in the same way as regulated for these disputes, an appraisal aimed at determining the amount paid by Wind Jet as airport fee as well as the costs incurred by the airport operators to allow the supply of fuel and any other useful figure for deciding on the case*", arranged for an expert to examine the case. Regarding the applications for revocation of the mentioned procedure requested by the parties involved, the panel of judges reserved the right to decide. The decision is awaited.

Noise abatement measures

ADR appealed to the Lazio Regional Administrative Court requesting cancellation of the proceedings of July 1, 2010 by which the Services Conference, convened to define and approve acoustic zoning for said airport, with which the mentioned Service Conference approved acoustic zoning Proposal no. 2 for Ciampino airport. No request for suspensive relief was made and a date for the relevant hearing has yet to be fixed.

IRESA

- In 2014 six appeals were filed before the Lazio Regional Administrative Court (with request for precautionary measures) by Alitalia Cai (2), AirOne (2), Alitalia Cityliner and CAI First. The plaintiffs demand the cancellation of the charge notification letters issued by ADR for the period January –

September 2014 regarding the payment of the Regional tax on aircraft noise (IRESA), which ADR is currently collecting in compliance with the provisions of the agreement in force with the Lazio Regional Authority, after Regional Law no. 2 of April 29, 2013 came into force. To date no hearing has been set.

- In 2015 three appeals were filed before the Lazio Regional Administrative Court (with request for precautionary measures) by Alitalia SAI for the period January-September 2015 regarding the payment of IRESA. To date no hearing has been set.

Building plan

In March 2012, the Lazio Regional Administrative Court accepted the appeal with which, in 2003, ADR had appealed against the deeds of the Municipality of Fiumicino that modified the existing Building plan with the possibility of building in the area near the airport ("Quadrante Ovest" and "Fiumicino Nord"). With this decision, ADR's interest was recognized, together with its active authorization to safeguard the suitable and necessary conditions of the territory for air traffic development. The owners of the land concerned and the Municipality of Fiumicino appealed to the Council of State. With sentence of February 22, 2013, the Council of State accepted the appeals substantially on procedural grounds.

Creation of the exit in the East area - Project of completion of Fiumicino

The Project of completion of Fiumicino Sud (which completed its approval procedure before the competent Authorities) includes the creation of the new exit interconnecting "Autostrada A91 Roma – Fiumicino" and the "East Area – *Cargo City*" of the Leonardo Da Vinci Airport of Fiumicino. To proceed with the works, despite the authorizations already obtained, the project was subject to an additional road safety check requested by the Ministry of Transport pursuant to Italian Legislative Decree no. 35 of March 15, 2011. This check led to two intermediate reports with which ADR received some measures. On October 26, 2016 the Company sent the Ministry of Transport a note highlighting the measures adopted in the project and those not adopted with reason for the failed adoption.

The Ministry of Transport replied to ADR on November 22, 2016, requesting the project to be aligned with the measures contained in the Reports. ADR challenged the ruling of the Ministry of Transport with appeal to the Lazio Regional Administrative Court (TAR) and interim application to set the scope in the short term (the proceedings must be settled before 2019, when the restriction arranged for the expropriation of the areas concerned by the Exit will expire). The appeal was notified to the counterparties on January 7, 2017 (the same Ministry and Anas, which will be in charge of managing the infrastructure after its creation) and registered on February 2, 2017. At the council meeting to deal with the interim application held on February 22, 2017, ADR waived its claim, accepting the indications of the Chairman, who urged the filing of a motion to withdraw where to specify the urgency reasons that require determination of the scope. ADR filed a motion to withdraw on March 9, 2017 and the hearing for a discussion is scheduled for March 28, 2018.

Bankruptcy proceedings involving clients

- A series of sentences passed by the Bankruptcy Court in Rome have declared the following companies bankrupt: Alitalia S.p.A. under special administration, Volare S.p.A. under special administration, Alitalia Express S.p.A. under special administration, Alitalia Servizi S.p.A. under special administration, Alitalia Airport S.p.A. under special administration, between the end of 2011 and 2013 initially insolvencies and subsequently some distribution plans were filed following which, on March 20, 2014, 10.3 million euros were collected as "insolvency claim" secured by a lien. 0.1

million euros were collected on March 19, 2014, in accordance with the distribution plan regarding Alitalia Express under special administration.

- In 2009 Volare Airlines S.p.A. under special administration and Air Europe S.p.A. in special administration entered into civil proceedings in order to obtain cancellation of payments made to ADR during the year prior to the carrier's entry into bankruptcy and an order requiring ADR to pay back a sum of 6.7 million euros and 1.8 million euros. With sentence of June 2011, the Court ordered ADR to pay the requested amounts; the Company lodged an appeal. Regarding the ruling for Volare Airlines in special administration, with sentence filed on July 2012, the Appeal Court of Milan rejected ADR's appeal. In order to avoid the enforceable proceeding, ADR paid 7.4 million euros (including interests and expenses). Regarding the ruling for Air Europe in special administration, with sentence filed on July 18, 2014, the Appeal Court of Milan rejected ADR's appeal. In order to avoid the enforceable proceeding, ADR paid about 2 million euros (including interests and expenses). ADR has proposed the appeal to the Supreme Court in both cases. An announcement of the date of a hearing is awaited.

Sub-concession of retail outlets

CTP and Concora entered into civil proceedings in order to ascertain a case of abuse of dominant position pursuant to art. 102 TFEU for ADR’s conduct when activating the tender procedure (they were excluded from due to lack of requirements) aimed at the sub-concession of stands in front of the terminal for NCC to exercise its business. Consequently to such conduct, the plaintiffs demand ADR’s conviction to compensate one million euros each, pursuant to art. 2043 of the Italian Civil Code. The same deed demands the stay of proceedings and the referral to the Court of Justice for the preliminary rulings, also with regard to the Airport management concession granted to ADR. At a first hearing in February 9, 2017, the case was adjourned until November 23, 2017 for the discussion.

Tenders

- ATI Alpine Bau, which was awarded the contract for works relating to the upgrading of Runway 3 at Fiumicino airport, appealed sentence of 2006 handed down by Rome’s Civil Court. This sentence ordered ADR to pay 1.2 million euros, plus legal interest from the time of the claim. The appeal reiterates the claims for damages made in first instance (66 million euros, including legal interest accrued from the time of the claim). With sentence filed on July 14, 2014 the Appeal Court of Rome, in the substance, rejected the appeal on the proposals of the ATI Alpine Bau, accepting the arguments put forward by ADR and declared the contract stipulated on December 30, 1997 terminated, due to the fault of the ATI contractor. On June 19, 2015 bankrupt Alpine Bau lodged an appeal with the Supreme Court regarding the sentence of the Appeal Court. An announcement of the date of a hearing to discuss the matter is awaited.
- In 2005 Fondedile Costruzioni S.r.l. lodged an appeal against sentence of 2004 of the Civil Court of Rome. This appeal reiterates the claim submitted in first instance for 3.6 million euros, as well as legal and overdue interest and revaluation, regarding higher charges and damages incurred during the execution of construction works on a service tunnel at Fiumicino airport. With sentence of June 2014 the Appeal Court of Rome fully rejected the claims of Fondedile Costruzioni S.r.l. In October 2014, the counterparty put forward an appeal with the Supreme Court. An announcement of the date of a hearing to discuss the matter is awaited.
- ATI NECSO Entrecanales – Lamaro Appalti has appealed to the Supreme Court against the sentence of the Rome Appeal Court, which in 2011 fully rejected the claim for damages for 9.8 million euros, plus interest, revaluation and costs, in relation to claims posted in the contract accounts relating to the contract for work on the extension and restructuring of Satellite Ovest

(Satellite West) at Fiumicino airport. On February 15, 2017 the appeal was discussed and the Prosecutor, while referring to the reasons of inadmissibility and groundlessness mentioned by ADR, concluded by requesting that the appeal be declared inadmissible and groundless. With sentence of April 13, 2017 the Supreme Court rejected the appeal lodged by ATI NECSO against the sentence of the Court of Appeal.

Claims for damages

- In 2011 ADR received a claim for damages for 27 million dollars for direct damages (the indirect ones are still being defined) from AXA Assicurazioni, who insures Ryanair, for the damage suffered by aircraft B737-800 E-IDYG as a consequence of the emergency landing due to a bird strike taking place on November 10, 2008 at Ciampino airport. ADR declines any responsibility for the event. Should the survey being conducted by the competent authorities reveal ADR's clear responsibility, the compensation would be covered by the third-party liability insurance policy of the airport operator.
- About 160 claims have been received from third parties (mainly sub-concessionaires, handlers and passengers) with reference to the fire, only a portion of which, however, is concerned by a clear quantification of the damages (about 107 million euros). To face these claims for compensation, included in the provisions was a prudent valuation, made on the basis of the best current information, of the liabilities the Company is likely to be called to account for (including the portion on the insurers' account).

Reserves on works posted by the contractors

Reserves posted by the contractors amount to about 35 million euros as of June 30, 2017 (6 million euros as of December 31, 2016) towards ADR. Based on past evidence, only a small percentage of the reserves posted is actually due to the contractors. If recognized, the reserves will be recorded as an increase in the cost of concession fees.

If these refer to claims or maintenance, they are posted under the provisions for risks and charges for the portion deemed probable.

10. Transactions with related parties

The transactions performed by the ADR Group with related parties were carried out in the interest of the Group and are part of ordinary operations. Such transactions are regulated on a basis that is equivalent to those prevailing in transactions between independent parties.

During the period no significant transactions or transactions that significantly affected the Group's financial position or results took place.

Trade transactions and other transactions

(THOUSANDS OF EUROS)	06.30.2017		1st HALF 2017		12.31.2016		1st HALF 2016	
	ASSETS	LIABILITIES	REVENUES	COSTS	ASSETS	LIABILITIES	REVENUES	COSTS
PARENT COMPANIES								
Atlantia S.p.A.	7,689	8,768	74	(538)	7,691	16,048	13	(646)
TOTAL RELATIONS WITH PARENT COMPANIES	7,689	8,768	74	(538)	7,691	16,048	13	(646)
ASSOCIATED UNDERTAKINGS								
Pavimental S.p.A.	810	16,786	324	(31,424)	610	21,267	310	(8,413)
Spea Engineering S.p.A.	50	37,029	298	(8,570)	151	40,046	300	(16,229)
Ligabue Gate Gourmet S.p.A. (insolvent)	482	968	0	0	482	968	0	0
TOTAL RELATIONS WITH ASSOCIATED UNDERTAKINGS	1,342	54,783	622	(39,994)	1,243	62,281	610	(24,642)
RELATED PARTIES								
Leonardo Energia S.c.a.r.l.	232	3,528	185	(9,558)	154	2,853	167	(9,018)
Fiumicino Energia S.r.l.	42	0	87	0	35	0	85	0
Infoblu S.p.A.	0	0	0	(13)	0	26	0	(19)
Telepass S.p.A.	111	55	33	(75)	51	68	39	(126)
Autogrill S.p.A.	833	1,803	5,909	(315)	1,098	89	5,590	(269)
Azzurra Aeroporti S.r.l.	195	0	0	0	160	0	0	0
Autostrade per l'Italia S.p.A.	770	776	284	(595)	383	902	252	(221)
Autostrade Tech S.p.A.	0	102	0	(80)	0	178	0	(136)
Consorzio Autostrade Italiane Energia	0	0	0	0	0	0	0	(1)
Edizione S.r.l.	0	15	0	(15)	0	22	0	0
Retail Italia Network S.r.l.	139	82	387	0	0	0	0	0
Key Management Personnel	0	1,921	0	(2,250)	0	3,016	0	(2,385)
TOTAL RELATIONS WITH RELATED PARTIES	2,322	8,282	6,885	(12,901)	1,881	7,154	6,133	(12,175)
TOTAL	**11,353**	**71,833**	**7,581**	**(53,433)**	**10,815**	**85,483**	**6,756**	**(37,463)**

Relations with Atlantia refer mainly to the tax consolidation of some companies of the ADR Group and to charging back the cost for the seconded personnel.

The main relations with other related parties break down as follows:

- Pavimental: A company owned by Atlantia, it carries out maintenance and modernization work of the airport paving for the ADR Group;
- Spea Engineering: A company owned by Atlantia, carries out airport engineering services (work design and management) for the ADR Group;

- Fiumicino Energia S.r.l.: A company owned by Atlantia that manages the gas-fired co-generation plant at Fiumicino airport for the production of electricity. Via a business unit lease contract, operation of the co-generation plant was entrusted to Leonardo Energia - Società consortile a r.l., which is owned by ADR and Fiumicino Energia S.r.l., with respective shareholdings of 10% and 90%. Based on the agreements existing between ADR and Fiumicino Energia in 2023 the co-generation plant will be transferred free of charge to the Parent Company. The limited liability consortium, which also operates the thermal energy plant at Fiumicino, under a sub-concession from ADR, provides electric and thermal energy to ADR;
- Telepass (a subsidiary undertaking of Atlantia): Costs related to the Telepass system used in the car parks managed by ADR Mobility.
- Autogrill S.p.A. (indirect subsidiary undertaking of Edizione S.r.l. which, indirectly, holds a sufficient interest in Atlantia): revenues from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Autostrade per l'Italia (a subsidiary undertaking of Atlantia): the relations with the company mainly refer to seconded personnel.

The remuneration due to the parties in charge of planning, managing and controlling the company and thus the executive directors and not the managers with strategic responsibilities (so-called key management personnel) in office at June 30, 2017 amount to 2,251 thousand euros and include the amount pertaining to remuneration, employment compensation, non-monetary benefits, bonuses and other incentives for assignments at ADR (the remuneration is indicated regarding the directors that in the period covered the position, also for a portion of the year).

Financial relations

(THOUSANDS OF EUROS)	06.30.2017		1st HALF 2017		12.31.2016		1st HALF 2016	
	ASSETS	LIABILITIES	INCOME	EXPENSE	ASSETS	LIABILITIES	INCOME	EXPENSE
PARENT COMPANIES								
Atlantia S.p.A.	0	245,192	0	(6,603)	0	251,566	0	(7,336)
TOTAL RELATIONS WITH PARENT COMPANIES	0	245,192	0	(6,603)	0	251,566	0	(7,336)
RELATED PARTIES								
Spea Engineering S.p.A.	2,430	0	0	0	0	0	0	0
TOTAL RELATIONS WITH RELATED PARTIES	2,430	0	0	0	0	0	0	0
TOTAL	2,430	245,192	0	(6,603)	0	251,566	**0**	**(7,336)**

The financial assets with Spea Engineering include the receivable regarding the dividends resolved by the company in the six-month period and not paid.

The financial liabilities with Atlantia, as well as the related financial expense, concern the A4 bonds, 99.87% of which is held by the parent company upon the conclusion of the Tender Offer procedure launched by the same during January 2015 towards the holders of the outstanding A4 bonds.

11. Other information

11.1 Information on the fire on May 6-7, 2015 at Fiumicino airport

Regarding the fire that, on the night between May 6 and 7, 2015, concerned a large area of Terminal 3 (hereafter also “T3”), is pending before the Public Prosecutor at the Court of Civitavecchia; the proceeding regards the offences under articles 113 and 449 of the criminal code (participation in arson), in relation to which, on November 25, 2015, the proceeding under art. 415 bis of the Criminal Procedure Code was issued, notifying the conclusion of the preliminary investigation against: (i) five employees from the contractor of the ordinary maintenance of the air-conditioning systems and two ADR employees, all investigated also with regard to the offence under art. 590 of the criminal code (personal injury through negligence), (ii) the then Managing Director of ADR in the capacity as “employer” of the Company, (iii) the Head of the Fire Corps Contingent and (iv) the Director of the Lazio Airport System (ENAC).

On January 19, 2017, in relation to the criminal proceedings, the first preliminary hearing was held for the possible indictment and subsequent start of the pleading stage of the proceedings, towards the defendants.

The hearing focused on the assessments regarding the civil actions, currently limited to some commercial sub-concessionaires, in addition to 3 of the 4 individuals concerned by injury through negligence from smoke poisoning, aimed at obtaining compensation for damages suffered consequently to the offence.

At the next hearing, held on May 18, 2017, the Judge continued to examine the initiated civil proceedings within criminal actions. Furthermore, the lawyer of the three plaintiffs mentioned above filed a writ of summon against the parties held civilly liable (i.e. ADR and the contracting parties that are the employers of the defendants), without producing additional documents. The hearing is set to continue on November 9, 2017.

With reference to the negotiations started with the insurers at the end of 2016 for the settlement of the consequences of the accident, in April 2017 the relevant settlement deeds were signed.

For an analysis of the accounting treatment in these Condensed consolidated interim financial statements as of June 30, 2017, reference is made to the following explanatory notes: Note 6.9 Other current assets, Note 6.14 Other allowances for risks and charges and Note 9.5 Litigation.

11.2 Information on remuneration plans based on shares

With the aim of creating an incentive and loyalty system dedicated to directors and employees of the Atlantia Group covering positions entailing a higher level of responsibility in Atlantia or Group companies and to promote and spread the culture of creating value in all the strategic and operating decisions, as well as encourage the valorization of the Group, in addition to the managerial efficiency of management, in the Atlantia Group there are incentive plans in place that imply the commitment of assigning rights on Atlantia shares, subject to achieving preset corporate goals.

As part of the integration project between Atlantia and Gemina, the Shareholders' meeting of Atlantia on April 30, 2013 approved the extension of the incentive plans also to personnel or directors of ADR, in order to make the long-term incentive systems of the entire Atlantia group resulting from the merger more coherent.

The table below shows the chief elements of the incentive plans as of June 30, 2017, highlighting the rights attributed to directors and employees of the ADR Group. In addition, the unitary fair values of the assigned rights are shown, determined by a purposefully entrusted expert, using the Monte Carlo model and the parameters shown below.

	NO. OF RIGHTS ASSIGNED	NO. OF RIGHTS REVOKED	NO. OF RIGHTS FOR TRANSFERS	NO. OF RIGHTS OPTED FOR	NO. OF RIGHTS AS OF 06.30.2017	VESTING EXPIRY	EX. EXP./ ASSIGN.	EXERCISE PRICE (EURO)	UNIT FAIR VALUE ON THE ASSIGN. DATE	REV. UNIT FAIR VALUE AS OF 06.30.2017	EXPECTED EXPIRY ON THE ASSIGN. DATE (YEARS)	RISK-FREE INTEREST RATE	EXP. VOLATILITY (=HISTORICAL)	DIVIDENDS EXPECTED ON THE ASSIGN. DATE
Stock option plans 2011 of Atlantia extended to ADR	494,903	(173,170)	0	0	321,733	11.8.2016	11.9.2019	16.02	2.65	-	6	0.86%	29.5%	5.62%
Stock grant plans 2011 of Atlantia extended to ADR	62,880	(20,250)	0	0	42,630	11.8.2016	11.9.2018	na	11.87	-	4 -5	0.69%	28.5%	5.62%
Phantom stock option plans 2014 of Atlantia extended to ADR	766,032	(269,732)	(27,360)	(189,512)	279,428	5.9.2017	5.9.2020	na	2.88	4.39	3 -6	1.10%	28.9%	5.47%
Phantom stock option plans 2014 of Atlantia extended to ADR	758,751	(256,467)	(94,809)	0	407,475	5.8.2018	5.8.2021	na	2.59	2.6	3 -6	1.01%	25.8%	5.32%
Phantom stock option plans 2014 of Atlantia extended to ADR	591,618	0	0	0	591,618	6.10.2019	6.10.2022	na	1.89	2.44	3 -6	0.61%	25.3%	4.94%
Phantom Stock Option plans 2017	413,651	0	0	0	413,651	6.15.2020	7.1.2020	na	2.37	2.37	3.13-6.13	1.31%	25.6%	4.40%
Phantom Stock Grant plans 2017	41,183	0	0	0	41,183	6.15.2020	7.1.2020	na	23.18	23.18	3.13-6.13	1.31%	25.6%	4.40%

In accordance with IFRS 2, consequently to the incentive plans in place, in the first half of 2017 a charge to the income statement was recorded for 2,061 thousand euros, corresponding to the value accrued in the period of the fair value of the attributed rights, 113 thousand euros of which posted as an increase in the shareholders' equity reserves, while the payables relating to the fair value of the "phantom" option existing at June 30, 2017 are posted under other current and non-current liabilities, in relation to the presumed exercise date.

11.3 Events and non-recurring, atypical or unusual transactions

During the first half of 2017, no non-recurring, atypical or unusual transactions were performed with third parties or related parties. No significant non-recurrent events occurred in the six months under review.

12. Subsequent events

- After law 48/2017 on city security came into force on July 6, 2017, Lazio Airport Management adopted Ruling no. 10/2017 to update, according to the new regulatory context, the provisions regarding the access, stay and occupation of terminals at Leonardo da Vinci Fiumicino airport and their pertinent areas open to the public, also to prevent any conduct that may hinder the accessibility to and the use of the airport infrastructure and the occurrence of decay situations.

- Italian Legislative Decree 104/2017 "Implementation of directive 2014/52/EU of the European Parliament and Council of April 16, 2014, was published on the Official Gazette no. 156 of July 6, 2017, which amended directive 2011/92/EU concerning the assessment of the environmental impact of certain public and private projects, pursuant to articles 1 and 14 of law no. 114 of July 9, 2015". The decree, which has been in force since July 21, 2017, amends the provisions regarding the procedures for the assessment of the environmental impact, contained in Part II of the Consolidated Act on the Environment (Italian Legislative Decree 152/2006).

The Board of Directors

ANNEXES

Annex 1 - List of equity investments

NAME	REGISTERED OFFICE	ASSETS	CURRENCY	SHARE CAPITAL (EURO)	SHAREHOLDERS	% HELD	% ADR GROUP INTEREST	CONSOLIDATION METHOD OR VALUATION CRITERION
PARENT COMPANY								
Aeroporti di Roma S.p.A.	Fiumicino (Rome)	Airport management	Euros	62,224,743				
SUBSIDIARY UNDERTAKINGS								
ADR Tel S.p.A.	Fiumicino (Rome)	Telephony	Euros	600,000	Aeroporti di Roma S.p.A.	99	100	Line-by-line
					ADR Sviluppo S.r.l.	1		
ADR Assistance S.r.l.	Fiumicino (Rome)	Assistance to passengers with reduced mobility (PRM)	Euros	4,000,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
ADR Sviluppo S.r.l.	Fiumicino (Rome)	Real estate management	Euros	100,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
ADR Mobility S.r.l.	Fiumicino (Rome)	Management of parking and car parks	Euros	1,500,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
ADR Security S.r.l.	Fiumicino (Rome)	Security and control services	Euros	400,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
Airport Cleaning S.r.l.	Fiumicino (Rome)	Cleaning services	Euros	1,500,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
SPECIAL PURPOSE ENTITY								
Romulus Finance S.r.l. in liquidation	Conegliano (Treviso)	Credit securitization	Euros	10,000	n/a	-		Line-by-line
ASSOCIATED UNDERTAKINGS								
Pavimental S.p.A.	Rome	Building	Euros	10,116,452.45	Aeroporti di Roma S.p.A.	20		Measured using the equity method
Spea Engineering S.p.A.	Rome	Engineering and design services	Euros	6,966,000	Aeroporti di Roma S.p.A.	20		Measured using the equity method
Consorzio E.T.L. - European Transport Law (in liquidation)	Rome	Study on European transport rules	Euros	82,633	Aeroporti di Roma S.p.A.	25		Valued at cost
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	Tessera (Venice)	Airport catering	Euros	103,200	Aeroporti di Roma S.p.A.	20		Valued at cost
OTHER INVESTMENTS								
Aeroporto di Genova S.p.A.	Genova Sestri	Airport management	Euros	7,746,900	Aeroporti di Roma S.p.A.	15		Valued at cost
S.A.CAL. S.p.A.	Lamezia Terme (Catanzaro)	Airport management	Euros	12,911,558	Aeroporti di Roma S.p.A.	9.95		Valued at cost
Azzurra Aeroporti S.r.l.	Rome	Real estate, financial investments, etc.	Euros	2,500,000	Aeroporti di Roma S.p.A.	10		Valued at cost
Leonardo Energia - Società Consortile a r.l.	Fiumicino (Rome)	Electricity production	Euros	10,000	Aeroporti di Roma S.p.A.	10		Valued at cost
Consorzio Autostrade Italiane Energia	Rome	Supply on the electricity market	Euros	107,112.35	Aeroporti di Roma S.p.A.	1		Valued at cost

REPORT OF THE **INDEPENDENT AUDITORS**

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Aeroporti di Roma S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statements of income, the statement of comprehensive income, the statement of changes in equity and cash flows and the related explanatory notes of Aeroporti di Roma S.p.A. and its subsidiaries (the "Aeroporti di Roma Group") as of 30 June 2017. The Directors of Aeroporti di Roma S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Aeroporti di Roma Group as of 30 June 2017 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, 2 August 2017

EY S.p.A.
Signed by: Roberto Tabarrini, Partner

This report has been translated into the English language solely for the convenience of international readers