Aeroporti di Roma

gruppo Atlantia

ANNUAL REPORT 2018

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Aeroporti di Roma S.p.A.

Registered office:
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Tax Code and Rome
Companies'Register no.: 13032990155
VAT Number 06572251004

Fully paid-in share capital:
Euro 62,224,743.00

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UNITED COLORS OF BENETTON.
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SYNTHETIC DATA AND GENERAL INFORMATION

Message to the Stakeholders

2018 was a record year in terms of traffic volumes managed. The airport system, comprising Fiumicino and Ciampino airports, came close to 49 million passengers, recording a 4.2% compared to the previous year. This result is even more meaningful when considering that the increase mainly concerned Fiumicino airport; indeed, Ciampino airport recorded traffic volumes essentially in line with 2017 because of the known operational con-straints imposed on this airport by regulations.

The growth in traffic was driven by the development of the international segment and, in particular, of the flights to and from Non-EU destinations which, compared to 2017, saw a 14.0% increase in the number of passengers carried. In 2018, traffic volumes to Non-EU destinations were greater than Domestic flights for the first time, in absolute terms: this confirms Rome as a very attractive destination and the Group's strategy targeting constant development and an increase in new routes from and to the main global destinations. Also in 2018 Fium-icino confirmed its position as one of the European leading airports in direct flights to and from China.

Service quality persists and will remain a core objective for the Group's operations also in the future. In fact, despite a traffic increase, 2018 results show a further improvement of the already excellent service levels reached in 2017 with regard to quality perceived by passengers and quality provided. Further confirmation came from the important international recognition called "2018 Best Airport Award", awarded in June by ACI[1] to Fiumicino airports when comparing the airports with traffic volumes exceeding 25 million passengers. This award is added to the awards already achieved in 2018 by Skytrax ("World's Most Improved Airport" and "4 Star Airport") and ACI ("Airport Service Quality Award"), which certify Fiumicino as the top-ranked airport in the quality of services offered to passengers.

These excellent values were guaranteed by an ongoing search for improvement of the organization of airport services, though also thanks to the constant commitment aiming at implementing the Development Plan of the Airport System. In 2018 the Group made investments of about 182 million euros. The main ones concerned the continuation of the works at the New Pier A and Front Building of Terminal 1 - as an initial phase of development of the new area called "East Terminal" – and, regarding the development of the airside capacity, the con-tinuation of the construction works regarding aprons 300 servicing the new Boarding Area A, and those to create the new aprons West 2nd Phase.

The commitment devoted to the quality of the services provided and the investments in infrastructure was accompanied by the achievement, also in 2018, of a positive economic-financial performance. This confirms the ADR Group's ability to tackle future commitments, based on a creditworthiness that is in line with the leading Eu-ropean companies in the airport industry.

To confirm the attention paid to connectivity also landside, at the end of 2018 ADR signed an agreement with ANAS and ENAC to create the motorway exit in the East area of Fiumicino. According to the contract, ADR must carry out the expropriation and create the work, which will be completed by 2020, based on the executive design.

On the subject of intermodality development, the ADR Group has activated various initiatives aiming at strengthening Fiumicino airport's role as a hub. Particular importance was given to the rail-airport-air system. An agreement was signed with the FS Group to expand and modernize the railway station of Fiumicino Airport. The daily High Speed train connections that already reach the Airport were increased to three and the journeys of the non-stop "Leonardo Express" shuttle that connects Fiumicino airport with the Termini Station in central Rome were further increased. The frequency rose from 110 to 126 a day. Especially important is the Trenitalia – Emirates agreement for the sale of train+air tickets via Fiumicino in the world-wide booking systems.

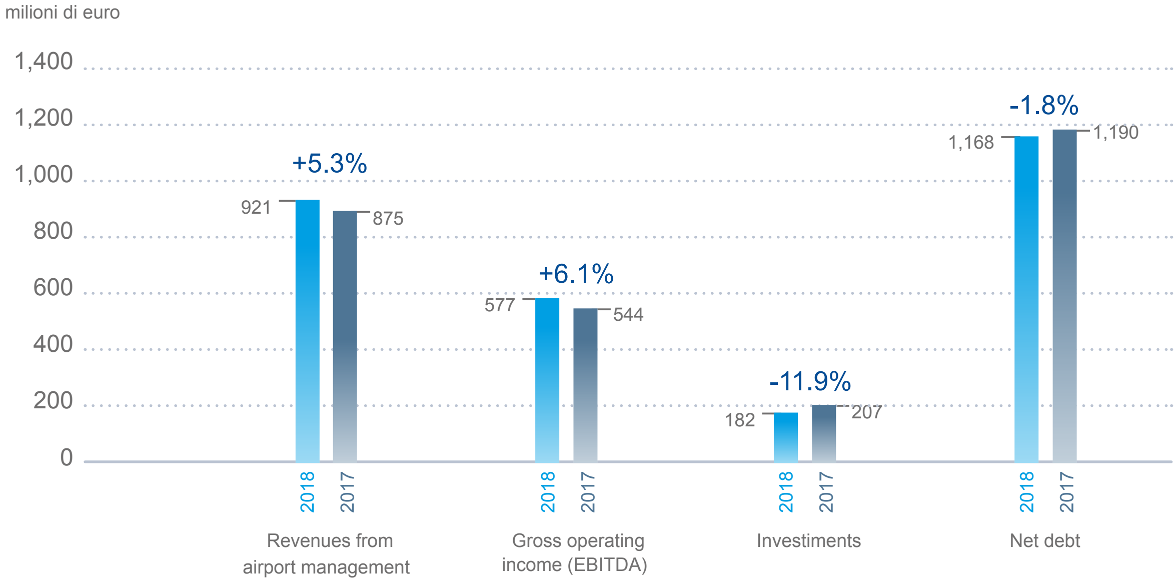
Regarding environmental sustainability, ADR partici-pates in the ACA (Airport Carbon Accreditation) system of ACI Europe. In 2018 Fiumicino confirmed the top level 3+ for the "Neutrality" ACA accreditation, and in March also Ciampino airport obtained the same level for the first time.

Again in 2018, the certification of conformity of ADR's Environmental Management System was renewed according to the new standards set by ISO 14001:2015. This voluntary certification is the result of a series of initiatives that, over the years, have contributed to raising special awareness about environmental issues and generating attention on the principles of sustainable ethics.

The Chairman **The Managing Director**

1 Airports Council International

Main economic and financial highlights of the Group



CONSOLIDATED ECONOMIC-FINANCIAL RESULTS (€/000)	2018	2017(*)
Revenues from airport management	921,500	875,342
Gross operating income (EBITDA)	577,296	544,040
EBITDA %	62.6%	62.2%
Operating income (EBIT)	416,147	401,664
EBIT %	45.2%	45.9%
Net income (loss)	246,240	244,972
Group share of income (loss)	246,240	244,972
Investments	182,073	206,691

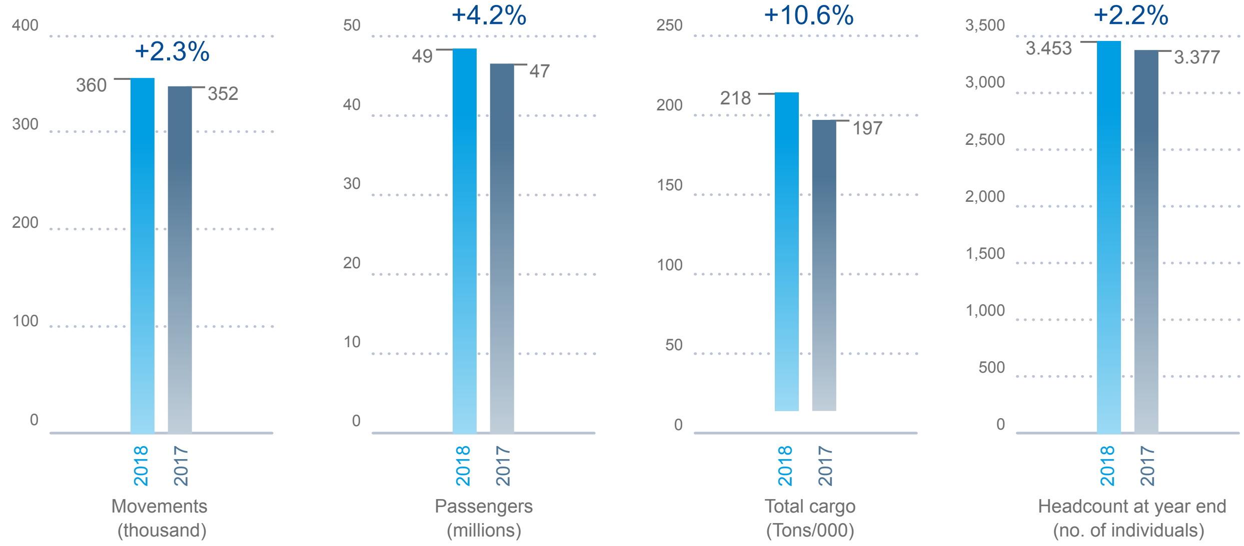
	12.31.2018	12.31.2017
Net invested capital	2,275,060	2,297,923
Shareholders' Equity (including minority interests)	1,106,876	1,108,224
Group Shareholders' Equity	1,106,876	1,108,224
Net debt	1,168,184	1,189,699
Net debt/Shareholders' Equity	1.1	1.1

CONSOLIDATED ECONOMIC-FINANCIAL RESULTS	2018	2017
Net debt/EBITDA	2.0	2.2

RATING	12.31.2018	12.31.2017
Standard & Poor's	BBB+	BBB+
Moody's	Baa2	Baa1
Fitch Rating	BBB+	BBB+

(*) for the reclassifications made with respect to the situation published in the 2017 Annual Financial Report, refer to the paragraph on the consolidated economic – financial performance.

Operating highlights of the Group



TRAFFIC VOLUMES	2018	2017
Movements (no./000)	360	352
Total passengers (no./000)	48,835	46,858
Total cargo (tons)	217,883	196,940
GROUP HUMAN RESOURCES		
Average headcount (no. of individuals)	3,138	3,111
Headcount at year end (no. of individuals)	3,453	3,377
Average hours of training per employee	26	26
Number of accidents (no.)	304	259
Accident severity index	4.8%	2.6%
SERVICE QUALITY - FIUMICINO (%)		
Waiting time for baggage security checks *	97.3	97.9
Waiting time for last baggage claim - domestic *	94.1	92.4
Waiting time in line at common check-in desks for non-sensitive flights *	94.4	93.6
ENVIRONMENT		
Electricity consumption (kWh)	180,629,388	182,663,248
Water withdrawal (m3)	2,193,214	2,219,997
Waste produced (tons)	13,247	12,990

(*) within time limits set by the Service Charter.

Corporate bodies

BOARD OF DIRECTORS

(in office until the Meeting to approve the 2018 Annual Financial Report)

Chairman
Antonio Catricalà

Managing Director
Ugo de Carolis

Director
Tommaso Barracco
Carlo Bertazzo
Giovanni Castellucci
Giancarlo Guenzi

Secretary
Guglielmo Bove

General Manager
Gian Luca Littarru

BOARD OF STATUTORY AUDITORS

(in office until the Meeting to approve the 2018 Annual Financial Report)

Chairman
Giampiero Riccardi
(until June 4, 2018)
Alessandra dal Verme
(from June 4, 2018)

Statutory Auditors
Alessandro Bonura
Mauro Romano
Mario Tonucci
Pier Vittorio Vietti

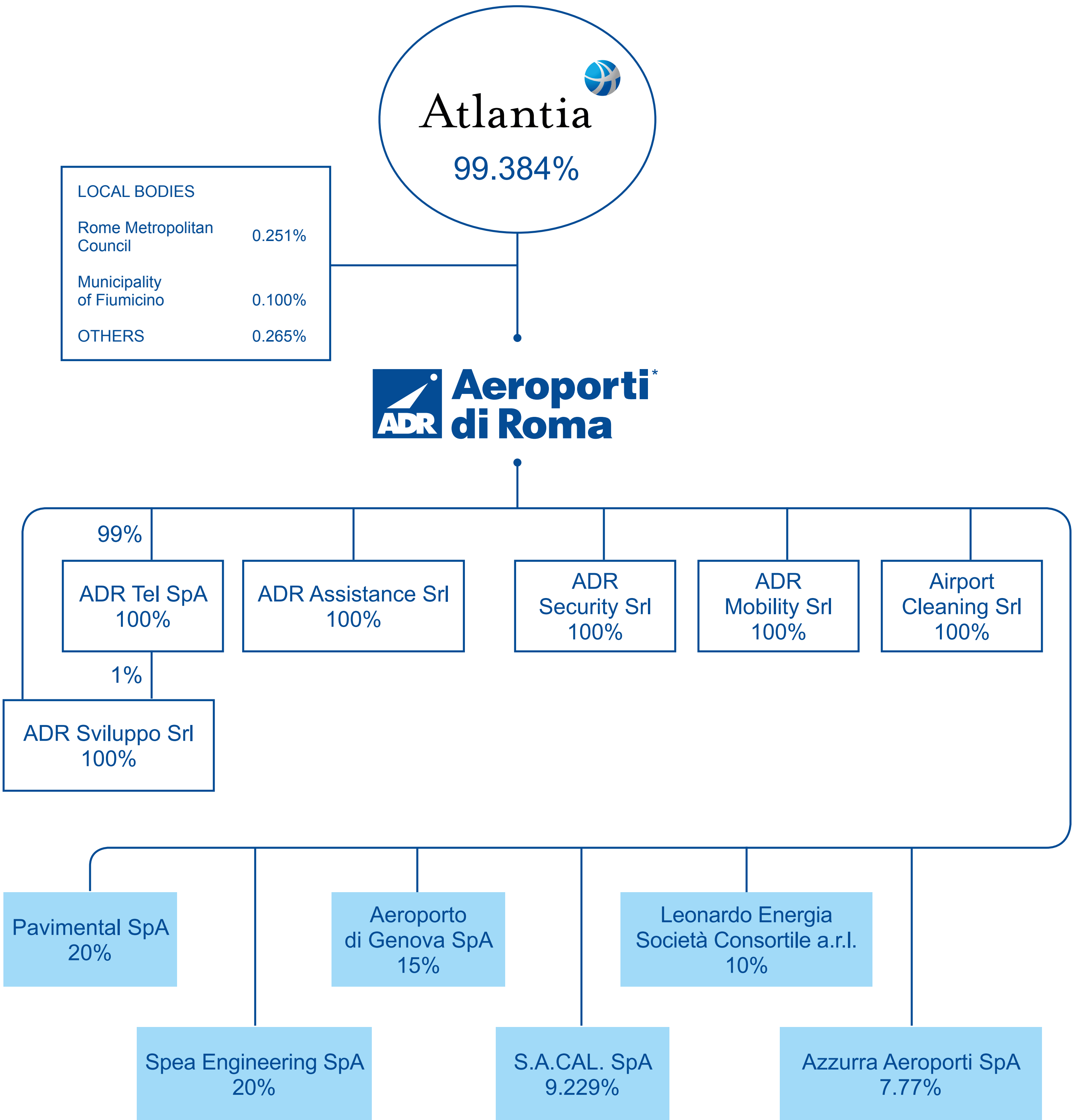
Alternate Auditors
Fabio Margara
Massimiliano Troiani

INDEPENDENT AUDITORS

(2013-2021 accounting periods)

EY S.p.A.

The Group's Structure



SUBSIDIARY UNDERTAKINGS | ASSOCIATED UNDERTAKINGS AND OTHER COMPANIES

* 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)

MANAGEMENT REPORT ON OPERATIONS

MANAGEMENT REPORT ON OPERATIONS

CORE BUSINESS

Reference scenario

Airport sector performance

Aeronautical

Air traffic grew worldwide for the ninth year in a row, aided by the improved global economy and the drop in the price of oil.

As a whole, airports recorded movements for more than 7.2 billion passengers and 104.2 million tons of transported cargo, rising 5.9% and 3.3% respectively, compared to 2017[2].

Good results were achieved for each geographic area, with developments in both the international segment (+6.7%) and the domestic segment (+5.3%). In particular, Asia recorded an increase of +6.6%, supported by China, which in the last decade tripled the traffic volumes. Also Europe improved at the end of the year just concluded, recording an increase in passenger traffic of +6.2%. While in Asia a development trend continues in domestic and international flows, Europe saw a greater contribution from the international segment (+6.9%), combined, to a lesser extent, with the good performance of the domestic market (+4.3%).

Supported by the improved global economic conditions and world trade, because of the rise in import and export orders, global cargo transport grew considerably in 2018. Scheduled world cargo traffic, measured in Ftk (Freight Tonne-Kilometre), increased by 3.3% in 2018, improving significantly after the 7.9% growth of 2017.

With reference to the Italian market, during 2018 passenger traffic increased in line with the industry trend, recording growth of +5.9%[3]. The comparison reveals how Italy follows the European evolutions, with international growth at 7.2%, while the increase in domestic traffic was more modest (+3.3%), also due to greater competition from the High-speed rail, which is eroding traffic volumes on the main North-Centre and Centre-South connection basins.

2 Source: ACI Pax/Freight Flash Report (January-December 2018).
3 Source: Assaeroporti (January-December 2018).

GRAPH 1

Percentage change in passenger traffic vs 2017: World, Europe and Italy

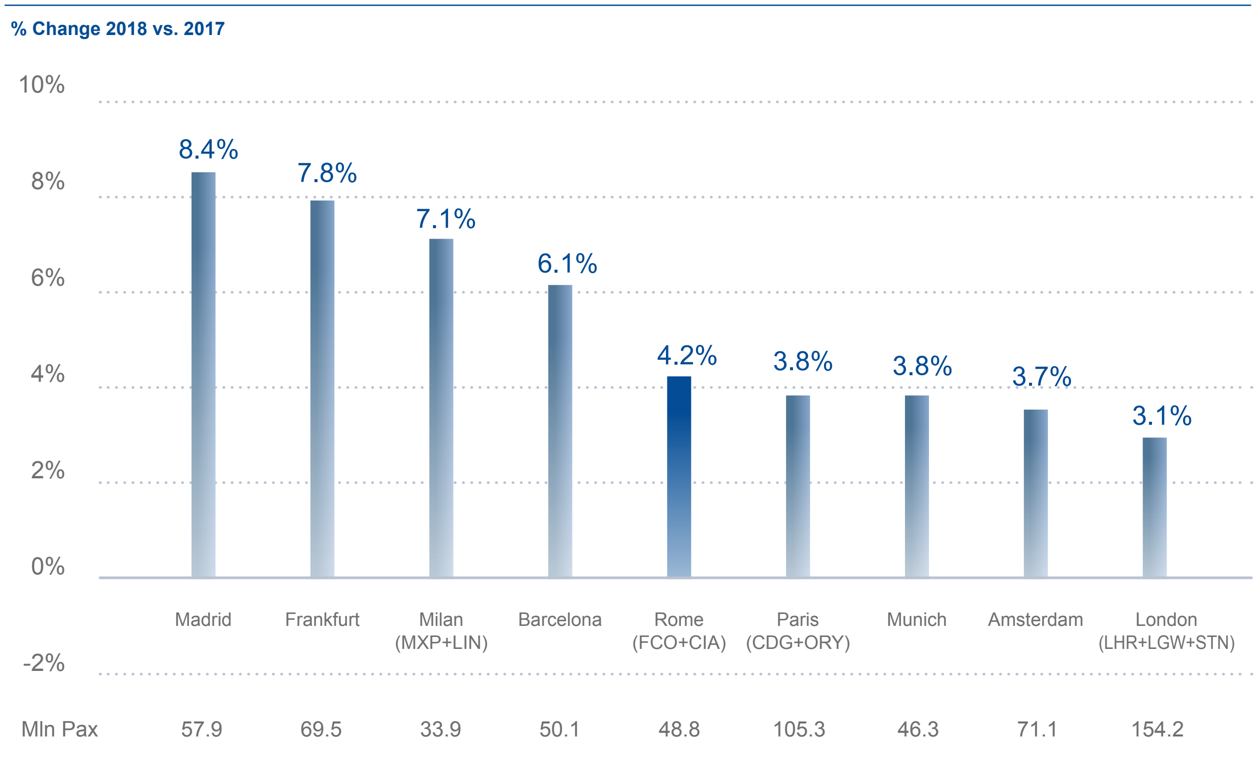
World	4.9%	6.6%	8.1%	6.1%	5.6%	7.2%	5.4%	5.4%	5.1%	5.5%	5.0%	4.8%
Europe	7.6%	6.6%	8.6%	5.0%	6.2%	6.8%	5.1%	5.3%	5.5%	6.8%	6.5%	6.3%
Italy	5.7%	6.8%	7.3%	5.9%	5.5%	5.2%	3.3%	4.3%	5.2%	6.7%	8.9%	5.9%

The cargo traffic segment decreased overall by -0.5%, compared to the 3.9% of 2017. The result is affected by the decrease regarding Milano Malpensa (-2.9%), which accounts for about 50% of total cargo in Italy.

The Roman airport system is the seventh in Europe in terms of passenger traffic volumes. In 2018 the main European airport operators recorded results ranging between +8.4% for Madrid and +3.1% for London, with the Roman airport system recording a significant increase in terms of traffic (+4.2%); the graph below shows overall traffic volumes and the relevant percentage differences compared to the previous year.

GRAPH 2

Results of the main airport systems in Europe



Source: ACI Rapidex (January-December 2018).

The Roman Airport System

Aeronautical

During 2018, more than 48.8 million passengers used the Roman airport system. This value has allowed the main Italian airport system to exceed its own all-time record, with traffic volumes that go beyond those reached in 2016. Overall increase equaled +4.2%, with about 2 million additional passengers. In terms of capacity, a growth was recorded in movements (+2.5%), aircraft tonnage (+6.0%) and seats (+4.6%).

The international market is the driver of the growth, recording a +5.6% increase in volume with 37 million passengers, while the domestic market traffic remained unchanged (+0.0%).

In particular, the development of international traffic was characterized by the trend of the Non-EU market that, with 12.8 million passengers, recorded a +14.1% increase from the start of the year, thus consolidating its first place in the Italian airport system for traffic volumes.

Traffic growth was supported by the rising number of aircraft movements that, exceeding 360 thousand movements on an annual basis, recorded a +2.5% growth compared to 2017.

The average load factor is essentially in line with the previous year, at 78.8% at the end of 2018.

TABLE 1
Main traffic data of the Roman airport system

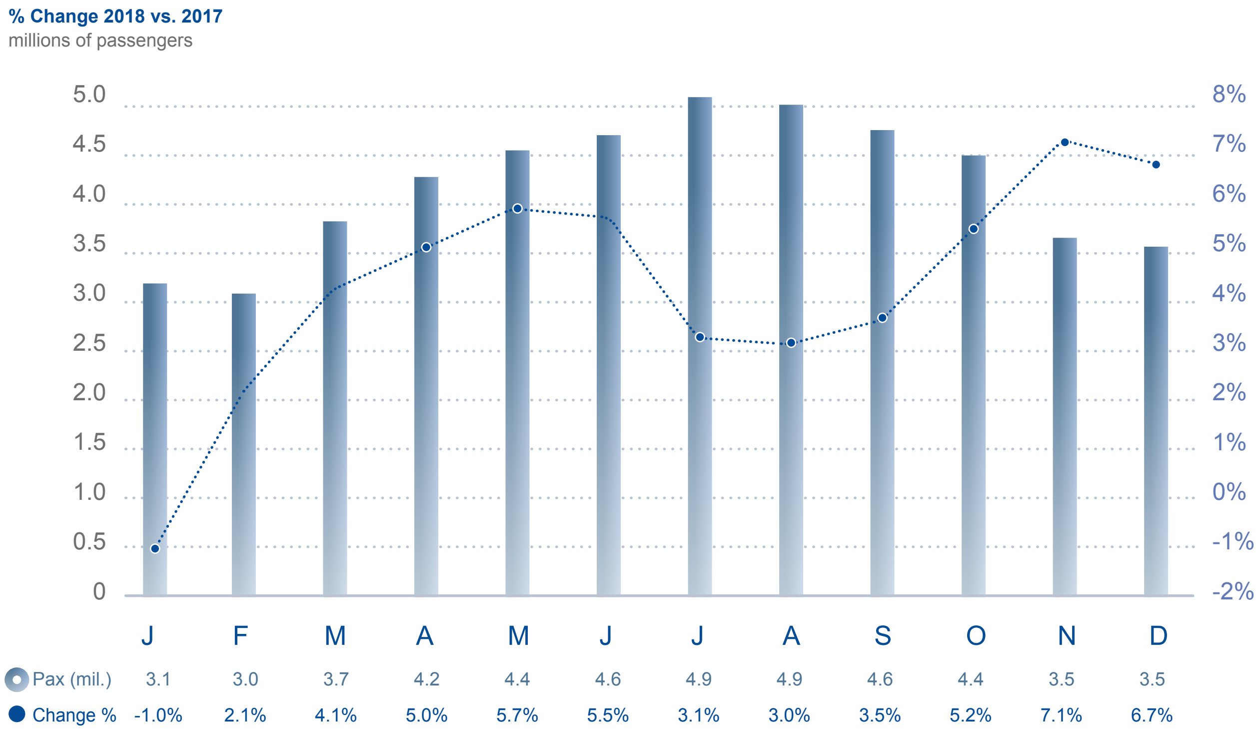
	2018	2017	Δ%
Movements (no.)	**360,385**	**351,727**	**2.5%**
Fiumicino	307,736	297,491	3.4%
Ciampino	52,649	54,236	(2.9%)
Passengers (no.)	**48,834,856**	**46,857,693**	**4.2%**
Fiumicino	42,995,119	40,971,881	4.9%
Ciampino	5,839,737	5,885,812	(0.8%)
of which: boarded	24,354,865	23,365,521	4.2%
Fiumicino	21,420,026	20,408,629	5.0%
Ciampino	2,934,839	2,956,892	(0.7%)
Cargo (t.)	**217,883**	**196,940**	**10.6%**
Fiumicino	199,637	179,927	11.0%
Ciampino	18,246	17,013	7.2%
Carriers (no.)			
Fiumicino	91	91	0.0%
Ciampino	2	2	0.0%
Destinations (no.)			
Fiumicino	204	203	0.5%
Ciampino	57	56	1.8%

The traffic trend in 2018 was affected by the new connections and by an increase in the offer of international destinations already served, in particular outside Europe, which allowed, given a substantial stability of the connections on the domestic markets, a development of volumes managed.

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

GRAPH 1

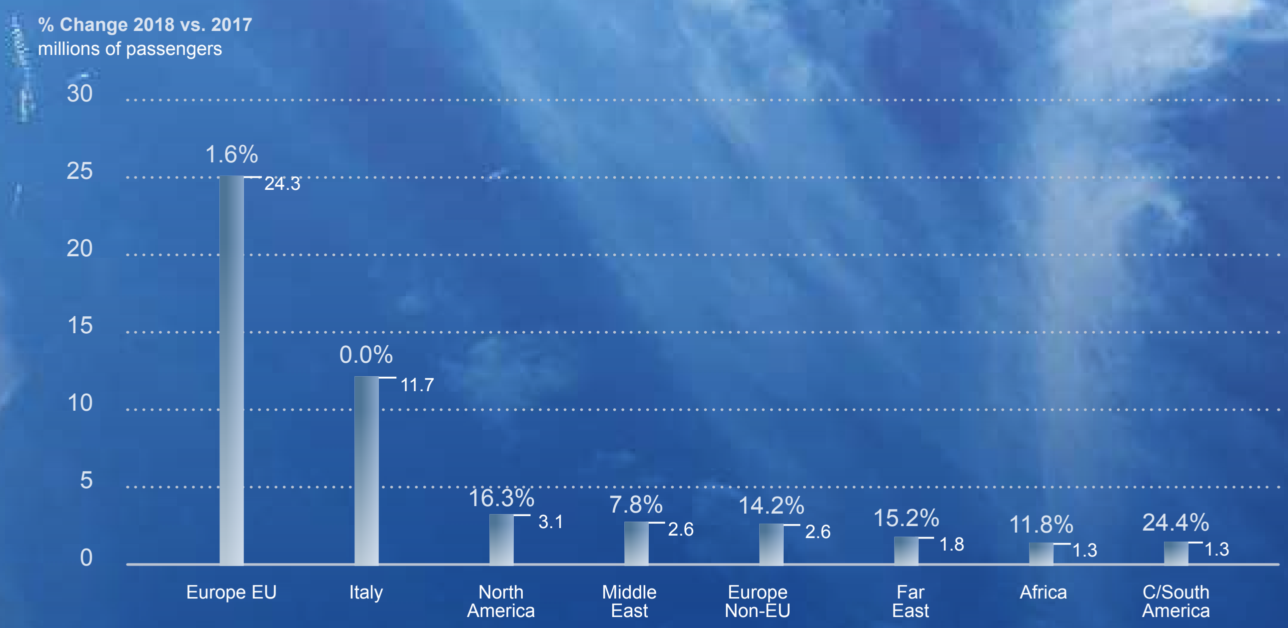
Monthly trend in passenger traffic in the Roman airport system compared to 2017



In terms of distribution of passengers by geographic area, mention should be made of the growth in all the markets, with Central/South America (+24.4%) ranking first, followed by North America (+16.3%), the Far East (+15.2%), Non-EU Europe (+14.2%), Africa (+11.8%) and the Middle East (+7.8%); growth was seen in EU Europe (+1.6%) while domestic traffic remains stable (+0.0%).

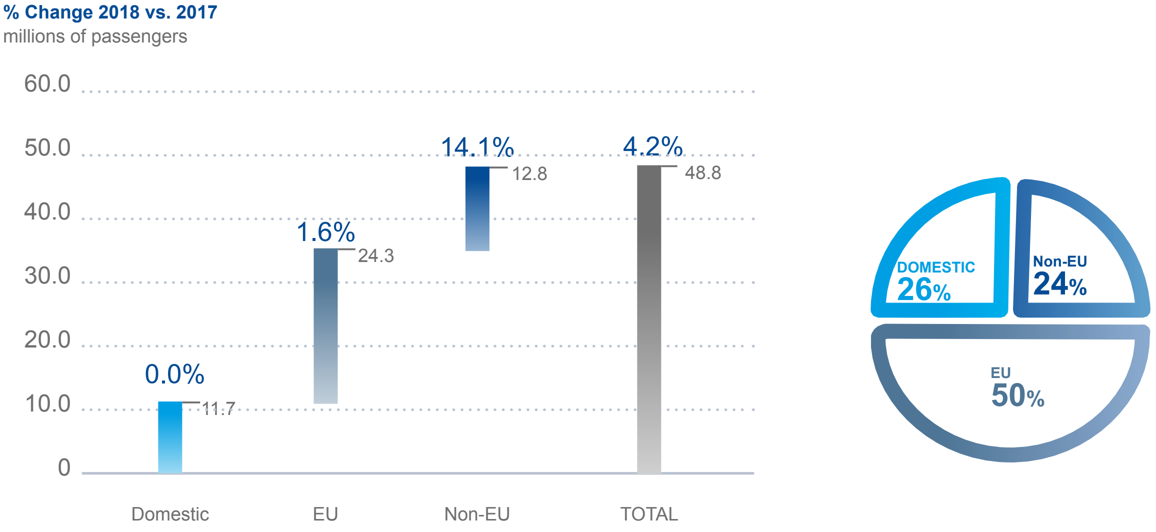
GRAPH 2

Passenger traffic distribution of the Roman airport system by geographic area



GRAPH 3

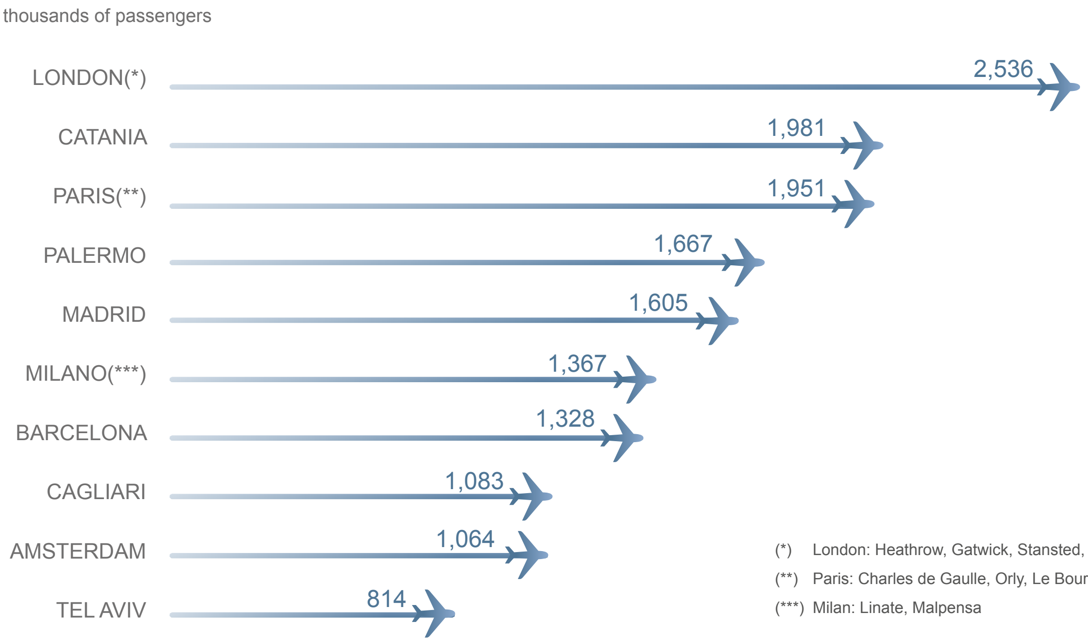
2018 traffic composition for the Roman airport system (millions of passengers)



In terms of network, the Roman airport system, with the two airports of Fiumicino and Ciampino, permanently connected more than 230 destinations through about 100 airlines. The carriers and the most significant destinations are reported in the graphs below.

GRAPH 4

Main destinations served

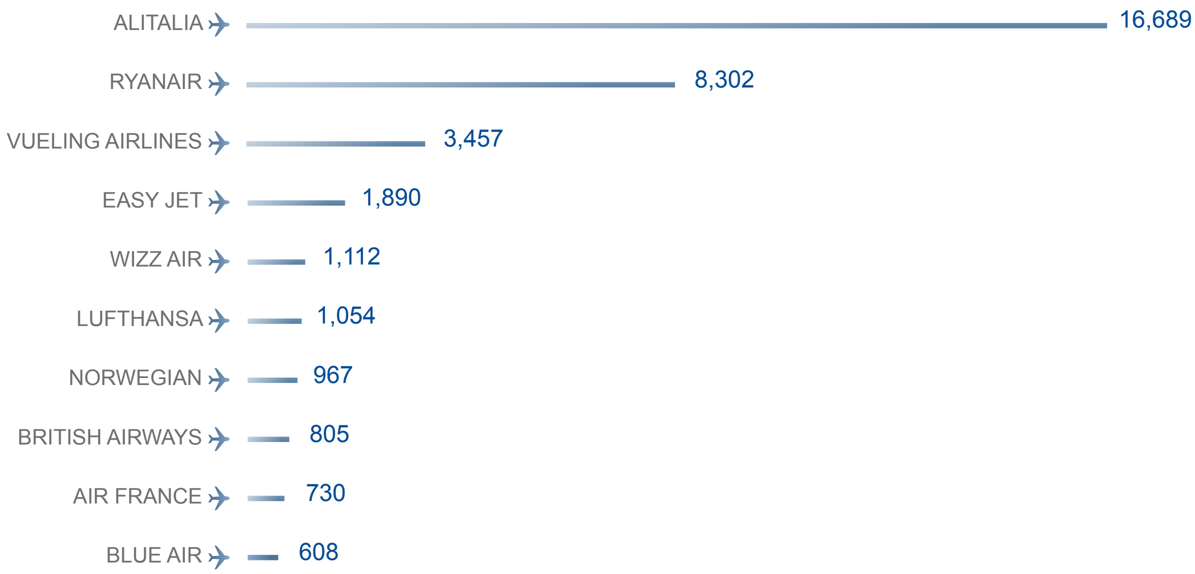


(*) London: Heathrow, Gatwick, Stansted, Luton, London City
(**) Paris: Charles de Gaulle, Orly, Le Bourget
(***) Milan: Linate, Malpensa

GRAPH 5

Main carriers

thousands of passengers



Fiumicino

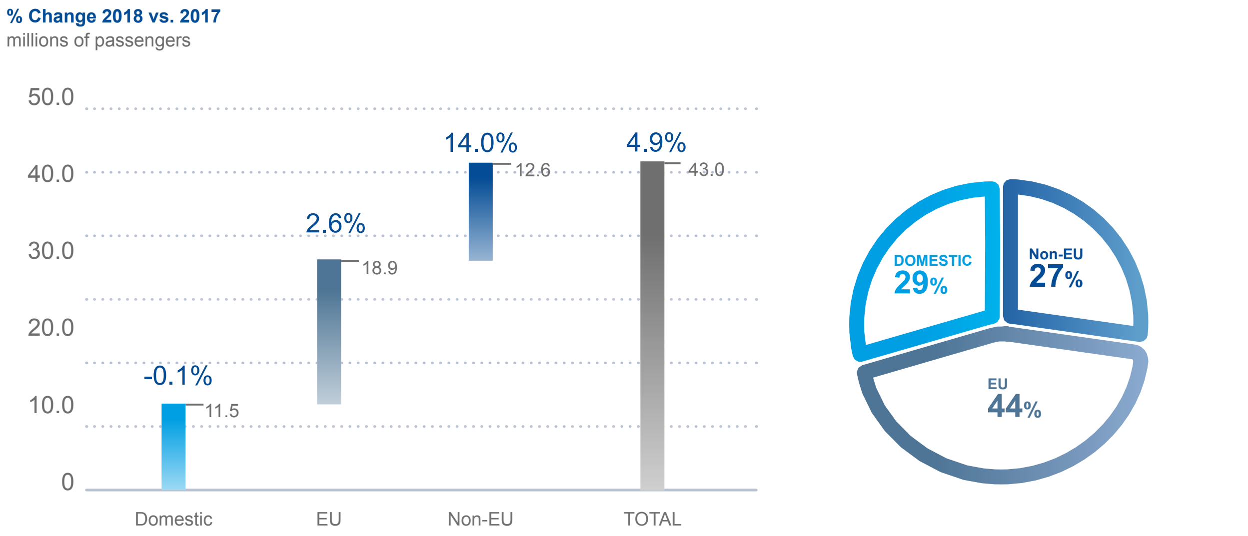
Fiumicino airport, which permanently connected Rome with more than 200 destinations, welcomed about 43 million passengers in 2018. This is an all-time record for the main Italian airport, which increased its traffic flows by 4.9%, with 2 million additional passengers.

An analysis of the results by network sector shows that the growth in volumes is due to the development of the international segment (+6.9%), mainly driven by Non-EU market (+14.0%).

Specifically, the EU segment, equal to 44% of total traffic, shows a +2.6% increase, while Non-EU traffic, ending 2018 with passenger volumes exceeding those generated by domestic traffic, continues the development trend with double digit growth (+14.0%), mainly driven by long-haul market.

In addition, capacity is growing both in terms of aircraft movements (+3.4%) and seats offered on board (+5.3%), with the average load factor standing at 77.6%, essentially stabile compared to the previous year.

GRAPH 6
2018 traffic composition at Fiumicino airport (millions of passengers)

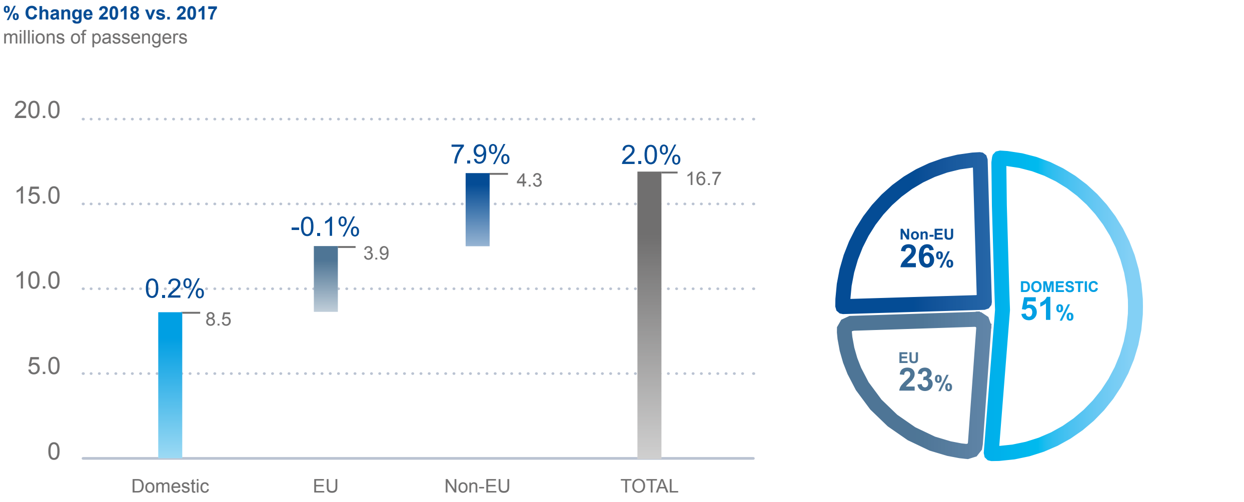


The following results emerge when analyzing the performance of international traffic by geographic area:

- Europe (+3.8%): overall traffic from/to Europe (EU and non-EU) accounted for 50% of passenger traffic at Fiumicino. Growth in EU volumes (+2.6%) is especially attributable to the increases towards the main European airports (Paris, Madrid, Barcelona, London, Vienna), while the increase in Non-EU traffic (+13.5%) is mainly due to the sharp rise in traffic towards Russia, Ukraine and Turkey;
- Middle East (+7.6%): the positive results are attributable to the development of numerous airlines on the Fiumicino-Tel Aviv route (Alitalia, Vueling, Ryanair, Norwegian), in addition to the Qatar Airways increases to Doha, which have reached three flights a day;
- North America (+16.3%): the increase in traffic is mainly attributable to Norwegian starting operations on New York and Los Angeles at the end of 2017, with positive effects for all of 2018, in addition to the flight to San Francisco starting in February. Alongside the numerous increases to the USA by Delta, United and America Airlines and the growth to Canada by Air Canada and Air Transat;
- Far East (+15.2%): the development is mainly due to the start of the direct flight to Canton by China Southern, as well as the increases to Korea, Taiwan and Singapore. Worth highlighting is also the good performance of Alitalia (+24.4%) with the start of operations to Delhi and Male in October 2017;
- Central South America (+24.5%): the positive results are mainly due to the operations of LATAM, the main South American airline to Sao Paulo. A significant contribution also came from Alitalia, which increased its flights to both Rio de Janeiro and Sao Paulo. Another contribution comes from the increase in frequencies by Aerolineas Argentinas, which in the summer of 2017 started offering its daily connection to Buenos Aires, also positively affecting the results for the first few months of 2018;
- Africa (+11.9%): the good performance mainly derives from Alitalia's flights to Johannesburg and Mauritius, in addition to a partial recovery of the traffic lost in previous years due to geo-political issues, mainly towards the North African area.

Passenger traffic trends at Fiumicino airport are influenced by the performance of the main carrier (Alitalia, with a share of around 40% of traffic), which in 2018 experienced a rise of passengers transported equal to +2.0% compared to the previous year. The positive result of +330 thousand passengers is almost entirely due to the growth of the Non-EU market (+7.9%), with the EU and Domestic segment essentially unchanged compared to 2017.

GRAPH 7
2018 traffic composition for the carrier Alitalia



Cargo traffic records an +11% growth compared to the previous year, reaching almost 200 thousand tons moved, thanks to the increase in scheduled flights to long-haul Non-European destinations. This development was supported by the excellent performance recorded in the markets: USA (+11%), Qatar (+26%), Brazil (+41%), India (+276%) and Argentina (+26%).

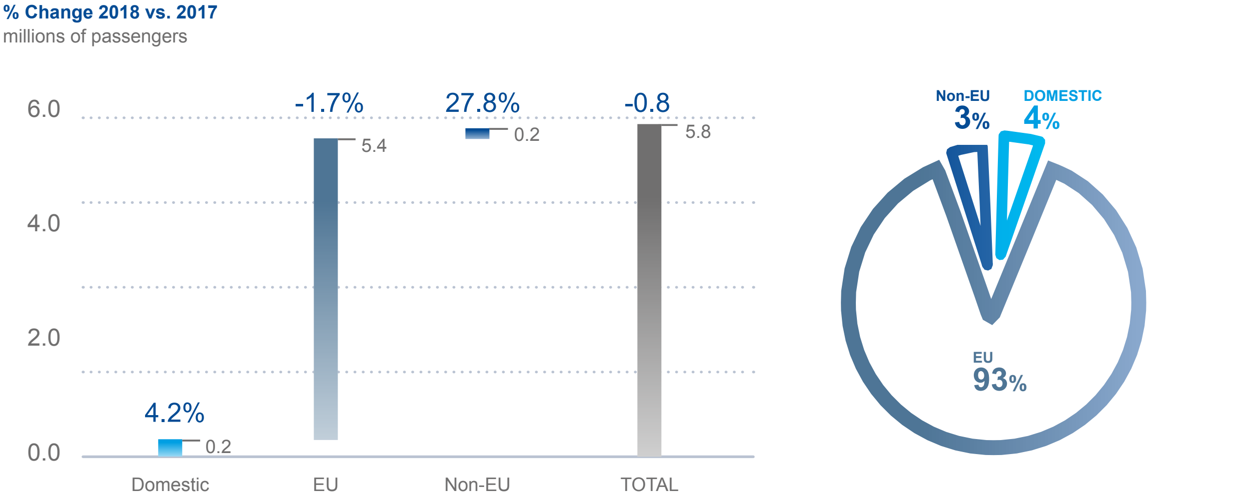
Ciampino

Ciampino airport in 2018 recorded a slight decline in passengers transported (-0.8%), due to a decrease in commercial movements[4] (-1.1%) and in commercial seats offered on board the aircraft (-1.1%) due to the Ryanair reductions (largest carrier operating at the airport) mainly to Athens and Germany. The coefficient of the load factor rose +0.4%, coming to 89%. With reference to traffic to the main geographic areas, the passengers transported to EU destinations represented 93% of total traffic, recording a drop of -1.7%, while the performance in the Domestic (+4.2%) and Non-EU sectors grew: the former, thanks to the partial transfer of the flight to Comiso from Fiumicino, while the former thanks to the launch of operations to Jordan, the increases to Marrakech and the positive effect on the first few months of the year of the flight for Skopje operated by Wizzair.

4 Commercial movements mean all the flights for passengers and/or goods and mail for payment or chartered; these mainly include scheduled and charter flights.

GRAFPH 8

2018 traffic composition for Ciampino airport



Non-aeronautical

Non-aeronautical activities generated 27.6% of revenues on the Roman airport system, from airport management from the Aeroporti di Roma Group ("ADR Group").

In particular, please note the growth in commercial sub-concessions (+6.7%), thanks to the im-proved passenger mix – qualitatively more favorable for commercial activities – and the new openings in the Food&Beverage segment, in addition to the full operation of the new "Front Building" commercial space. All the categories benefitting from this context recorded a positive performance: Core Categories increased revenues by 6.0%, Specialist Retail by 9.0%, mostly due to the "Luxury" segment, and Food & Beverage by 4.2%. The Commercial Service category also recorded a positive performance (+8.7%), especially thanks to the growth of Extra-Schengen passengers.

TABLE 1

Main indicators of non-aeronautical activities for Fiumicino

	M.U.	2018	2017	Δ%
Shop average spending	€ / outbound passenger	14.90	14.69	1.5%
Retail area per million passengers	average m²	690	726	(4.9%)
Refreshment average spending	€ / outbound passenger	5.40	5.16	4.7%
Refreshment outlet per million passengers	average m²	636	668	(4.8%)
Passenger car parking average spending	€ / outgoing passenger	1.33	1.30	1.7%

TABLE 2

Main indicators of non-aeronautical activities for Ciampino

	M.U.	2018	2017	Δ%
Shop average spending	€ / outbound passenger	4.75	4.35	10.1%
Retail area per million passengers	average m2	258	237	9.9%
Refreshment average spending	€ / outbound passenger	3.46	3.23	8.1%
Refreshment outlet per million passengers	average m2	237	229	4.1%
Passenger car parking average spending	€ / outgoing passenger	0.70	0.70	(0.5%)

Consolidated financial review

Consolidated economic performance

TABLE 1
Reclassified consolidated income statement

(THOUSANDS OF EUROS)	2018	2017(*)	Change	% Change
Revenues from airport management of which:	921,500	875,342	46,158	5.3%
aeronautical revenues	666,970	633,773	33,197	5.2%
non-aeronautical revenues	254,530	241,569	12,961	5.4%
Revenues from construction services	109,658	117,224	(7,566)	(6.5%)
Other operating income	13,990	18,789	(4,799)	(25.5%)
Total revenues	**1,045,148**	**1,011,355**	**33,793**	**3.3%**
External operating costs	(160,907)	(157,875)	(3,032)	1.9%
Costs for construction services	(101,464)	(109,269)	7,805	(7.1%)
Concession fees	(36,239)	(33,461)	(2,778)	8.3%
Payroll costs	(167,964)	(166,175)	(1,789)	1.1%
(Allocation to) Re-absorption of allowances for risks and charges	(1,278)	(535)	(743)	138.9%
Total net operating costs	**(467,852)**	**(467,315)**	**(537)**	**0.1%**
Gross operating income (EBITDA)	**577,296**	**544,040**	**33,256**	**6.1%**
Amortization and depreciation, write-downs and reversals	(103,621)	(91,488)	(12,133)	13.3%
Provisions for renovation and other adjusting provisions	(57,528)	(50,888)	(6,640)	13.0%
Operating income (EBIT)	**416,147**	**401,664**	**14,483**	**3.6%**
Financial income (expense)	(53,331)	(52,991)	(340)	0.6%
Share of profit (loss) of associates accounted for using the equity method	(3,679)	5,229	(8,908)	(170.4%)
Income (loss) before taxes from continuing operations	**359,137**	**353,902**	**5,235**	**1.5%**
Taxes	(112,897)	(108,930)	(3,967)	3.6%
Net income (loss) from continuing operations	**246,240**	**244,972**	**1,268**	**0.5%**
Net income (loss) from discontinued operations	0	0	0	0.0%
Net income (loss) for the year	**246,240**	**244,972**	**1,268**	**0.5%**
Share of income (loss) for the year pertaining to third party Shareholders	0	0	0	0
Group share of income (loss) for the year	**246,240**	**244,972**	**1,268**	**0.5%**

(*) Figures for 2017 differ from those contained in the 2017 Annual Financial Report due to the reclassification of air traffic incentive costs from the item “external operating costs” reducing the item “revenues from airport management”. This reclassification was necessary following the entry into force of the new IFRS 15 standard from 1 January 2018. In addition, it is worth noting that, as part of the activities resulting from the acquisition of the Abertis Group by the parent company Atlantia and in order to ensure consistency of the accounting treatments concerned by the business combination, it was decided to amend the classification, adopted so far within the Atlantia Group, of the allocations to the allowances for risks and charges, including them among the components that determine the EBITDA, just like the other operating income and expenses. This representation was adopted both for the data of 2018 and the comparison data of 2017

Revenues

- Revenues from airport management, equal to 921.5 million euros, rose by 5.3% compared to the previous year, due to the growth in aeronautical activities (+5.2%), attributable to the overall positive trend in traffic volumes (passengers +4.2%). The performance of the non-aeronautical sector also improved (+5.4%), thanks to the positive trend of all the segments of the commercial sub-concessions (+6.7%), in correlation to both the increase in passenger volumes and type and the Commercial Area "E" becoming fully operational (inaugurated on December 21, 2016); the growth is concentrated in particular in the specialist retail and core categories segments. Also the revenues from real estate management recorded a positive trend (+9.6%), partly offset by the reduction in advertising revenues (-4.7%);
- Revenues from construction services equaled 109.7 million euros, down compared to last year (7.6 million euros).
- Other operating income amounted to 14.0 million euros, down 4.6 million euros compared to 2017, the year when the effect of a re-absorption of the allowances for risks and charges of 4.6 million euros was recognized.

Net operating costs

- External operating costs, equal to 160.9 million euros, increased by 3.0 million euros compared to 2017 (+1.9%) due to the increase in costs for maintenance activities on the BHS plant in T3, which became fully operational during the first half of 2017, and the rising IT maintenance costs combined with higher sundry general expenses.
- Costs for construction services, equal to 101.5 million euros, fell by 7.8 million euros compared to 2017.
- The liability for concession fees amounts to 36.2 million euros, an increase of 2.8 million euros compared to 2017 as a result of rising traffic and the inflation dynamics.
- Payroll costs, amounting to 168.0 million euros, rose by 1.1% (+1.8 million euros) due to the increase in the average headcount (+26.7 FTE), as well as the effect of non-recurring components and the increase in the average cost, partly offset by the positive effect deriving from the evolution of the fair value of the stock incentive plans. The increase in the average headcount is mainly due to the in-sourcing initiatives and the enhancement of the maintenance activities concluded during 2017, the upgrade of the Airside Operations area and the other organizational areas supporting the business as well as the increase in assistance to passengers with reduced mobility (PRM) during the year, partly offset by the reduction in the workforce deriving from actions to optimize the operating processes.
- (Allocation to) Re-absorption of allowances for risks and charges for 1.3 million euros, include allowances for 1.6 million euros, (0.5 million euros in 2017) and an absorption of allowances for risks for -0.3 million euros.

Gross operating income (EBITDA)

The gross operating income (EBITDA), equal to 577.3 million euros, rose by 33.3 million euros compared to 2017 (+6.1%).

Amortization and depreciation

Amortization of intangible assets and depreciation of tangible assets stood at 103.6 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 12.1 million euros increase compared to 2017 is attributable to the operational start-up of new systems and infrastructures.

Provisions for renovation and other adjusting provisions

This item, totaling 57.5 million euros (50.9 million euros in the comparison period), is broken down as follows:

- allocation to the provisions for renovation of airport infrastructure, amounting to 56.4 million euros (44.3 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;
- allocation to the provisions for doubtful accounts, amounting to 1.1 million euros, down -5.5 million euros compared to 2017, which was affected by Alitalia SAI entering the extraordinary administration procedure.

Operating income (EBIT)

Operating income (EBIT) was equal to 416.1 million euros, increasing by 14.5 million euros (+3.6%) compared to 2017.

Financial income (expense)

Net financial expense amounted to 53.3 million euros, overall in line with 2017 (+0.3 million euros). In detail, the increase in net financial expense deriving from the rising average debt compared to the reference year, is almost entirely offset by the effect of the dividends resolved by the subsidiary Azzurra Aeroporti S.p.A., equal to 1.9 million euros.

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

This item, equal to -3.7 million euros (+5.2 million euros in the comparison period), includes the write-down of the equity investments in the associates Spea Engineering S.p.A. (-0.6 million euros) and Pavimental S.p.A. (-3.1 million euros); whereas in 2017 the two equity investments were revalued by 1.2 million euros and 4.0 million euros, respectively.

Group share of income (loss) for the year

Net of the tax burden estimated for current and deferred taxes of 112.9 million euros (108.9 million euros in the previous year), in 2018 the ADR Group recorded a net income of 246.2 million euros, up by 1.3 million euros.

TABLE 2
Consolidated Statement of Comprehensive Income

(THOUSANDS OF EUROS)	2018	2017
NET INCOME FOR THE YEAR	**246,240**	**244,972**
Share of cash flow hedge derivative financial instruments	(8,111)	13,521
Tax effect	1,947	(3,244)
Share pertaining to the "other components of comprehensive income" of equity investments accounted for using the equity method	(39)	101
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect	**(6,203)**	**10,378**
Income (loss) from actuarial valuation of employee benefits	108	(172)
Tax effect	(27)	42
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect	**81**	**(130)**
Reclassifications of the other components of the comprehensive income statement for the year	**1,551**	**1,370**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT	**(4,571)**	**11,618**
COMPREHENSIVE INCOME FOR THE YEAR	**241,669**	**256,590**
of which		
Comprehensive income attributable to the Group	241,669	256,590

Consolidated financial performance

TABLE 3
Reclassified consolidated balance sheet

(THOUSANDS OF EUROS)		12.31.2018	12.31.2017	Change
	Intangible fixed assets	2,374,328	2,349,800	24,528
	Tangible fixed assets	44,327	52,280	(7,953)
	Non-current financial assets	73,008	78,079	(5,071)
	Deferred tax assets	44,290	65,129	(20,839)
	Other non-current assets	408	443	(35)
A	**FIXED ASSETS**	**2,536,361**	**2,545,731**	**(9,370)**
	Trade assets	316,334	319,309	(2,975)
	Other current assets	13,136	14,058	(922)
	Current tax assets	7,739	18,881	(11,142)
	Trade liabilities	(173,732)	(191,502)	17,770
	Other current liabilities	(174,797)	(172,284)	(2,513)
	Current tax liabilities	(21,475)	(483)	(20,992)
B	**WORKING CAPITAL**	**(32,795)**	**(12,021)**	**(20,774)**
	Provisions for employee benefits	(540)	(938)	398
	Provisions for renovation of airport infrastructure	(66,042)	(68,799)	2,757
	Other allowances for risks and charges	(7,409)	(14,028)	6,619
C	**CURRENT SHARE OF PROVISIONS**	**(73,991)**	**(83,765)**	**9,774**
D = B + C	**WORKING CAPITAL NET OF THE CURRENT SHARE OF PROVISIONS**	**(106,786)**	**(95,786)**	**(11,000)**
	Non-current liabilities	(154,515)	(152,022)	(2,493)
E	**NON-CURRENT LIABILITIES**	**(154,515)**	**(152,022)**	**(2,493)**
F = A + D + E	**NET INVESTED CAPITAL**	**2,275,060**	**2,297,923**	**(22,863)**
	Group Shareholders' Equity	1,106,876	1,108,224	(1,348)
	Minority Interests in Shareholders' Equity	0	0	0
G	**Shareholders' EQUITY**	**1,106,876**	**1,108,224**	**(1,348)**
	Non-current financial liabilities	1,485,965	1,488,410	(2,445)
	Other non-current financial assets	(4,517)	(12,950)	8,433
H	**NON-CURRENT NET DEBT**	**1,481,448**	**1,475,460**	**5,988**
	Current financial liabilities	16,286	16,278	8
	Current financial assets	(329,550)	(302,039)	(27,511)
I	**CURRENT NET DEBT**	**(313,264)**	**(285,761)**	**(27,503)**
L = H + I	**NET DEBT**	**1,168,184**	**1,189,699**	**(21,515)**
G + L	**HEDGING OF INVESTED CAPITAL**	**2,275,060**	**2,297,923**	**(22,863)**

Fixed assets

- Fixed assets as of December 31, 2018 equaled 2,536.4 million euros, reducing by 9.4 million euros compared to the end of 2017, mainly due to the following changes:
- an increase in intangible fixed assets (+24.5 million euros), substantially in relation to the investments for the year (117.5 million euros) and the advances paid to suppliers (1.3 million euros), partly offset by amortization and depreciation (89.3 million euros) and the recovery of advances paid to suppliers (-5.3 million euros);
- a decrease in tangible fixed assets (+8.0 million euros), mainly attributable to the investments for the year (6.6 million euros), more than offset by amortization and depreciation (14.3 million euros);

- a decrease in non-current financial assets (5.1 million euros) attributable to the valuation of associated undertakings accounted for using the equity method, which takes into account the pro rata results of the year equal to -0.6 million euros for Spea Engineering S.p.A. and -3.1 million euros for Pavimental S.p.A., as well as the dividend distribution resolved by Spea Engineering S.p.A. (1.4 million euros);
- decrease in deferred tax assets for 20.8 million euros mainly in relation to the trend of the provisions for renovation of airport infrastructure and the allowances for risks and charges.

Working capital

Working capital was negative for 32.8 million euros, down 20.8 million euros compared to December 31, 2017 due to the events described below.

- Trade assets equal to 316.3 million euros, are essentially in line with the value at the end of 2017 (-3.0 million euros), despite the growth in volumes of activities.
- Current tax assets decreased by 11.1 million euros and current tax liabilities increased by 21.0 million euros due to the estimated tax burden in the year, net of payment of the balance for 2017 and the advances for 2018.
- Trade liabilities decreased by 17.8 million euros. This is essentially attributable to the decrease in amounts due to suppliers deriving from the drop in the volume of investments made in 2018 compared to the previous year.
- Other current liabilities rose by 2.5 million euros overall, mainly as the combined effect of:
  - increase of 4.0 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 against the debiting towards the carriers, is settled in line with the collection policies, with ADR paying it back to the end beneficiaries on a quarterly basis;
  - decrease in the payables for surtax on passenger fees of 6.6 million euros due to the impact of the performance during the year 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;
  - increase in payables to personnel for 1.9 million euros attributable to the rise in current payables;
  - increase in payables for security deposits of 2.9 million euros.

Current share of provisions and non-current liabilities

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	Change
Provisions for employee benefits	19,034	20,337	(1,303)
Provisions for renovation of airport infrastructure	181,227	181,198	29
Other allowances for risks and charges	24,440	30,169	(5,729)
TOTAL	**224,701**	**231,704**	**(7,003)**
of which:			
- current share	73,991	83,765	(9,774)
- non-current share (*)	150,710	147,939	2,771

(*) Non-current liabilities also include the item "Other liabilities" equal to 3,805 thousand euros as of December 31, 2018 and 4,083 thousand euros as of December 31, 2017.

The renovation provision, which includes the current value of the estimate of charges to be incurred for the contractual obligation to restore and replace assets under concession, is in line with the balance of the end of 2017 due to the operating uses, net of provisions for the year, which absorb the values resulting from updating the scheduled replacement/renovation actions included in the latest long-term plan approved by the ADR Group.

Other allowances for risks and charges decreased overall by 5.7 million euros mainly due to the uses for 7.0 million euros, mostly referring to the settlement of disputes with customers.

Net invested capital

The consolidated net invested capital, equal to 2,275.1 million euros as of December 31, 2018, decreased by 22.9 million euros compared to the end of the previous year.

Shareholders' equity

The Group Shareholders' equity, equal to 1,106.9 million euros, increased by 1.3 million euros compared to December 31, 2017, following the distribution of the balance of dividends for the year 2017 (135.0 million euros) and the advance on 2018 dividends (113.9 million euros), in addition to the decrease in Shareholders' equity reserves for 0.2 million euros relating to the fair value accrued on the management incentive plans of the ADR Group based on Atlantia S.p.A.'s shares. These trends were partly offset by the overall net income of the year (241.7 million euros, which includes the negative change in the fair value of derivatives) and the application of the new IFRS 9 standard from January 1, 2018, with the resulting increase in the Shareholders' equity reserves for 6.1 million euros, net of the relative tax effect.

Net debt

Net debt as of December 31, 2018 amounts to 1,168.2 million euros, down 21.5 million euros compared to the end of 2017.

TABLE 4

Consolidated net debt

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	Change
Non-current financial liabilities	1,485,965	1,488,410	(2,445)
Bonds	1,097,076	1,101,516	(4,440)
Medium/long-term loans	249,559	249,464	95
Financial instruments - derivatives	139,330	137,430	1,900
Other non-current financial assets	(4,517)	(12,950)	8,433
NON-CURRENT NET DEBT	**1,481,448**	**1,475,460**	**5,988**
Current financial liabilities	16,286	16,278	8
Current share of medium/long-term financial liabilities	16,024	16,019	5
Financial instruments - derivatives	262	259	3
Current financial assets	(329,550)	(302,039)	(27,511)
Cash and cash equivalents	(328,200)	(301,975)	(26,225)
Other current financial assets	(1,350)	(64)	(1,286)
CURRENT NET DEBT	**(313,264)**	**(285,761)**	**(27,503)**
NET DEBT	**1,168,184**	**1,189,699**	**(21,515)**

Non-current net debt

The non-current net debt amounts to 1,481.4 million euros, up by 6.0 million euros as a result of the changes described below.

- Bonds (1,097.1 million euros) refer for 231.7 million euros to Tranche A4 in pound sterling of the bonds originally issued by Romulus Finance for 398.2 million euros and to the EMTN (“Euro Medium Term Note Program”) bond loan issued by ADR in December 2013 for 467.1 million euros by the bond issued by ADR in June 2017. The decrease of 4.4 million euros is primarily due (for -8.4 million euros) to the application, from January 1, 2018 of the new IFRS 9 standard to the debt renegotiation transaction finalized by ADR in 2017 (exchange tender offer), which required the recognition in Shareholders’ equity at the beginning of the year of the difference between the pre-transaction amortized cost and the post-transaction one, calculated by using the internal original return rate. This variance was partially offset by the result of the valuation of loans using the amortized cost method.
- Derivative financial instruments, amounting to 139.3 million euros and comprising Cross Currency Swaps to hedge the Tranche A4 in pounds sterling, showed a negative fair value of 130.3 million euros, down 6.0 million euros, mainly due to the interest rate component. The residual amount of 9.0 million euros refers to the negative fair value of four forward starting Interest Rate Swap agreements (three agreements of which were signed in 2018, for a notional value of 300 million euros, with deferred application: February 20, 2023) up 7.9 million euros with respect to December 31, 2017.
- Other non-current financial assets (4.5 million euros) include the positive fair value (2.3 million euros) of three forward starting Interest Rate Swaps and the prepayment of the ancillary charges for the revolving loan (2.2 million euros). The decrease of 8.4 million euros is mainly attributable to the reduction in the fair value of the forward starting Interest Rate Swap agreements.

Current net debt

The financial position highlights, for the current part, net funds of 313.3 million euros, increasing by 27.5 million euros compared to December 31, 2017, mainly due to higher cash and cash equivalents (+26.2 million euros) and the increase in current receivables (+1.3 million euros).

TABLE 5
Consolidated Statement of Cash Flows

(THOUSANDS OF EUROS)	2018	2017
Net income for the year	**246,240**	**244,972**
Adjusted by:		
Amortization and depreciation	103,621	91,488
Allocation to provisions for renovation of airport infrastructure	56,441	44,292
Financial expense from discounting provisions	1,807	1,976
Change in other provisions	(7,137)	(49,193)
Share of profit (loss) of associates accounted for using the equity method	3,679	(5,229)
Net change in deferred tax (assets) liabilities	20,349	32,582
Other non-monetary costs (revenues)	8,328	7,166
Changes in working capital and other changes	20,061	(83,734)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**453,389**	**284,320**
Investments in tangible assets	(6,593)	(11,548)
Investments in intangible assets (*)	(118,822)	(154,556)
Works for renovation of airport infrastructure	(58,006)	(70,290)
Dividends received from equity investments accounted for using the equity method	0	2,430
Gains from disinvestments and other changes in tangible and intangible assets and equity investments	5,219	1,098
Net change in other non-current assets	35	(11)
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	**(178,167)**	**(232,877)**
Dividends paid	(248,899)	(255,744)
Issue of bonds	0	272,101
Raising of medium/long-term loans	0	180,000
Net change in other current and non-current financial liabilities	8	(19,799)
Net change in current and non-current financial assets	(106)	(181)
NET CASH FLOW FROM FUNDING ACTIVITIES (C)	**(248,997)**	**176,377**
NET CASH FLOW FOR THE YEAR (A+B+C)	**26,225**	**227,820**
Cash and cash equivalents at the start of the year	301,975	74,159
Cash and cash equivalents at the end of the year	328,200	301,979

(*) including advances to suppliers for 1,348 thousand euros in 2018 and 29,703 thousand euros in 2017.

Additional information to the statement of cash flows

(THOUSANDS OF EUROS)	2018	2017
Net income taxes paid (reimbursed)	60,416	108,218
Interest income collected	216	271
Interest payable and commissions paid	45,092	64,849

Operations of the ADR Group generated a financial flow of 453.4 million euros in 2018, rising by 169.1 million euros compared to the comparative year, due mainly to the favorable trend of the working capital and the lower use of the allowances for risks and charges.

The net cash flow from the operations was partly absorbed by investment activities, which recorded a final negative cash flow of 178.2 million euros compared to -232.9 million euros of 2017.

The net cash flow from funding activities was negative for 249.0 million euros due to the distribution of the balance of dividends for 135.0 million euros for 2017 and the advance on dividends 2018 equal to 113.9 million euros.

As a result of the trends described above, the net cash flow for the year, (+26.2 million euros), increased the cash and cash equivalents at the end of the year to 328.2 million euros compared to the opening balance of 302.0 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 Consolidated financial statements. These reclassified statements[5] contain alternative performance indicators to those directly resulting from the Consolidated 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 Consolidated 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 of the Provisions 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

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

econciliation 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 financial report containing the necessary information for calculation purposes are provided.

5 As already highlighted in the paragraph relating to the Consolidated financial review, it is worth noting that as part of the activities as a consequence of the acquisition of the Abertis Group by the parent company Atlantia and in order to ensure consistency of the accounting treatments concerned by the business combination, the classification was amended, until today adopted as part of the Atlantia Group, the allocations to allowances for risks and charges, including them among the components which determine the EBITDA, equal to the other income and expenses of an operating nature. This representation was adopted both for the data of 2018 and comparison data of 2017.

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
(Allocation to) Re-absorption of allowances for risks and charges	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
Provisions for renovation and other adjusting provisions	calculated as follows
	+ 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 year	as inferred from the consolidated financial statements
Share of income (loss) for the year pertaining to third party Shareholders	as inferred from the consolidated financial statements
Group share of income (loss) for the year	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 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.

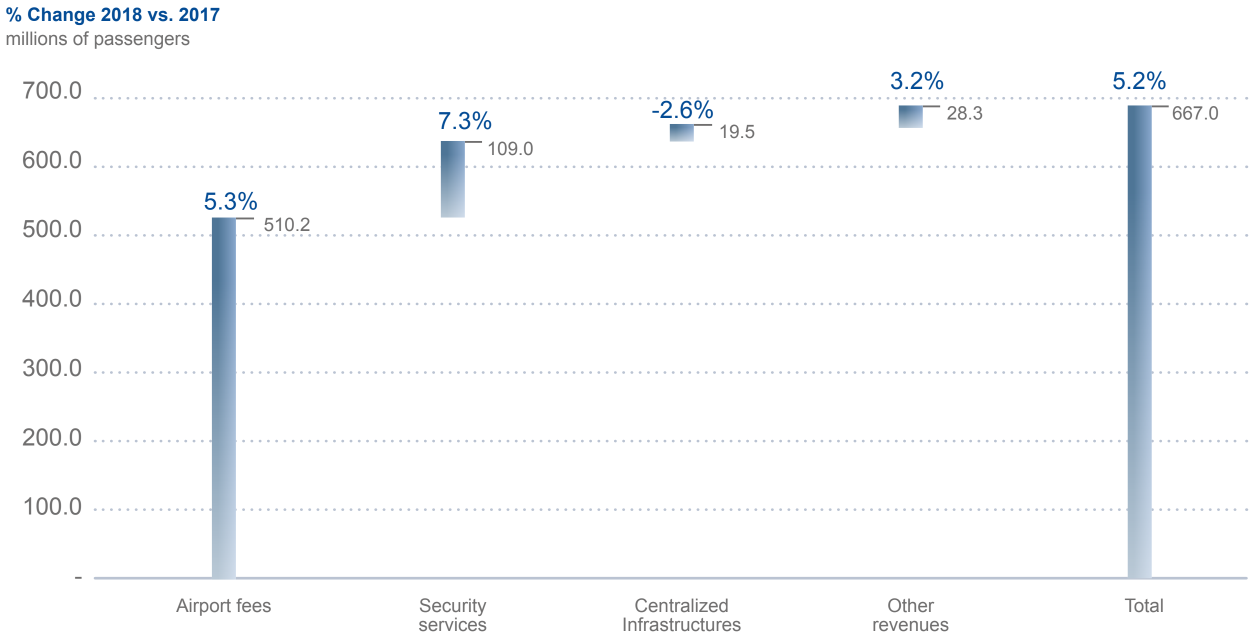
	RECLASSIFIED CONSOLIDATED BALANCE SHEET	SOURCE/CALCULATION METHOD
	Intangible fixed assets	corresponding to the item "Intangible assets" in the consolidated financial statements
	Tangible fixed assets	corresponding to the item "Tangible assets" in the consolidated financial statements
	Non-current financial 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
	Provisions 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
		+ 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, security services, centralized infrastructures and other related minor activities, generated revenues for 667.0 million euros in 2018, up by 5.2% compared to the previous year (+33.2 million euros).

GRAPH 1
Economic performance of aeronautical activities



Airport fees

Revenues from airport fees in 2018 amounted to 510.2 million euros, net of a traffic development incentive component, with an increase of 5.3%, attributable to:

- landing, take-off and parking fees: equal to 140.3 million euros, up 4.4% as the consequence of a number of movements higher than the previous year (+2.5%), higher total aircraft tonnage (+6.0%), and the adjustment of prices as of March 1, 2018, in accordance with the Planning Agreement in force;
- passenger boarding fees: amount to 367.1 million euros and recorded an increase of 5.6% compared to the previous year. This result is due to the increase in passenger traffic (+4.2%) and the favorable passenger mix, as well as the effects from the adjustment of prices as of March 1 of each year;
- cargo revenues: amount to 2.8 million euros, an increase (+8.1%) compared to the final figure of the previous year, as a result of the increase in cargo (+10.6%), which was only partially offset by the adjustment to prices applied as of March 1, 2017 and confirmed from March 1, 2018, which were lower than 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 revenues of 109.0 million euros during 2018, up 7.3% compared to the previous year. This result is due to the composition of passenger traffic, as well as having been positively influenced by the aforementioned annual price adjustments effective on both March 1, 2017 and March 1, 2018.

Centralized infrastructures

The management of centralized infrastructures, essentially attributable to the revenues from loading bridges, recorded a turnover of 19.5 million euros, slightly down from 2017 (-2.6%), from the combined effect of the availability of infrastructures and the annual price adjustment set by the Planning Agreement.

Other revenues

Revenues from other aeronautical activities stand at 28.3 million euros, rising by +3.2% compared with the figure of the previous year and essentially resulting from:

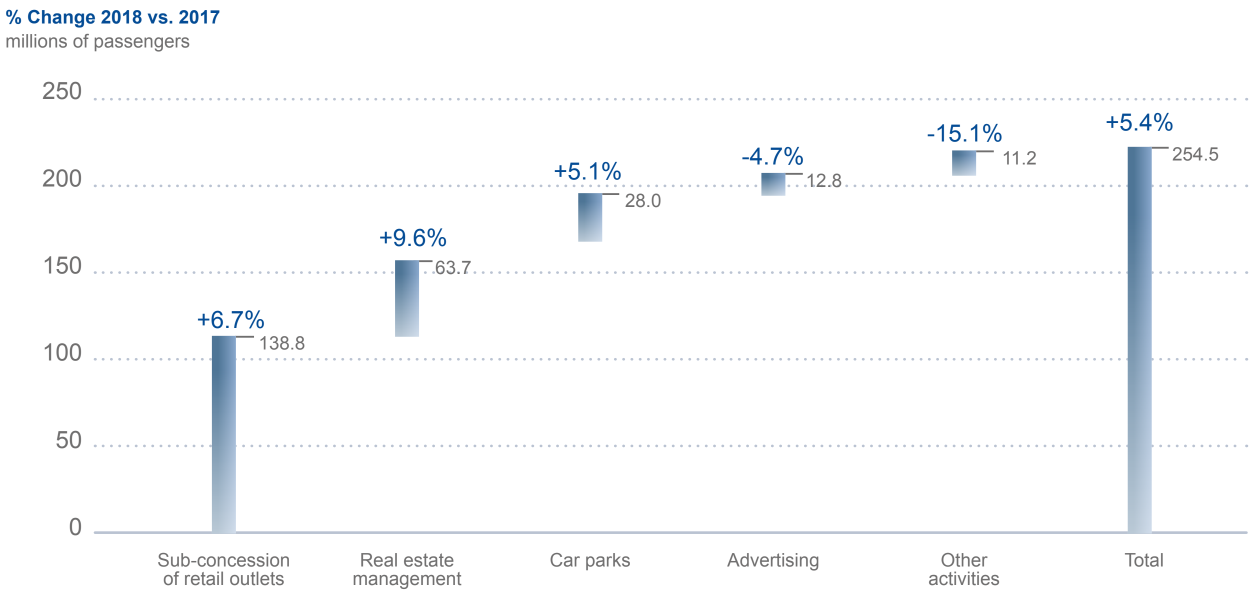
- assistance to passengers with reduced mobility (PRM), provided by ADR through a service agreement entrusted to the ADR Assistance subsidiary: revenues of 18.7 million euros, an increase from the previous year (+5.0%), deriving essentially from the rise in passenger traffic and the price adjustment applied at Fiumicino and Ciampino airports in accordance with the Planning Agreement;
- passenger check-in desks: revenues of 8.7 million euros, essentially in line with the previous year (-0.4%), mainly from the combined effect of the availability of infrastructures and the annual price adjustment set by the Planning Agreement;
- other aeronautical revenues: amounting to 0.9 million euros and consisting of the revenues for the use of the porterage and left luggage services which recorded values slightly up (2.2%) from 2017.

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 (millions of euros)



Non-aeronautical revenues rose by 13.0 million euros compared to 2017 and amounted to 254.5 million euros. The most significant components recorded the trends below.

Sub-concession of retail outlets

Sub-concessions of retail outlets, which include the sub-concessions for the retail sale of goods and services, recorded revenues of 138.8 million euros in 2018, increasing by 6.7% compared to the previous year. This positive performance was due both to the increase in volume (+4.2% increase in passengers departing from the Roman airport system) and the improvement in the passenger mix compared to the previous year (+11% passengers in relation to the Extra-Schengen area in Fiumicino, +1.8% for the Domestic/Schengen area); the improved performance of commercial activities, mainly in the new “Front Building” commercial space in the Extra-Schengen area, also had an effect, which in the first half of 2017 was not operational, together with the new Pier E and the related call-forward system. In detail:

- Core Categories: this segment generated revenues for 49.6 million euros, up +6.0% compared to the previous period. The increase in revenues was principally concentrated in Extra-Schengen areas due to the aforementioned increase in passenger volume, the improved passenger mix and the “Front Building” becoming operational;
- Specialist Retail: revenues were recorded for 42.1 million euros, growing by 9.0% for essentially the same reasons as those cited for the Core Categories; the most significant performance was recorded in the Luxury categories (+18% of turnover), convenience stores (+36% as a result of a change in the retailer and related new formats) and Clothing (+14%). The negative impact of the closures in preparation for the opening of the East Hub, in the T1 Mezzanine area, was offset by the positive trend in the C8-16 and Extra-Schengen area;
- Food & Beverage: revenues for the year equaled 35.6 million euros, up +4.2%, concentrated in the T3 area

as a result of the new retailers in T3 Arrivals (+70% of turnover) and Boarding Area D (approximately +18% of turnover); the Extra-Schengen level posted a growth of 20% in turnover related to the refreshment outlets;

- Other commercial activities: passenger service activities, such as currency exchange counters, VAT Refunds and the luggage wrapping business, recorded revenues of 11.5 million euros, up compared to the previous year (+8.7%), due to the new allocation of currency exchange and VAT Refund desks and growth in the reference passenger segment (Extra-Schengen).

Real estate management

Revenues from real-estate activities in 2018 amounted to 63.7 million euros, up 9.6% compared to last year and broken down as follows:

- fees and utilities for retail and other sub-concessions: revenues amounted to 53.9 million euros, an increase of 4.7 million euros (+9.6%). This performance is attributable to the increase in the sub-concession fee, included in the contract, for the Technical Area, the sub-concession spaces for creating two new VIP areas and the installation of new ATM equipment. These effects were partly offset by the reduction in the spaces under sub-concession to a catering operator and the renegotiation of the sub-concession agreements with telephony operators;
- other fees charged at Fiumicino and Ciampino, calculated on the volumes of activities managed (hotels, car hire, fuel stations, ATM withdrawals, etc.): revenues equaled 9.8 million euros, increasing by 9.6% compared to the previous year. This phenomenon is attributable to the improved performance of hospitality activities (which also benefitted from a new business opening in the land-side area) and the increase in volumes (and the unit revenue) of ATM withdrawals, in addition to the improved performance of car rental companies (+7.2%), also thanks to the correlation with the growing Non-EU traffic.

Car parks

Car park management generated revenues of 28.0 million euros, a marked improvement over the previous year (+5.1%). This result was achieved despite the presence of a drop in the domestic originating traffic, which is more correlated with the car park business, and the reduction in parking for Alitalia employees. In detail, the following trends for the main items were recorded:

- passenger car parking: revenue equal to 23.4 million euros (+5.7%); although competitive pressure continues from alternative means of transport used to arrive at airports in the period, the passenger car parking segment regained market share from external car parks. The attraction of the car park product at the airport increased also due to implementing and putting new parking areas into operation, which allowed the diversification and differentiation of the offer (T1 and T3 Executive Car Park and covered and uncovered Long Stay), and new fee structures aimed at recovering profit margins and volumes. Overall the booking-on-line and e-commerce channels showed very sustained growth rates (+15.2%), thanks to a greater pricing trend. Web marketing activities supporting the business and the easyParking brand with the new on-line booking platform were also further developed to improve the customer experience;
- airport operator car parking: revenues of 4.6 million euros, up compared to the previous year (+2.3%) despite the aforementioned reduction in Alitalia employee parking spaces more than offset by other operators which closed new parking contracts.

Advertising

Revenues from advertising activities equaled 12.8 million euros, of which 12.5 million euros generated thanks to the royalties received from the sub-concession of business advertising activities entrusted to a sub-concession; these revenues recorded a decrease of 0.6 million euros compared to 2017.

Other activities

Revenues from other activities in 2018 amounted to 11.2 million euros, down 2.0 million euros from the comparison period (-15.1%); the most significant items showed the following trends:

- revenues for other sales (fuel, consumable materials, etc.), equal to 0.9 million euros, down 1.5 million euros compared to 2017 due to the outsourcing to third parties of the fuel resale business in the airside area beginning in February 2018;
- revenues for the chargeback of cleaning and biological wastewater treatment for 3.5 million euros (up 1.0% compared to 2017);
- revenues for information systems of 1.3 million euros (-2.0%);
- revenues for third-party training of 0.6 million euros, down 0.1%.

ADR Group investments

The initiatives implementing the Planning Agreement continued in 2018.

TABLE 1
Breakdown of ADR Group capital investment in 2018

	2018			2017		
(MILLIONS OF EUROS)	INVESTMENTS	RENEWALS (*)	TOTAL	INVESTMENTS	RENEWALS (*)	TOTAL
East Airport System	43.6	0.0	43.6	8.2	0.0	8.2
Works on runways and aprons, extension of the East area aprons, AZ technical area	11.9	10.5	22.4	22.1	14.1	36.2
Urbanization of west area / aprons "W" 1st phase	16.3	0.0	16.3	21.3	0.0	21.3
Fiumicino - electrical network and air-conditioning maintenance works	0.9	12.4	13.3	1.8	18.3	20.1
Terminal maintenance and optimization works	6.9	3.9	10.8	10.7	6.9	17.6
Ciampino - airside system and airport terminals upgrade	0.1	8.1	8.2	1.3	0.6	1.9
Fiumicino - civil work maintenance (var. buildings)	2.3	5.2	7.5	3.1	8.1	11.2
Terminal 3 - restructuring	5.7	0.0	5.7	1.4	0.0	1.4
New ADR HQ	4.6	0.0	4.6	6.6	0.0	6.6
Works on baggage systems and new x-ray machines	2.2	2.2	4.4	8.1	1.9	10.0
Ciampino - infrastructure adaptation works	1.0	3.2	4.2	0.9	4.5	5.4
Works on commercial areas and multilevel car parks	3.0	1.1	4.1	4.8	2.3	7.1
Works on airport access	0.8	3.1	3.9	0.6	1.5	2.1
Fiumicino - electromechanical maintenance works	1.2	2.1	3.3	0.5	1.8	2.3
Maintenance works on buildings managed by sub-concessionaires	2.7	0.3	3.0	0.2	0.1	0.3
Fiumicino - sewer and water network maintenance works	0.4	2.5	2.9	0.0	4.1	4.1
Fiumicino - electrical equipment maintenance works	0.4	2.3	2.7	0.4	3.7	4.1
Departure area E/F (Front Building, Pier C and 3rd Bhs)	1.5	0.0	1.5	22.5	0.0	22.5
Vehicle and equipment purchases	0.8	0.0	0.8	2.8	0.3	3.1
Energy saving actions	0.5	0.1	0.6	1.0	0.0	1.0
Infrastructural restoration works at T3	0.0	0.4	0.4	0.0	0.0	0.0
T5 reconfiguration and T1/T3 sensitive flights	0.2	0.0	0.2	4.7	0.0	4.7
Fiumicino Nord - Long-term capacity development	0.0	0.0	0.0	0.9	0.0	0.9
Ciampino - airport reconfiguration from military to civil	0.0	0.0	0.0	0.0	0.8	0.8
Other	17.1	0.6	17.7	12.5	1.3	13.8
TOTAL	**124.1**	**58.0**	**182.1**	**136.4**	**70.3**	**206.7**

(*) 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 have been completed to adjust the “Mike” taxiway to code “F”, as well as those relating to the adjustment of the shoulder of taxiway H in the Alitalia area and the upgrading of the apron in front of the Alitalia hangar.

Works were completed for the upgrade of 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.

Hydraulic risk mitigation works continue in the West area. All the sub-phases were completed, except for those postponed to 2019 due to temporary operating incompatibility.

Works continued for the construction of the aprons 300 to serve the new Boarding Area A that is being developed, and the creation of the new 2nd phase West aprons.

Upgrading works are being completed at apron 613, from code C to code E, to receive larger aircraft. The works to extend the Cargo apron were carried out in order to create an additional ULD (Unit Loading Device) storage area.

At Ciampino airport, the works were completed to upgrade aprons 400-500 and works are underway to upgrade aprons 100 and 200; the works relating to aprons 100 were completed.

Terminals

Per quanto riguarda il Sistema Aerostazioni Est[6], sono proseguiti secondo i programmi i lavori relativi al Lotto With regard to the East Terminal System , works on Lot 1 continued according to schedule: in relation to the T1 Front Building, having concluded the castings for the reinforced concrete structures of the basement, assembling begun of the metal frame supporting the upper floors; also the works of repositioning the conveyor belts of the baggage coming from Terminal 1 and directed to the BHS/HBS system were essentially completed, in preparation for the interventions aiming to free up the areas where the connection of the Front Building in the Terminal will be created; relating to the construction of the new Pier A, the castings for the reinforced concrete structures of the basement were completed and the connection towers of the aircraft bridges are nearing completion.

Having completed and validated the project for Lot 2, ENAC’s examination for approval is nearing completion; works were concluded on both civil and plant systems to reallocate power stations (electricity, thermal, water) and related networks below Boarding Area C previously located in former Terminal 2; the latter infrastructure, on the layout of which Terminal 1 will be extended, was consequently demolished.

Still concerning the works related to the completion of the East Airport System, the works regarding the remoduling of the layout of the arrivals area in Terminal 1 were finished, to create the new Alitalia Crew Briefing Center and the new Crew Point.

The interventions relating to the reconfiguration of the East area of the T1 mezzanine were started; in particular the demolition of the two escalators and of the staircase was completed.

6 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 activities aimed at improving the image and services rendered to passengers continued in the terminals. In particular, at Fiumicino airport:

- 11 new check-in desks at Terminal 3 have been constructed according to a new functional concept, which will be extended during the upgrades for the rest of the terminal;
- enhancements have been made to both security checks reserved for passengers on sensitive flights at Terminal 3, with two new x-ray lines;
- the former Boarding Area H has been renovated and restyled, including the area in front of the State Ceremonial Hall and the One-Stop Security checkpoints;
- at Terminal 3 Arrivals, the check-in desks for passengers with reduced mobility has been moved to a more central and functional area, adopting the new concept that has already been implemented in other terminals;
- a new high-capacity baggage reclaim belt was been installed in the Terminal 3 airside arrivals hall;
- works to upgrade the civil and plant systems of the T3 mezzanine were completed to allow new ticket desks to be installed, which were opened in June;
- boarding Area D1 has been upgraded with a new floor, false ceilings and lighting;
- a work area dedicated to business passengers was built at the upper level of Pier D;
- Terminal 5 has been re-activated for non-commercial flights (e.g., military flights), with the aim of reducing congestion in the central terminal system;
- the installation of the new announcement system in the airports was completed;
- the implementation of bollards was completed, also for prevention against terrorist attacks, in the pedestrianized area in front of the glass windows of Terminals 1 and 3, departure level;
- interventions aimed at improving passenger comfort were completed, carried out involving the renovation of “E” boarding gates in the Satellite;
- the construction of seven permanent security stairs is being completed at Terminal 3, departure level airside;
- the upgrade of a decentralized space at the departure level at Terminal 3 was started. This space will permanently host the relocated tax refund and Customs desks in order to expand the surface available to customers while improving the circulation of passengers around the check-in desks;
- works are in progress to progressively improve the passenger signage;
- works are underway to create a new (fifth) check-in island at the East area of Terminal 1;
- a new hub is being created for accessibility by passengers with reduced mobility (PRM) at the arrival point of Station E of Terminal 3, including civil/system adjustments to the area and the creation of new offices for Government Authorities.
- With regard to Ciampino airport:
- a welcome desk for passengers with reduced mobility was installed in the landside check-in area, adopting the new concept that has already been implemented in the Fiumicino terminals;
- new passenger signage was installed, including the redenomination of boarding areas A 7, 8, 9 and 10;
- construction has been completed of a new de-stress area after the security checks;
- the installation of the new announcement system in the airports was completed.

Systems

The works to create the perimeter protection system for the airport have been completed, covering about 36 km in total. The project involved the installation of thermal and optical video cameras and inertial sensors.

As for the works to build the new electrical network for the runways, those regarding Runway 1 and 2 have been completed while those for Runway 3 are continuing.

The system that monitors and remotely controls the AVL systems (lighting signals on runways) continued to be replaced, with works completed at Runways 1 and 2, in order to improve the performance and reliability of this system and to make it expandable for integration with the flight infrastructures soon to be created; similar works are underway at Runway 3.

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

The works to replace the lighthouse towers at aprons 200, 500, 800 are being completed and those at aprons 100, 300, 400 and 700 were started.

Two air treatment units (ATUs) were replaced at Terminal 1 in order to improve performance and increase the energy efficiency of the air-conditioning system.

As part of the initiatives to adjust the water firefighting systems, works were started at boarding areas B, D and G.

Several electricity and heat cost allocators were installed to analyze energy consumption. The meters are monitored in real time and allow interventions in case of anomalous consumption and checks of the savings of energy efficiency projects.

At Ciampino airport, the extraordinary maintenance works on the baggage sorting lines were completed.

Infrastructure and buildings

The works to upgrade the former Alitalia office building (“NPU”), which was used as the new ADR headquarters, have been completed.

The structure located between the terminals and the multilevel parking areas has been upgraded and put into operation, which had previously been used as offices for rental companies and is now dedicated to a new mix of passenger services (refreshment outlets, temporary rest, business services, showers, etc.).

The signage at Cargo City was completely replaced.

The executive design of the “Business City” has been started. This is the new management hub, characterized by a mix of offices and related services along the lines of the main European airports, to be located in the former ADR offices. The demolition of this infrastructure started in December.

In addition, the executive planning of a third “Airport Offices Building” (EPUA 3) and the footbridge to connect it with the multi-level parking lot A located behind it has been started. The building will be located in the area in front of Terminal 1.

The activity to devise a technical-economic feasibility project regarding a future third hotel with a 4-star superior rating has been completed; a sub-concession agreement regarding the facility has been signed with Radisson Blu. The building, whose definitive design is underway, will be located next to Terminal 1, with an accommodation capacity of about 290 rooms.

The two parking lots for employees and guests at the new ADR (NPU) headquarters have been refurbished, with the simultaneous extension of the PR14 operator car park. Parking for airport staff has also been upgraded and increased in the technical area in Fiumicino.

Telepass lanes in the T1 and T3 Executive car parks have been installed and two new exits for the multilevel car parks B and C were completed.

The *easyParking* web radio was activated at all multilevel car parks.

The new car parks destined for chauffeured rentals have been completed: PR7 at Fiumicino and the one near Ciampino.

A new truck parking space was opened in the Cargo area at Fiumicino, featuring entry and exit lanes, parking and maneuvering areas for trucks and trailers.

The upgrade of the bus hubs at Fiumicino and Ciampino has been completed, which will improve usability for passengers.

At Ciampino the creation of the new water tank of the firefighting system servicing the hangars is being concluded.

ICT infrastructures and systems

As part of the initiatives aimed at improving the passenger experience, in terms of facilitating the movement through the airport (Fast Travel) and journey simplification with customized services and information (Smart Travel), numerous ICT-related activities continued to be carried out during 2018, specifically:

- to support the innovative functionality offered in the new ADR App, such as wayfinding, indoor navigation guided by beacons, and push notifications (proximity marketing), WIFI coverage has been extended to areas around pedestrian walkways and portions of the multi-story car parks;
- passenger contact channels were further developed by introducing a content injection tool (flight information, commercial information, and surveys) in the web browser of users on the WIFI network or the ADR App;
- the automatic passport control was further extended via checkpoints dedicated to American, Canadian, Australian, New Zealand, Japanese and Southern Korean passengers.
- As part of the initiative carried out to increase the operating efficiency of the corporate lines, technology updating and development initiatives continued with the actions listed below:
- the new information system was launched, aiming to create short-term air traffic forecasts at Fiumicino and Ciampino airports, which allow the production of passenger and infrastructure capacity forecast models;
- a standard integration platform was implemented with all the retailers at the airport, in order to accurately control the sales activities of the individual commercial businesses;
- invoicing systems were adapted to the legislation in force regarding Electronic Invoicing by using an intermediary's platform towards the interchange system (SDI) of the Italian Inland Revenue;
- analysis tools for the Commercial & Quality sector were released on the Business Intelligence system, based on Big Data technology, which aim to optimize revenues by analyzing passenger trends and profiles and regularly monitor the quality levels of services provided;
- the new Safety Management platform was released to manage reporting of accidents/incidents (Occurrence Management), audit/inspection activities (Compliance Monitoring), and the risk assessment process (Risk & Change Management);
- the passenger movement monitoring system was installed and released (based on innovative technology, including a system of selective video cameras), to monitor the state of the individual lines at the check points in the transit security control areas at Terminal 3 (Station E), Security Control T1 West departures, and T3 East departures, as well as passport control T3 Departures, T3 Arrivals and T3 Transits;
- the KPI set for the real time monitoring of airside (refueling, loading bridge, towings, etc.) and landside (waiting times at security, passport control, check-in counters, etc.) activities was expanded, in order to get an immediate picture of the phenomena with a greatest impact on the airport's operations.

In addition, significant activities continued with regard to ADR's technology infrastructure, with the aim of increasing the levels of operational continuity and safe data management. In particular:

- in 2018 the project continued to strengthen the network infrastructure at the airport, known as "Continuity of Distribution Systems"; this project envisages the redundancy of the airport telecommunication network nodes and connections and aims to address possible fault scenarios and mitigate the risk of disruptions in large areas of the airport, caused by catastrophic events (fires, earthquakes, etc.);
- the system for the monitoring and generation of alerts in real time about the performance and availability of the main systems was launched;
- the information systems were adjusted to the GDPR (General Data Privacy Regulation), with particular reference to database and file encryption, tracking the activities carried out on the database, access segmentation, implementing data erasure policies, generation and centralization of encryption logs and masking data.
- With regard to the subsidiary ADR Tel, implementation was completed on the new Service Man-agement system to support the business processes, using an integrated platform designed to ensure optimized management of the following main areas: intervention request management (breakdowns, malfunctions, modifications, etc.); analysis of recurring and repeated interventions; streamlining and rationalizing the release into production of new applications and/or new releases of existing applications.

Innovation, research and development

No specific investments in research and development have been recorded during 2018.

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 with unexpected events, preserve the creation of economic value in the long-term and protect the tangible assets and intangible interests of the shareholders.

The ADR Group has adopted a preventive approach to risk management, to guide management's decisions and activities, 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:

- a suitable definition of the roles and responsibilities structured to prevent functional overlapping and an appropriate system of operating mandates that consider the nature, size and risks of the individual categories of operations;
- a definition of operating processes that requires suitable documentary support to allow the tracking of decisions and the compliance with suitable authorization procedures;
- a definition of security mechanisms that ensure a suitable protection of the assets and data of the corporate organization, in order to allow data access within the limits of what is necessary to perform the assigned activities;
- periodic and continuous repetition of the risk identification and assessment process, periodic as-sessment of the effectiveness and efficiency of business processes for their constant adjustment;
- continuous monitoring of the internal control system carried out firstly by line management, and of the checks of the Internal Audit department of the Parent Company Atlantia to ensure the actual application of the procedures and compliance with regulations in force.

The structure 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 business 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 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 long-term performance, thereby resulting in changes to ADR Group's development policies. The main strategic risks are attributable to the evolution of the air transport market: ADR Group's economic results are highly affected by air traffic which, in turn, is influenced by the economic scenario, the economic-financial conditions of the individual carriers, alliances between carriers, and 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 trends in demand, (iii) investment program in close cooperation with the shareholders, (iv) customer diversification of the operating carriers.

The business performance is also affected by situations concerning the main Italian carrier (Alitalia) and other important carriers including Ryanair, Vueling Airlines and EasyJet.

As for other sector operators, the possible decrease in or discontinuation of flights by one or more of the aforementioned carriers and the termination or change of the connections to some destinations featuring high passenger traffic may negatively and significantly impact ADR Group's business activities and growth prospects as well as its operational results and financial position.

Among the major strategic risks, those connected to the development of investments in compliance with the Planning Agreement and the commitments to shareholders are particularly important.

Operational risks

The operational risk factors are strictly connected to the performance of business activities and, though able to affect short- and long-term performance, do not entail significant consequences for 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. The chief management tools include: (i) the safety management system, (ii) continuing investments in safety and security, (iii) staff training, and (iv) strict control and constant monitoring activities of the security standards.

Important risks of an operational nature may affect the continuity of service: strikes by company staff, by staff of the airlines, 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 business interruptions and have a negative financial and reputational 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 1,168.2 million euros as of December 31, 2018 (1,189.7 million euros as of December 31, 2017).

The gross nominal debt of the ADR Group refers exclusively to the Parent Company ADR (1,475.0 million euros) and comprises (i) two senior unsecured bond issues from 2013 and 2017 valid on the Euro Medium Term Notes (EMTN) program, with a par value as of December 31, 2018 equal to 900.0 million euros, (ii) a 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 loan value 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 loan value of 150 million euros).

The Class A4 Notes bond issue of 215 million pounds sterling has been, 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, after an Issuer Substitution operation finalized in March 2016, ADR became the direct debtor towards the A4 Shareholders in place of the special purpose securitization company Romulus Finance, the original issuer of the bonds issued in 2003.

On May 18, 2018, the banks of the revolving facility (“RCF”), amounting to 250 million euros, approved the second extension of one year (new expiration: July 2023) of the contract’s duration based on ADR’s specific request. From the beginning, the contract in force assigned the company the right to request a one-year extension of the contractual duration at the time of the first two anniversaries following the signing, which took place in July 2016.

It should be remembered that in December 2016 two 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: the former contract totaled 150 million euros directly with the EIB, and the latter, for the residual 150 million euros, with Cassa Depositi e Prestiti (“CDP”). The EIB/CDP loans were subscribed as financial support of the “Aeroporti di Roma – Fiumicino Sud” project to carry out 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. On April 4, 2018, CDP granted an extension of the available period for an additional 18 months, until December 13, 2019. As of December 31, 2018, these new funding lines granted by the EIB and CDP are used for 110 and 40 million euros, respectively. The utilized lines expire in 2031, with an amortizing repayment and a fixed rate. The financial contracts that govern them are characterized by terms and conditions that are more oriented to a “project” type loan structure consisting of their disbursement.

In December 2017, EIB approved an update of the aforementioned infrastructure project, which resulted in an extension of the line of credit granted to ADR for an additional 200 million euros to be granted directly by the bank. On March 23, 2018, the related loan contract was signed with contractual terms essentially in line with the previous contract and may be used through the first quarter of 2021.

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 December 31, 2018, the ADR Group's maximum exposure to this risk is the nominal 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 due from customers.

For an analysis of the policies in place to control the investment in loans, please see Note 9.3 to the Financial Statements.

Liquidity risk

Liquidity risk occurs when the ADR Group does not hold, and finds it difficult to obtain, the resources needed to meet 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 December 31, 2018 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, as are the initial principal payments on the EIB and CDP loans, while the new RCF facility (not used) will mature in 2023, the EMTN bond loans will expire in 2021 and 2027, and the Class A4 Notes in 2023.

Note that the Group's cash on hand as of December 31, 2018, equal to 328.2 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 December 31, 2018, a residual amount of 350 million euros was also available on the medium/long-term EIB/CDP lines. Also see Note 9.3 in the Notes to the 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 has a 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 the resolution of May 14, 2015, the Parent Company's Board of Directors had authorized, consistently with the policies adopted by its shareholder and after assessing the best market opportunities, the possibility of signing "forward starting" interest rate swap transactions up to a notional 900 million euros and with a maximum duration of 10 years. Presently, contracts for a notional value of 700 million euros have been signed pursuant to this resolution, of which 300 were closed at the time of the 2017 bond issue. Considering the macroeconomic context and in line with the Group's hedging policies, on July 11, 2018, the Board of Directors of ADR resolved to increase the total negotiable amount by an additional 1,300 million euros. With this type of instrument, which allows 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.

Following the mentioned resolution of July 2018, on August 7, 2018 three "forward starting" interest rate swap contracts for a total notional capital of 300 million euros were subscribed, effective starting from February 2022 for a duration of 10 years, to hedge the risk related to refinancing the bond expiring at the beginning of 2023.

Therefore, as of December 31, 2018 there were seven IRS forward starting contracts for a total notional value of 700 million euros, effective from (i) February 2020, for 400 million euros to hedge the refinancing of the bond expiring in February 2021, and (ii) from February 2022, for 300 million euros to hedge the refinancing of the bond expiring in February 2023. All the contracts have a hedging timeframe of 10 years.

Also see Note 9.3 in the Notes to the 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 Consolidated Financial Statements.

Concerning transactions with consumers, the ADR Group has a negligible exposure to this 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 e le proprie linee di finanziamento sia obbligazionarie che bancarie sono condizionate direttamente o ADR and its funding sources, both bonds and banking facilities, are directly or indirectly affected by the assignment of a rating from the rating agencies, which in ADR’s specific case are released publicly by the agencies Standard & Poor’s, Moody’s and Fitch. The rating level assigned affects the cost of the current debt (according to contractually defined parameters for the RCF line only) and the characteristics of the covenants included in the banking contracts, with special reference to the levels of the financial ratios to be complied with.

As regards the rating assigned to ADR by the above-mentioned agencies, it is worth noting that, on May 18, 2018, the rating agency Standard & Poor’s, considering the results of the agreement between Atlantia, ACS, and Hochtief to acquire Abertis, revised ADR’s outlook from “negative” to “stable”, though maintaining the rating level unchanged and equal to BBB+, as well as leaving the stand alone credit profile at “a+”.

In the second half of August 2018, the two agencies Moody’s and Standard & Poor’s changed their ratings on the Atlantia Group and its subsidiary undertakings Autostrade per l’Italia and ADR, following the grown risk profile of the Atlantia Group consequently to the effects of the Genoa bridge event of August 14, 2018. The rating of the three companies was changed to “negative watch” by Standard & Poor’s on August 16 and “under review for downgrade” by Moody’s on August 22. Standard & Poor’s reconfirmed the “negative watch” in a note of October 4, 2018.

On October 25, 2018, Moody’s lowered the rating of Atlantia and ADR from Baa1 to Baa2, confirming the outlook of “under review for downgrade” attributed in August. This action follows the downgrade that has already concerned the Italian sovereign rating on October 19, 2018.

On October 31, 2018, the agency Fitch, by amending the criterion adopted until then of relative separation of the rating assigned to ADR compared to the one of the parent company Atlantia, aligned the rating of ADR with that of Atlantia, thus confirming for ADR the level at BBB+, though adjusting the outlook from stable to negative.

On November 5, Standard & Poor’s, unlike the previous agency, recognized a “partial isolation” of ADR rating compared to the rest of the Group and, as a result, confirmed the BBB+ rating despite the downgrade of the Atlantia Group. At the same time, the “negative watch” was resolved for the entire Atlantia Group, assigned on August 16 by changing the outlook from stable to negative.

All the changes to ADR rating made by the agencies in this period are attributable to factors that are external to the ADR Group (Italy sovereign rating and changes to the rating of the Atlantia Group).

As of December 31, 2018, no additional changes were made to the ratings assigned to ADR.

Security and financial covenants

With the previously mentioned “Issuer Substitution” transaction, the comprehensive security package established in 2003 to support the Romulus debt structure, for which only Class A4 remains, ceased. The only residual, though more limited, guarantee, is a “deed of assignment” under British law in favor of A4 notes 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 Atlantia and EDF Invest acquired 64% of the capital of Aéroports de la Côte d’Azur (ACA), ADR committed to constitute a pledge, through the financial acquisition vehicle Azzurra Aeroporti S.r.l., in favor of the company’s lenders on the total equity investment in Azzurra Aeroporti S.r.l., (hereinafter, “Azzurra”), originally 10% of the share capital, once the latter company had been transformed into a joint stock company. On June 27, 2018, following the transformation of Azzurra into a joint stock company, the above-mentioned pledge on the shares became effective. Furthermore, following the increase in share capital resolved by the Azzurra Shareholders’ Meeting on the same date, the percentage of ownership decreased to 7.77%. This additional guarantee is also 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 classified as investment grade. It is important to note the presence of a leverage ratio constraint, requiring – in the most stringent contract – a threshold value not exceeding 4.75, which drops to 4.25 in the event of a 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 Group’s reference data (which must exclude any equity investments in companies funded through non-recourse financial debt) in the Consolidated Annual 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 does not envisage limitations on ADR, nor the ob-servance of financial covenants or obligations 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 result in 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 business procedures, is close collaboration with the granting authority to ensure the utmost observance of requirements relating to the regulated activities.

ADR S.p.A.: financial performance

Economic performance

The economic and financial figures of the Parent Company ADR were substantially affected by the same factors which impacted the performance of the ADR Group. For more information, reference is made to paragraph relating to the Consolidated financial review.

TABLE 1
Reclassified income statement

(THOUSANDS OF EUROS)	2018	2017(*)	Change	% Change
Revenues from airport management of which:	905,378	861,732	43,646	5.1%
aeronautical revenues	666,930	633,757	33,173	5.2%
non-aeronautical revenues	238,448	227,975	10,473	4.6%
Revenues from construction services	109,058	114,709	(5,651)	(4.9%)
Other operating income	12,054	16,453	(4,399)	(26.7%)
Total revenues	**1,026,490**	**992,894**	**33,596**	**3.4%**
External operating costs	(243,896)	(240,002)	(3,894)	1.6%
Costs for construction services	(101,072)	(107,078)	6,006	(5.6%)
Concession fees	(36,239)	(33,461)	(2,778)	8.3%
Payroll costs	(93,046)	(93,075)	29	(0.0%)
(Allocation to) Re-absorption of allowances for risks and charges	(1,348)	(450)	(898)	199.6%
Total net operating costs	**(475,601)**	**(474,066)**	**(1,535)**	**0.3%**
Gross operating income (EBITDA)	**550,889**	**518,828**	**32,061**	**6.2%**
Amortization and depreciation, write-downs and reversals	(102,543)	(90,705)	(11,838)	13.1%
Provisions for renovation and other adjusting provisions	(56,050)	(47,377)	(8,673)	18.3%
Operating income (EBIT)	**392,296**	**380,746**	**11,550**	**3.0%**
Financial income (expense)	(41,533)	(35,419)	(6,114)	17.3%
Income (loss) before taxes from continuing operations	**350,763**	**345,327**	**5,436**	**1.6%**
Taxes	(105,599)	(102,310)	(3,289)	3.2%
Net income (loss) from continuing operations	**245,164**	**243,017**	**2,147**	**0.9%**
Net income (loss) from discontinued operations	0	0	0	0
Net income (loss) for the year	**245,164**	**243,017**	**2,147**	**0.9%**

(*) As highlighted in the comment on the Consolidated financial review, figures for 2017 differ from those contained in the 2017 Annual Financial Report due to the reclassification of air traffic incentive costs from the item “service costs” to a reduction of the item “revenues from airport management”. This reclassification was necessary following the entry into force of the new IFRS 15 standard from 1 January 2018. In addition, it is worth noting that, as part of the activities resulting from the acquisition of the Abertis Group by the parent company Atlantia and in order to ensure consistency of the accounting treatments concerned by the business combination, it was decided to amend the classification, adopted so far within the Atlantia Group, of the allocations to the allowances for risks and charges, including them among the components that determine the EBITDA, just like the other operating income and expenses. This representation was adopted both for the data of 2018 and comparison data of 2017.

Revenues

- Revenues from airport management, equal to 905.4 million euros, rose by 5.1% compared to the previous year, due to the growth in aeronautical activities (+5.2%), attributable to the overall positive trend in traffic volumes (passengers +4.2%). The performance of the non-aeronautical sector also improved (+4.6%), thanks to the positive trend of all the segments of the commercial sub-concessions (+6.7%); the growth is concentrated, in particular, in the specialist retail and core categories segments. Also the revenues from real estate management recorded a positive trend (+9.7%), partly offset by the reduction in advertising revenues (-5.3%);
- Revenues from construction services equaled 109.1 million euros, down compared to last year (5.7 million euros).
- Other operating income amounted to 12.1 million euros, down 4.4 million euros compared to 2017, the year when the effect of a re-absorption of the allowances for risks and charges of 4.1 million euros was recognized.

Net operating costs

- External operating costs, equal to 243.9 million euros, rose by 3.9 million euros compared to 2017 (+1.6%). This rise is attributable to the increase in costs for maintenance activities on the BHS plant in T3, which became fully operational during the first half of 2017, as well as to the increase in the IT maintenance costs and higher sundry general expenses.
- Costs for construction services, equal to 101.1 million euros, fell by 6.0 million euros compared to 2017.
- The liability for concession fees amounts to 36.2 million euros, an increase of 2.8 million euros compared to 2017 as a result of rising traffic and the inflation dynamics.
- Payroll costs of 93.0 million euros are essentially in line with the value recorded in 2017.
- (Allocation to) Re-absorption of allowances for risks and charges for 1.3 million euros, include allowances for 1.5 million euros and an absorption of allowances for risks for -0.2 million euros.

Gross operating income (EBITDA)

The gross operating income (EBITDA) equaled 550.9 million euros, up 32.1 million euros compared to the previous year (+6.2%).

Amortization and depreciation

Amortization and depreciation of intangible and tangible fixed assets amounted to 102.5 million euros and mainly represented the amortization of the airport concession. The 11.8 million euros increase compared to 2017 is attributable to the operational start-up of new systems and infrastructures.

Allocation for renovation and other adjusting provisions

This item, totaling 56.1 million euros (47.4 million euros in the comparison period), is broken down as follows:

- allocation to the provisions for renovation of airport infrastructure, amounting to 55.0 million euros (41.8 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;
- allocation to the provisions for doubtful accounts, amounting to 1.1 million euros, down -5.5 million euros compared to 2017, which was affected by Alitalia SAI entering the extraordinary administration procedure.

Operating income (EBIT)

Operating income (EBIT) came to 392.3 million euros, rising by 11.6 million euros (+3.0%) com-pared to the previous year.

Financial income (expense)

Net financial expense amounted to 41.5 million euros, increasing by 6.1 million euros compared to 2017 due mainly to the write-down of the equity investment in the associate Pavimental S.p.A. (-0.9 million euros), which instead in 2017 had been revalued by 4.2 million euros. Net financial expense increased in 2018 as a result of the average debt increasing compared to the reference year. This effect was partly offset by the increase in dividends from investees.

Net income (loss) for the year

Net of the tax burden estimated for current and deferred taxation, equal to 105.6 million euros, the Company closed 2018 with a net income of 245.2 million euros, increasing by +2.1 million euros compared to the previous year.

TABLE 2
Statement of Comprehensive Income

(THOUSANDS OF EUROS)	2018	2017
NET INCOME FOR THE YEAR	**245,164**	**243,017**
Share of cash flow hedge derivative financial instruments	(8,111)	13,521
Tax effect	1,947	(3,245)
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect	**(6,164)**	**10,276**
Income (loss) from actuarial valuation of employee benefits	111	(54)
Tax effect	(27)	13
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect	**84**	**(41)**
Reclassifications of the other components of the comprehensive income statement for the year	**1,551**	**1,370**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT	**(4,529)**	**11,605**
COMPREHENSIVE INCOME FOR THE YEAR	**240,635**	**254,622**

Financial performance

TABLE 3
Reclassified balance sheet

(THOUSANDS OF EUROS)		12.31.2018	12.31.2017	Change
	Intangible fixed assets	2,376,441	2,352,828	23,613
	Tangible fixed assets	42,492	50,267	(7,775)
	Non-current financial assets	83,025	83,936	(911)
	Deferred tax assets	43,456	64,163	(20,707)
	Other non-current assets	408	443	(35)
A	**FIXED ASSETS**	**2,545,822**	**2,551,637**	**(5,815)**
	Trade assets	318,325	319,366	(1,041)
	Other current assets	12,187	11,980	207
	Current tax assets	7,118	17,965	(10,847)
	Trade liabilities	(181,757)	(200,886)	19,129
	Other current liabilities	(162,081)	(160,381)	(1,700)
	Current tax liabilities	(20,081)	0	(20,081)
B	**WORKING CAPITAL**	**(26,289)**	**(11,956)**	**(14,333)**
	Provisions for employee benefits	(483)	(830)	347
	Provisions for renovation of airport infrastructure	(64,526)	(67,999)	3,473
	Other allowances for risks and charges	(7,187)	(13,655)	6,468
C	**CURRENT SHARE OF PROVISIONS**	**(72,196)**	**(82,484)**	**10,288**
D = B + C	**WORKING CAPITAL NET OF THE CURRENT SHARE OF PROVISIONS**	**(98,485)**	**(94,440)**	**(4,045)**
	Non-current liabilities	(144,451)	(141,873)	(2,578)
E	**NON-CURRENT LIABILITIES**	**(144,451)**	**(141,873)**	**(2,578)**
F = A + D + E	**NET INVESTED CAPITAL**	**2,302,886**	**2,315,324**	**(12,438)**
	Share capital	62,225	62,225	0
	Reserves and retained earnings (losses)	904,942	903,247	1,695
	Net income for the year, net of the advance on dividends	131,292	135,368	(4,076)
G	**Shareholders' EQUITY**	**1,098,459**	**1,100,840**	**(2,381)**
	Non-current financial liabilities	1,485,965	1,488,410	(2,445)
	Other non-current financial assets	(4,517)	(12,950)	8,433
H	**NON-CURRENT NET DEBT**	**1,481,448**	**1,475,460**	**5,988**
	Current financial liabilities	42,401	30,420	11,981
	Current financial assets	(319,422)	(291,396)	(28,026)
I	**CURRENT NET DEBT**	**(277,021)**	**(260,976)**	**(16,045)**
L = H + I	**NET DEBT**	**1,204,427**	**1,214,484**	**(10,057)**
G + L	**HEDGING OF INVESTED CAPITAL**	**2,302,886**	**2,315,324**	**(12,438)**

Fixed assets

Fixed assets equaled 2,545.8 million euros as of December 31, 2018, down 5.8 million euros compared to the end of the previous year, due to:

- increase in intangible fixed assets (+23.6 million euros), as the net balance between the new investments exceeding amortization and depreciation, partially offset by a reduction of the tangible fixed assets (-7.8 million euros);
- decrease in Non-current financial assets of 0.9 million euros, attributable to the write-down of the 20% equity investment held in Pavimental S.p.A.;
- decrease in deferred tax assets for 20.7 million euros mainly in relation to the trend of the provisions for renovation of airport infrastructure and the allowances for risks and charges.

Working capital

Working capital is negative by 26.3 million euros, down 14.3 million euros in the year mainly due to the increase in Current tax liabilities (-20.1 million euros) and the reduction in Current tax assets (-10.8 million euros), partly offset by the decrease in Trade liabilities (+19.1 million euros).

For an analysis of the main movements regarding the Working Capital, reference is made to what is illustrated for the ADR Group.

Current share of provisions and non-current liabilities

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Provisions for employee benefits	13,033	14,008	(975)
Provisions for renovation of airport infrastructure	175,591	176,470	(879)
Other allowances for risks and charges	24,218	29,796	(5,578)
TOTAL	**212,842**	**220,274**	**(7,432)**
of which:			
- current share	72,196	82,484	(10,288)
- non-current share(*)	140,646	137,790	2,856

(*) Non-current liabilities also include the item Other liabilities equal to 3,805 thousand euros as of December 31, 2018 and 4,083 thousand euros as of December 31, 2017.

The renovation provision, which includes the current value of the estimate of charges to be incurred for the contractual obligation to restore and replace assets under concession, is in line with the balance of the end of 2017 due to the operating uses, net of provisions for the year, which absorb the values resulting from updating the scheduled replacement/renovation actions included in the latest long-term plan approved by the ADR Group.

Other allowances for risks and charges decreased overall by 5.6 million euros mainly due to the uses for 6.9 million euros, mostly referring to the settlement of disputes with customers, net of allocations for the year for 1.5 million euros.

Net invested capital

The net invested capital, equal to 2,302.9 million euros at the end of the year, fell by 12.4 million euros compared to December 31, 2017.

Shareholders’ equity

The Shareholders’ equity, equal to 1,098.5 million euros, increased by 2.4 million euros compared to December 31, 2017, following the distribution of the balance of dividends for the year 2017 (135.0 million euros) and the advance on 2018 dividends (113.9 million euros), in addition to the decrease in Shareholders’ equity reserves for 0.2 million euros relating to the fair value accrued on the management incentive plans of ADR based on Atlantia S.p.A.’s shares. These trends were partly offset by the overall net income of the year (240.6 million euros, which includes the negative change in the fair value of derivatives) and the application of the new IFRS 9 standard from January 1, 2018, with the resulting increase in the Shareholders’ equity reserves for 6.1 million euros, net of the relative tax effect.

Net debt

Net debt as of December 31, 2018 amounts to 1,204.4 million euros, decreasing by 10.1 million euros compared to the end of 2017.

TABLE 4
Net debt

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	Change
Non-current financial liabilities	1,485,965	1,488,410	(2,445)
Bonds	1,097,076	1,101,516	(4,440)
Medium/long-term loans	249,559	249,464	95
Financial instruments - derivatives	139,330	137,430	1,900
Other non-current financial assets	(4,517)	(12,950)	8,433
NON-CURRENT NET DEBT	**1,481,448**	**1,475,460**	**5,988**
Current financial liabilities	42,401	30,420	11,981
Current share of medium/long-term financial liabilities	16,024	16,019	5
Financial instruments - derivatives	262	259	3
Other current financial liabilities	26,115	14,142	11,973
Current financial assets	(319,422)	(291,396)	(28,026)
Cash and cash equivalents	(318,072)	(291,332)	(26,740)
Other current financial assets	(1,350)	(64)	(1,286)
CURRENT NET DEBT	**(277,021)**	**(260,976)**	**(16,045)**
NET DEBT	**1,204,427**	**1,214,484**	**(10,057)**

Non-current net debt

The non-current net debt amounts to 1,481.5 million euros, up by 6.0 million euros. For an analysis of the main movements, reference is made to what is illustrated for the ADR Group.

Current net debt

The financial position highlights, for the current part, net funds of 277.0 million euros, increasing by 16.0 million euros compared to December 31, 2017, mainly due to higher cash and cash equivalents (+26.7 million euros) and the increase in current receivables (+1.3 million euros).

ADR's statement of cash flows is reported below. For a description of the financial trends, reference is made to what is illustrated for the ADR Group.

TABLE 5
Statement of cash flows

(THOUSANDS OF EUROS)	2018	2017
Net income for the year	**245,164**	**243,017**
Adjusted by:		
Amortization and depreciation	102,543	90,705
Allocation to provisions for renovation of airport infrastructure	54,982	41,837
Financial expenses from discounting of provisions	1,700	1,865
Changes in other provisions	(6,589)	(48,536)
Write-down (revaluation) of non-current financial assets and equity investments	911	(4,247)
Net change in deferred tax (assets) liabilities	20,216	32,750
Other non-monetary costs (revenues)	8,328	7,165
Changes in working capital and other changes	13,620	(86,968)
Net Cash Flow from Operating Activities (A)	**440,875**	**277,588**
Investments in tangible assets	(6,214)	(10,987)
Investments in intangible assets (*)	(117,379)	(151,151)
Works for renovation of airport infrastructure	(57,414)	(69,047)
Gains from disinvestment and other changes in tangible and intangible assets	5,212	1,128
Net change in other non-current assets	35	(14)
Net Cash Flow from Investment Activities (B)	**(175,760)**	**(230,071)**
Dividends paid	(248,900)	(255,743)
Issue of bonds	0	272,101
Raising of medium/long-term loans	0	180,000
Net change in other current and non-current financial liabilities	8	(19,800)
Net change in current and non-current financial assets	(1,456)	(181)
Net Cash Flow from Funding Activities (C)	**(250,348)**	**176,377**
Net Cash Flow for the Year (A+B+C)	**14,767**	**223,894**
Net cash and cash equivalents at the start of the year	277,190	53,295
Net cash and cash equivalents at the end of the year	291,957	277,189

(*) including advances to suppliers for 1,348 thousand euros in 2018 and 29,704 thousand euros in 2017.

Additional information to the statement of cash flows

(THOUSANDS OF EUROS)	2018	2017
Net income taxes paid (reimbursed)	54,454	102,269
Interest income collected	216	271
Interest payable and commissions paid	45,096	64,856
Dividends received	13,139	13,214

Equity investments

Below the characteristics and economic performance of the investments in 2018. The balance sheets and income statements of subsidiary and associated undertakings relating to 2018 are summarized in the Annexes to the separate financial statements.

Investments in subsidiary undertakings

ADR Assistance S.r.l.

ADR Assistance started operating in July 2008 and became responsible for providing assistance services to passengers with reduced mobility (PRM) at Fiumicino and Ciampino airports, based on a service contract signed with ADR.

In 2018, the company recorded a profit of 0.7 million euros, compared to the positive result of 0.3 million euros in the previous year. Revenues, equal to 21.1 million euros, grew by 16.9%, mainly due to the growth in assistance services and unit fees on Fiumicino (+7% the average fees compared to 2017). Operating costs, equal to 19.3 million euros, recorded an overall increase of 14%. The increase is mainly due to the higher number of resources (+46.7 FTE) as a consequence of the growing use of PRM assistance during the period and of the impact of the new legislation on temporary employment contracts.

The gross operating income rose by 0.7 million euros to 1.8 million euros.

ADR Tel S.p.A.

The company creates and manages the computerized and telecommunication systems on the Roman airport system. On April 1, 2014, the project for the integration of all Information Technology activities became effective within ADR Tel S.p.A. (“ADR Tel”), with transfer of the IT company branch from ADR to ADR Tel.

In 2018 the company recorded a positive net income of 3.6 million euros (+4.3% compared to 2017) and revenues for 34.1 million euros, slightly decreasing by 1.5% compared to the previous period, mainly as a result of the decreased development activities on infrastructure and systems on behalf of the Parent Company commissioned to ADR Tel. Operating costs amounted to 28.4 million euros, of which 23.7 million euros relating to consumption of materials and external services and 4.7 million euros for payroll costs, essentially in line with the previous year. The gross operating income equaled 5.8 million euros, decreasing slightly compared to 2017 (-3.9%), while EBIT came to 5.1 million euros, up 3.3%.

ADR Security S.r.l.

The company was established on May 2, 2012 through the transfer by ADR of the company branch concerning the airport security services business at the two main Roman airports. The company has a long-term tender contract in place with ADR to regulate the activities ADR Security must carry out as specialist corporate organization of the airport operator: passenger control services, related carry-on baggage, checked baggage, goods and express courier parcels, as well as on-demand services such as surveillance of the airport perimeter.

In the year the company recorded a net income of 1.7 million euros, up 1.5 million euros compared to the previous year. Revenues in 2018 amounted to 48.4 million euros, essentially in line with 2017 (-0.1%). Operating costs amounted to 45.9 million euros (-0.3%), of which 36.6 million euros as payroll costs (-0.5%). The gross operating income equaled 2.5 million euros, up slightly by 0.1 million euros compared to 2017, with a percentage impact on revenues of 5.1%, compared to 4.9% in 2017.

ADR Mobility S.r.l.

The company was established on May 3, 2012 through the contribution in kind by ADR of the “car park” company branch, consisting of the assets and liabilities relating to management of the car parks within the airports of Fiumicino and Ciampino and relations with the car hire companies, with the exclusion of the activities carried out by ADR as the airport concession owner (e.g. the management of the parking of taxis, buses and/or minibuses of public and private services, etc.). Under an agreement stipulated with ADR, ADR Mobility S.r.l. (“ADR Mobility”) manages the parking areas of Ciampino and Fiumicino airports for 14 years by sub-concession.

In 2018 the company recorded a net income of 7.7 million euros, up (+11.5%) compared to 2017. Revenues amounted to 42.2 million euros, rising by 6.7% compared to the previous year and attributable to the increase in the royalties recognized by car rental companies and in the revenues from car parks. Operating costs amounted to 28.0 million euros (+6.3% compared to 2017), of which 24.6 million euros relating to consumption of external materials and services and 3.5 million euros for payroll costs. The gross operating income equaled 14.1 million euros, increasing by 13.1 million euros compared to the previous year, while the operating income stood at 10.9 million euros, up by 10.2%.

Airport Cleaning S.r.l.

The company, established on February 28, 2014, started operations on May 20, 2014. The company initially provided cleaning, minor maintenance, disinfection, sanitization and deodorization services at private and public restrooms in many areas at Fiumicino airport, management of the service for collection and distribution of baggage carts at Fiumicino airport as well as cleaning, minor maintenance, material supply, disinfection, sanitization and deodorization services at restrooms and cart handling services at Ciampino airport.

In 2018, the company recorded a net income of 1.5 million euros, down 0.1 million euros compared to 2017. Revenues of 26.7 million euros decreased by 6.0% due to the effect, for the entire year 2018, of the closure of T5 and T2, as well as the adjustment of the value of the contract with ADR, starting from May 20, 2018. Operating costs fell compared to 2017, as a result of the decreasing payroll costs, equal to 14.9 million euros (-4.7%). The decrease essentially reflects the drop in the workforce (-6.5%). Positive EBITDA of 2.4 million euros was recorded, down compared to 2.8 million euros in 2017.

ADR Sviluppo S.r.l.

The company, with the purpose of promoting and developing real estate initiatives for the airport premises of Fiumicino and Ciampino, had not yet started its operations in 2018. The net income for 2018 equals 32 thousand euros, up compared to 2017 (+10 thousand euros), in relation to dividends (+34 thousand euros) collected from the investee ADR Tel; the Shareholders’ equity as of December 31, 2018 equals 206 thousand euros.

Investments in other companies

Pavimental S.p.A.

ADR holds a 20% share in the company, engaged in the sector of motorway maintenance and the execution of some important infrastructural works for the Group as well as third parties.

Revenues from ordinary activities for 2018, equal to 291.0 million euros, were down by 98.2 million euros compared to 2017 (-25.2%), with the drop in the volumes of revenues affecting the entire company business. Furthermore, this decrease was affected by the definition, in 2017, of a Transaction Deed with which Autostrade per l'Italia S.p.A recognized Pavimental about 28.2 million euros to settle any claims and reserves connected to the application of the permanent reductions set by the Ministry for Infrastructures and Transport on some infrastructure contracts commissioned by Autostrade per l'Italia S.p.A in place of the provisional contractual ones.

The gross operating income equaled 3.0 million euros, down compared to the previous year (-43.4 million euros). The company closed 2018 with a net loss of 16.2 million euros, a decline compared to the income of 15.8 million euros in 2017. Shareholders' equity as of December 31, 2018, stood at 15.0 million euros.

Spea Engineering S.p.A.

The company, which ADR owns 20% of, provides engineering services for planning, work supervision and monitoring activities, serving the upgrading and extraordinary maintenance for the motorway and airport sector.

The revenues for 2018 equaled 108.2 million euros, down by 2.3 million euros (-2.1%) compared to the previous year, as a result mainly of the decrease in the activities related to Work Management, due to the closing of the work sites for jobs in the final accounts and a slowdown due to collapse of the Morandi bridge. External production costs, equal to 57.7 million euros, decreased by 11.7 million euros consequently to the greater outsourcing of specialized professional positions and the higher costs for legal services. EBITDA in 2018, equal to 1.0 million euros, decreased by 14.3 million euros compared to the previous year. The company closed 2018 with a net loss of 3.4 million euros, a decline compared to the net income of 6.9 million euros in 2017. Shareholders' equity as of December 31, 2018, stood at 78.2 million euros.

Aeroporto di Genova S.p.A.

ADR holds a 15% investment in the company that manages Genoa airport. In 2017 (the year the last financial statements approved refer to), there was a 1.6% reduction in passenger traffic, which is attributable to the drop in the volume of charters; a good result was obtained in terms of movements (+1.2%) instead. The value of production amounted to 27.2 million euros, with an increase of 2.0 million euros, largely driven by the positive trend in aeronautical income, which benefits from the new tariff scheme applied from June 21, 2016. Costs also increased by 2.5 million overall, mainly as a result of the increase in costs and services and, in particular, in maintenance costs because of the intensified actions to upgrade and remake the infrastructure. Also the airport concession fee (+29.8%), determined pursuant to the inter-managerial Decree of June 30, 2003 and subsequent amendments, becomes fully operational in the year under review, since the 75% reduction, introduced by law 248/05, was applied until June 20, 2016. As a consequence, the gross operating income (EBITDA) decreases from 2.6 to 2.0 million euros. Furthermore, as a result of Alitalia SAI S.p.A. entering the extraordinary administration procedure, the receivables from this carrier were written down. This led the company to essentially break even at the end of 2017 (+10 thousand euros) compared to the result of the previous year of +0.8 million euros. Shareholders' equity as of December 31, 2017, stood at 6.6 million euros.

S.A.CAL. - Società Aeroportuale Calabrese S.p.A.

ADR holds a 9.229% investment in the company that manages Lamezia Terme airport and that, with Italian Civil Aviation Authority directive of March 3, 2017, was awarded the thirty-year concession to manage the airports of Reggio Calabria and Crotone.

In 2017 (to which the latest approved financial statements refer), passenger traffic at Lamezia Terme, the airport managed by S.A.CAL., reported 2.5 million passengers in total with an increase of 1.1% compared to the previous year, to be attributed mainly to the growing low-cost traffic.

The value of production, equal to 26.2 million euros, was up by 4.2 million euros compared to 2016, consequently to the review of the “airport fee regulation” model, with the related execution, on July 11, 2017, of the planning agreement with ENAC that, starting from June 1, 2017, cause a rise in airport fees. The value of production was also affected by non-recurrent items for 3.4 million euros. Production costs also rose (+0.9 million euros), the expenses for leased assets in particular, due to the full charge (and not the reduced charged applied until 31 May 2017, equal to 25%) of the concession fee paid after the planning agreement came into force; the operating income is equal to 2.8 million euros compared to -0.5 million euros of 2017. The value adjustments of financial assets are negative for 1.4 million euros due to the write-down of the book value of the subsidiary S.A.CAL. Ground Handling S.p.A..

Given the trends described, the year closed with a profit of 48 thousand euros, improving compared to the negative result of 1.5 million euros recorded in 2016. Shareholders’ equity as of December 31, 2017, stood at 10.7 million euros.

Azzurra Aeroporti S.p.A.

ADR holds 7.77% of the capital of Azzurra Aeroporti S.r.l., which holds 64% of the total capital of Aéroports de la Côte d’Azur (ACA), the company that, in turn, owns the airports of Nice, Cannes-Mandelieu and Saint Tropez.

The company closed 2018 with a profit of 43.8 million euros (27.6 million euros in 2017), relating mainly to income from equity investments for the dividend resolved by the subsidiary ACA, equal to 51.5 million euros (34.6 million euros recorded in the previous year); the Shareholders’ equity as of December 31, 2018 amounts to 706.6 million euros.

Consorzio E.T.L. – European Transport Law (in liquidation)

The Consortium (25% ADR), which promotes training courses and research programs regarding European transport integration issues, has been in liquidation since December 31, 2010 and closed 2018 with a loss of 6 thousand euros and a negative Shareholders’ equity of 5 thousand euros.

Leonardo Energia Società consortile a r.l.

The limited liability consortium, in which Fiumicino Energia S.r.l. holds a 90% investment and ADR a 10% investment, has the purpose of producing, transforming and transporting electrical and thermal power in favor of consortium partners, through the management of:

- the new co-generation plant built at Fiumicino and owned by Fiumicino Energia S.r.l., made available to the company via a company branch lease contract;
- thermal power plant made available by ADR through a sub-concession agreement.

The company broke even in 2018, whilst Shareholders' equity at December 31, 2018 amounted to 268 thousand euros.

Planning Agreement

Development of the Roman airport system

The Airport Management Agreement and the Planning Agreement

ADR manages the Roman airport system - Fiumicino and Ciampino airports - on an exclusive basis under the concession granted to the company by Italian Law no. 755 of November 10, 1973, and the Single Deed "Agreement for management of the Rome airport system and Planning Agreement, pursuant to art. 17, paragraph 34-bis, Law Decree no. 78 of July 1, 2009, converted with amendments to Law no. 102 of August 3, 2009, including the principles and criteria for its periodic updating" entered into on October 25, 2012 and approved by the Prime Minister's Office Decree of December 21, 2012. This Single Deed replaced the previous Management Agreement no. 2820 of June 26, 1974, and governs relations between the concessionaire ADR and ENAC until the expiry of the concession (June 30, 2044). Following the Agreement of October 25, 2012, ENAC and ADR signed three Additional Deeds: on December 27, 2012 (incorporating the amendments to the text of the Prime Minister's Office Decree of December 21, 2012), on December 23, 2013 (remodeling the boarding fees for outgoing and transit passengers) and on December 9, 2014 (identifying further service quality measurement mechanisms).

The regulatory framework approved has defined a consistent set of transparent and sound rules valid until the end of the concession, enabling the financing of ADR investment plan through access to financial markets. The pillars of the Planning Agreement are:

- clarity of concessionaire and ENAC rights and obligations in all circumstances, including situations that can give rise to termination of the Agreement;
- identification of airport efficiency and service quality objectives subject to economic regulation;
- updating of the criteria to determine tariffs based on the actual cost of services, estimated traffic, the investment plan and quality objectives, in line with international best practices;
- central role of the investment plan in both the short and long term.

The Single Deed coming into force resulted in some appeals to the Lazio Regional Administrative Court and/or the Head of State; all the appeals lodged have been closed, except that filed by the Municipality of Viterbo following the decision to omit the construction of the third airport of the Roman airport system from the Infrastructural Development Plan. For more details, reference is made to the section on "Litigation" in the Notes to the Consolidated Financial Statements.

Art. 9 (Revocation of loans, unimplemented actions and repeal of airport procedures), paragraph 3 of Law Decree no. 185 of November 25, 2015 containing "Urgent measures for territorial interventions", converted to Law no. 9 of January 22, 2016, provided for the repeal of article 71 of Law Decree no. 1 of January 24, 2012, converted with amendments to Law no. 27 of March 24, 2012. With the repeal of art. 71, infrastructural interventions for Fiumicino and Ciampino airport are essentially no longer equated to strategic structures of preeminent national interest (so-called "major works") and go back to being subject to the ordinary regulations in force in terms of approval procedures (approval of the projects by ENAC). The original wording of Art. 9, paragraph 5 of the Planning Agreement (as amended by Council of Ministers Presidential Decree of December 21, 2012), which established the competence of the Inter-ministerial Committee for Economic Planning ("CIPE") for the approval of the projects, no longer applies.

The main elements of the Planning Agreement

- **Fee structure:** the fee structure is based on criteria recognized at international level in correlation with the costs of infrastructure and services, promoting the efficiency objectives in accordance with Directive 2009/12/EC and Law 27/2012, which absorbed the same directive into the national regulations. The fee rules are set until the end of the concession and are based on:
  - "price cap" method ("RAB-based"), which correlates the fees with the costs of the services subject to economic regulation. In addition, the initial RAB value is calculated as of January 1, 2013 at 1.8 billion euros, updated year on year with the rules for regulatory accounts;
  - "dual till" based on which all the revenues of the commercial activities are kept by the airport company;
  - provision of bonuses / penalties when the values recorded concerning environmental and quality indicators are above / below the objectives set with the ENAC (Civil Aviation Authority).
- **Fee review:** the Planning Agreement clearly defines, in terms of content, methods and schedules, the mechanisms and reasons that require updating of the economic-financial plan at 2044, of the ten-year regulatory periods, in turn subdivided into regulatory sub-periods, of the variables contained in the mechanism of annual fees.
- **Permissible remuneration:** for the first five-year period of tariff application (2012-2016), the real pre-tax Weighted Average Cost of Capital (or "WACC") equaled 11.91%. For the second five-year period (2017-2021) this was set at 8.52% to reflect the changing financial market conditions (particularly the lowering of the cost of Italian public debt). Relating to the return rate recognized on the capital, the Planning Agreement clearly defines parameters and criteria for the update at the end of the regulatory five-year and ten-year period. The real pre-tax WACC, for the new works of particular strategic and environmental value, is expected to increase within the range of 2% to 4%.
- **Differences between forecast and final traffic:** the variations in traffic compared to the forecasts within a +/-5% range will be to the benefit of/charged to ADR. In the presence of greater variations, 50% of the higher revenues will be allocated for future investments without any impact on the tariffs; if lower, 50% of the lower revenues will be included in the costs permitted for the tariff calculation of the next sub-period of five years. Particularly significant traffic variations may legitimize the request for changes to the planned structural works.

Tariff update

From March 9, 2013, when first applying the Single Deed, each year the fees are calculated according to the principles contained in the Planning Agreement.

According to the rules of the Planning Agreement, the tariffs are updated annually in order to maintain a correlation between the revenues from regulated services and the relative costs. The update provides for (i) ADR's compliance with the procedure of consultation with the users according to ENAC principles applying the terms and methods outlined in Directive 2009/12/EC on airport fees; (ii) ENAC's approval of the tariffs after having checked the values presented by the company in the specific update proposal and standard disclosures (publication on the website and reporting to IATA).

In 2016 the series of actions for updating of the tariff parameters for the five-year period 2017-2021 and the underlying technical annexes to the Planning Agreement were carried out and are fully available on the ENAC website. In 2018 ADR and ENAC consulted the users and run the checks for the fee values to be applied from March 1, 2019.

Consultation with users and 2019 tariff proposal

On August 10, 2018 ADR started the annual consultation envisaged for the tariff update with the publication of the relevant documents on its website. On October 2, 2018 a meeting was held with the airport users (carriers, handlers and other parties concerned) with regard to the issues concerning investments, traffic performance, quality and the environment. The main infrastructural works completed and those in progress in line with the schedule of the second five-year period of the Planning Agreement were illustrated on that occasion. Lastly, the tariff proposal for the year 2019 (applied from March 1) was illustrated according to the principle of cost correlation established in the Planning Agreement. The consultation procedure ended on November 16, 2018 with publication of the final tariff proposal of the airport operator. On December 24, 2018 ENAC confirmed the tariffs that will come into force at Fiumicino and Ciampino airports starting from March 1, 2019, publishing them on its website. Based on the agreements reached, the ratio between maximum revenues admitted for regulated services and passengers paying the fees, under the Planning Agreement, equals 30.1 euros, down compared to +1.4% of the previous year. For Ciampino airport the fees change by +2.2% on average instead.

The periodic consultation by the airport operator is meant to illustrate to users the infrastructural development projects, the results in terms of service quality and the fees envisaged in the tariff proposal for the subsequent year. The consultation procedure is carried out in compliance with the fundamental transparency principle pursuant to article 6 of the EU Directive of 2009 on airport fees. On March 20, 2015, with the publication of the procedure to settle disputes in case no agreement is reached on airport fees, ENAC further applied the provisions of the EU directive on user consultation.

The strategic objectives

Having made the investments under the Planning Agreement, ADR continued the implementation of the Infrastructural Development Plan of the Rome airport system; the new infrastructure is created in line with a balanced demand and supply ratio, thus guaranteeing the constant improvement of the level of service offered to passengers.

In particular, the opening for business of the Front Building of Terminal 3 and the new annexed departures pier, which took place in December 2016 and became fully operational in 2017, allowed a capacity expansion of the airport capacity of Fiumicino terminals by 6 million passengers per year, in compliance with forecasts in the Planning Agreement, giving the airport a more complete and organized structure, particularly as regards non-Schengen flights and passengers. In 2017 and 2018 also a series of key actions continued in terms of: service quality, capacity, environmental sustainability, operations, system redundancy, technology developments and space harmonization. The long-term objective of the ADR Group is to create, in the validity period of the Concession, an airport system in line with international best practices to drive the social-economic development of the local territory and the Italian system and serve as access point for intercontinental traffic. The following actions are envisaged in particular:

- the development of Fiumicino in order to turn it into one of the main hubs at European level both in terms of volume, increasing the capacity and service standards offered to passengers;
- the upgrade of Ciampino, improving the services currently offered, in line with the Masterplan, being approved also from an environmental standpoint.

The Investment Program

Under the Management Agreement, ADR is committed to guaranteeing the suitable and progressive planning and implementation of the infrastructural development for the airport system for the entire residual duration of the concession (June 30, 2044). The size of the infrastructure covered by this plan, in addition to considering ENAC's directives, must also guarantee high quality levels, based on the estimated traffic growth agreed with the granting administration.

The Airport Development Plan

ADR's commitment to making the investments, which, pursuant to the agreement, constitutes the "Airport Development Plan", is arranged into 10-year "regulatory periods" - the first period 2012-2021 is in progress - and five-year "regulatory sub-periods".

Following the approval in October 2015 of the Fiumicino and Ciampino Masterplan up to 2044, in compliance with ENAC requirements, in 2016 ADR prepared the Masterplan with a time horizon of 2030 for Fiumicino airport and the associated Environmental Impact Study. The Masterplan to 2030 was submitted in October 2016 and was approved by ENAC in February 2017. The Environmental Impact Assessment (EIA) procedure of the 2030 Fiumicino Masterplan, launched on March 30, 2017, is currently underway. Following interactions with the Ministry of the Environment (MATTM) and ENAC, taking into consideration the observations made and, in particular, the evolving situation regarding the definition of the Management Plan for the State Natural Reserve of the Roman Coastal Area, ADR requested to ENAC, on June 20, 2018, to submit a petition to the MATTM to suspend the EIA procedure. Subsequently, ENAC sent ADR's request to MATTM, asking for a suspension of about 10 months. The MATTM, having received such request, provided for the suspension period to end on April 22, 2019.

In relation to the EIA procedure for the Ciampino Masterplan, the preliminary phase of MATTM's EIA Technical Commission was concluded, which, in particular, expressed a positive opinion with provisions relating to the planned interventions starting from 2021, and to certain interventions carried out in the period prior to the presentation of the EIA (requesting the activation of a "posthumous" EIA procedure). The Lazio Region and the Ministry of Cultural Heritage also issued formal opinions, with regulations. Presently, certain analyses are being conducted between MATTM's General Environmental Assessments and Authorizations Department and the aforementioned Commission, including in reference to an application presented by ENAC and ADR regarding the applicability of the "posthumous" EIA in relation to Ciampino airport.

With reference to the commitment to making the investments under the Development Plan, which the Agreement in force attributes to ADR, it is emphasized that, since the determination and update of the regulated fees are based on the application of a "RAB-based" methodology, at the end of each year the parties (concessionaire and granting authority), when determining the fees to charge in the next year, shall aggregate the investments made and verify the need to make corrective adjustments to the estimated traffic in the five-year period. On that occasion, if the requirements are met, necessary rearrangement of the detailed program of investments under the Plan can be agreed.

The fulfillments in relation to the Development Plan[7]

In compliance with the provisions of the Planning Agreement and the multi-year technical docu-ments for the sub-period 2017-2021 approved by ENAC in 2016, ADR continued sending ENAC the projects for the actions scheduled in line with the approved airport development plans, the details of the actions to be taken to achieve the strategic objectives of capacity, quality, service level and environmental sustainability. For Fiumicino, the general structure is in line with that approved in the Fiumicino Sud completion project and envisages in particular the expansion of Terminal 1 and the restructuring and improvement of the capacity of Terminal 3. As regards Fiumicino Nord, a complex comprising a new runway, a new terminal block and related aprons is planned to be completed by the end of 2028. For Ciampino the plan is to streamline traffic, in line with the environmental impact study and in the plan for noise reduction and abatement.

In 2018 ADR invested a total of 171.6 million euros, compared to the 408.1 million euros envisaged in the first year of the second regulatory sub-period (2017-2021) approved by ENAC; the difference, equal to -236.5 million euros (-226.8 million euros net of the real estate development initiatives), is mainly due to following factors: rearrangement of the interventions to create the fourth runaway based on the progress of the authorization procedures; creation of the new motorway exit in the East area due to the late settlement of the appeal on the competence limit; arrangement of different stages for the works at the East Terminal Area due to operating optimization; lower costs deriving from project optimization; rearrangement of designs and works in accordance with traffic forecasts, which are more modest that initially estimated.

Service Conference of the Project of Completion of Fiumicino Sud – Procedures of compliance with EIA Decree

In relation to the Fiumicino Sud Completion Project, all compliance verification procedures, which began in 2014 for the various requirements of the “EIA Decree” (Italian Ministerial Decree no. 236 of August 8, 2013, as amended by Italian Ministerial Decree no. 304 of December 11, 2014) to be carried out for the MATTM (CTVIA), regarding general and specific provisions relating to issues such as the land and water management, the arrangement of work sites and landscape-related and architectonic enhancement aspects, were duly forwarded in compliance with the same decree and were mostly finished.

Airport intermodality and connectivity

For an airport like Fiumicino the development of accesses is of the utmost importance in order to best address the mobility and accessibility needs connected to the demand for air transport for Rome.

ADR, in co-operation with ANAS, ASTRAL, Roma Servizi per la Mobilità and Strada dei Parchi, started a process of continuous and constant collaboration for info-mobility by issuing a specific procedure to provide traffic information or news about exceptional events that may interfere with accessibility to Fiumicino and Ciampino airports; broadcasting is active on several channels, including variable message sign on the Great Ring Junction, the Rome-Fiumicino motorway and the main arteries in Rome (e.g. the East bypass).

7 Data ADR S.p.A. ITA GAAP

Consistently with the protocol signed on December 15, 2016 between ADR and RFI (Rete Ferroviaria Italiana) for the enhancement, with charges borne by RFI, of the Fiumicino Aeroporto rail station to increase and improve the rail service, the technical-economic feasibility study was completed. RFI is conducting further studies to start the design phase.

At the end of 2018 ADR signed with ANAS and ENAC an agreement to create the motorway exit in the area east of Fiumicino. The works were included in the ENAC - ADR “Planning agreement”. According to this agreement ADR must carry out any expropriation and create the work; after testing, the infrastructure will be managed by ANAS, as determined by the Ministry of Infrastructure and Transport within the framework of the road safety procedure conducted pursuant to Italian Ministerial Decree 35/11.

Environmental sustainability and quality

With a view to developing and managing an efficient airport system by improving every year the service levels offered to passengers, ADR periodically monitors the indicators shared with ENAC as part of the Planning Agreement and related to the service quality and the protection of the environment. Multi-year improvement objectives are defined for each indicator with a view to aligning the managed airport systems to the best comparable international airports. The outcome from measuring these objectives is used when defining the tariff updates according to the rules of the Planning Agreement.

Quality indicators

The main quality indicators agreed with ENAC for Fiumicino and Ciampino airports and subject to consultation together with the related improvement targets for the period 2017-2021, are reported below.

- Services provided:
  - availability of operating info points;
  - waiting time in line at check-in desks;
  - delivery time for the first and last bag from the block on;
  - time take to provide assistance to passengers with reduced mobility (PRM);
  - waiting time for security checks;
  - seating availability in the airside area.
- Passengers’ quality perception regarding:
  - effectiveness of the assistance to passengers with reduced mobility (PRM);
  - wi-fi connection quality (for Fiumicino airport only);
  - presence of clear, understandable and efficient internal signs;
  - level of cleanliness of the restrooms;
  - level of comfort in the airport (only for Ciampino airport).

For information on the overall performance of quality indicators see paragraph “Service quality”.

Environmental indicators

Already in 2016 ADR had defined the new system of environmental indicators to be used for the second regulatory sub-period 2017-2021, transposed into the new Annex 10 to the Planning Agreement. Using the guidelines defined by ENAC in 2015, it had been possible to select a list of indicators which, compared to the previous five-year period (2012-2016), allowed the definition of improvement objectives that are significantly more relevant with a view to developing an increasingly sustainable airport system. Specifically, the main indicators agreed with ENAC for Fiumicino and Ciampino airports and subject to consultation together with the related improvement targets for the period 2017-2021, are reported below:

- reduced energy consumption at the terminals;
- increased energy production through photovoltaic systems;
- replacement of the corporate car-pooling fleet with low-emission vehicles;
- increase of the separate waste collection of non-hazardous waste in the passenger transit areas;
- reduced drinking water consumption per passenger (for Fiumicino airport);
- verification of inclusion of environmental clauses in the contracts.

Specifically, in the reference period (July 2017 – June 2018), very positive results were recorded for Fiumicino airport:

- as regards energy, final total consumption (81,920,630 kWh) was lower than the target of the Planning agreement (83,650,912 kWh), with a relative percentage of energy from renewable sources (0.16%) higher than expected for the first year (0.00%);
- regarding the corporate car fleet, the percentage of low-emission vehicles is markedly higher (15%) than the one set by the Planning agreement (6%) for the first year;
- with regard to separate waste collection, waste correctly separated at Terminal areas reached 56%, against the set target of 51%;
- with regard to water consumption, a 14% reduction in consumption was recorded, compared to the 1% target set for the first year;
- finally, the indicator verifying the environmental clauses entered in the contracts highlights that 19% of contracts were audited, compared to the 10% target set by the Planning agreement.

Overall positive results were observed also for Ciampino airport, even though the new General Aviation facility coming into operation proved to burden energy consumption. In particular:

- final energy consumption at the end of the first year is slightly higher than expected (10,627,527 kWh); however, the percentage of energy produced from renewable sources remains in line with the set target;
- regarding the emissions generated by the corporate car fleet, the percentage of low-emission vehicles is markedly higher (20%) than the one set by the Planning agreement (10%);
- with regard to separate waste collection, the introduction of the “door to door” waste collection system at the airport has allowed extremely positive results to be achieved. As a consequence, at the Terminal areas, waste correctly separated reached 54%, against the set target of 35%;
- as regards the checks of the environmental clauses entered in the contracts, 33% of contracts were audited, compared to the 10% target set by the Planning agreement.

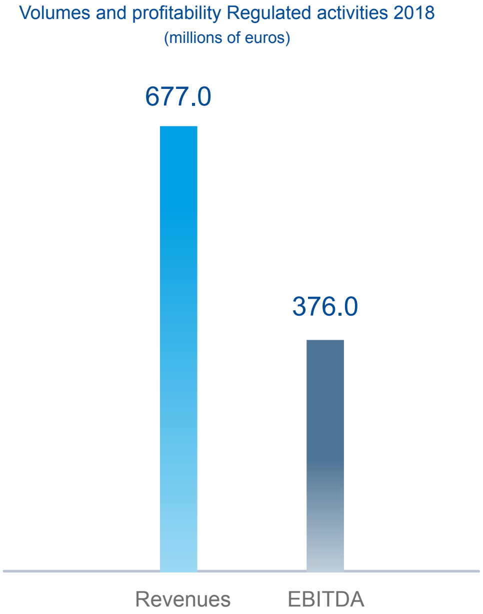
These results confirm the attention ADR pays to the environment and its commitment to its sustainable development strategy, which associates and align the airport dimension to the topic of sustainability and the Sustainable Development Goals (SDGs) approved by the United Nations in the 2030 Agenda.

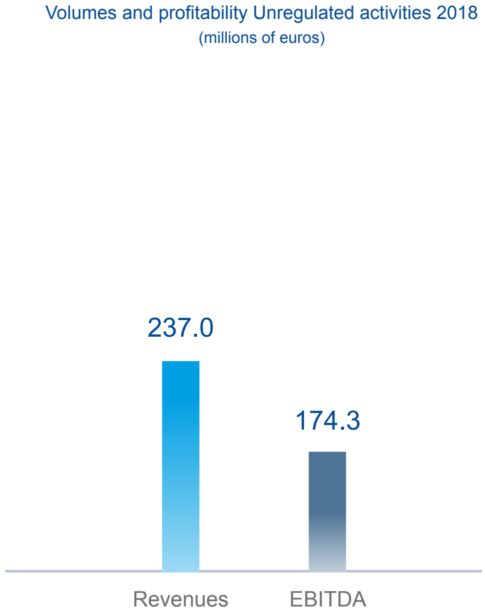
Regulatory accounts

The regulatory accounts are developed annually on the scope of activity of the Parent Company ADR according to the Italian GAAP accounting standards. On this basis, it is possible to describe the turnover and profitability (EBITDA) of regulated and unregulated ADR activities.

In 2018, revenues from regulated activities, which are being reviewed, amounted to 677.0 million euros (in 2017 this value equaled 647.2 million euros), with an EBITDA contribution of 376.0 million euros (348.9 million euros in 2017). With regard to unregulated activities, mainly managed via third parties on the basis of sub-concession agreements, revenues were recorded for 237.0 million euros (in 2017 this value equaled 225.9 million euros), with an EBITDA contribution of 174.3 million euros (164.0 million euros in 2017).

GRAPH 1
Volumes and profitability of ADR regulated and unregulated activities





THE SUSTAINABILITY SECTION

Human resources

The ADR Group ended 2018 with a headcount of 3,453, recording an increase of 76 people (+2.2%) compared to December 31, 2017. This change is mainly attributable to:

- increased workforce at ADR Assistance consequently to the greater traffic of passengers with reduced mobility (PRM) managed;
- increased workforce at ADR Security consequently to the rising number of passengers at security check points and the in-sourcing of security check activities at staff check points at Fiumicino and Ciampino airports (started in August 2018).

The headcount on open-ended contracts equals 2,789 people, up by 9 units (+0.3%) compared to the end of the prior year.

The Group's average headcount in 2018 equaled 3,137.6 FTE, rising by 26.7 FTE (+0.9%) com-pared to 2017, mainly as a result of:

- ADR (+46.0 FTE):
  - i. full effect of insourcing and enhancement initiatives for maintenance activities started and concluded in 2017;
  - ii. insourcing of fire protection activities at Fiumicino airport, entirely offset by the outsourcing of part of the porterage activity and the set up of the check-in desks;
  - iii. enhancement of the Infrastructural Development and Real Estate areas, also because of the additional commitment to infrastructural compliance issues;
  - iv. enhancement of other organizational areas supporting the business;
- ADR Assistance (+46.7 FTE), consequently to the greater assistance to passengers with reduced mobility (PRM) recorded in the year (+9.1%);
- ADR Security (-34.3 FTE), due to:
  - v. initiatives taken to optimize the passenger control processes at security check points, also favored by the infrastructural interventions envisaged by the Development Plan (e.g. new East T3 Layout, closure of T2), which allowed productivity to be improved up to the complete absorption of passenger traffic (+4.2% compared to the previous year);
  - vi. initiatives to optimize security not directly related to passenger traffic flow (e.g., control room, inter-runway security, facilitated passport checks, supervised boarding and disembarking at pier E, etc.), also to offset the insourcing of the security check activities at staff checkpoints at Fiumicino and Ciampino airports completed in August 2018;
- Airport Cleaning (-36.0 FTE), due to:
  - vii. efficiency initiatives on operating processes, which led to the implementation of "traffic" logic for the cleaning of the toilet facilities, as well as the redefinition of the frequency of the unscheduled night-time cleaning activities, and offset the employment of more staff for the activities for the pre-launch of the new headquarters (completed in May 2018);
  - viii. completion of pre-launch activities for Pier E (completed in March 2017).

Development

As regards the Talent Management systems of the ADR Group, in 2018 the following human resource development processes were carried out:

- 2018 Feedback Session: a new assessment and development system with a central focus on providing exclusively qualitative feedback, which involved 848 resources including management, employees, and operating coordinators. Based on this process, the managers met each employee to return him/her a snapshot of his/her overall performance in 2017, offering him/her clear and straightforward feedback to identify aspects to be developed, strengthened and improved for his/her own professional development;
- Individual Assessment: a structured evaluation process of managerial competencies targeting 22 resources and aimed at identifying “readiness” for more complex roles and defining professional development plans.

Finally, in line with Atlantia’s development policies, during 2018 programs continued for developing young professionals of the Group, as a source of potential valuable resources to build the managerial pipeline in the medium to long term. This activity involved: induction and on-boarding initiatives for 42 newly hired resources, mentoring from the managers of ADR Group, and growth meetings with talented staff selected Human Resources.

Training

In 2018, 82,269 training and education hours were provided in the ADR Group, for a total of 14,921 attendees and a total economic investment of 575 thousand euros. Internal trainers of ADR Group were used to provide 46% of total training hours, confirming the special focus on the know-how of in-house trainers also for 2018.

With reference to the topic of improving the quality of customer services, ADR Group renewed its commitment to the Customer Experience Education project, which involved training in hospitality for General Aeronautics at Ciampino, on-board training, recurrent training, Quality Groups, and diversity training, for a total of 1,642 participants and 24,753 total hours provided.

As regards workplace safety, the ADR Group kept its high focus through specialized training on Legislative Decree 81/08 and on the Risk Assessment Document, with 3,554 participants for a total of 27,874 training hours provided.

During the year training courses were designed and developed in-house for the management of the ADR Group, focusing on leadership, the management of associates and feedback. The program involved 206 resources overall, for a total of 1,648 hours provided by internal trainers.

As regard specialist training, the main initiatives of 2018 concerned the following programs:

- course on new methods and work tools: technical/specialist training carried out internally regarding management and the use of new business tools and applications, involving 666 resources for a total of 1,279 hours provided;
- Project Management course, to improve the effectiveness of project management. The course involved 19 resources, for a total of 760 hours;
- courses for engineers and architects, needed to obtain training credits to maintain professional accreditation and aimed at improving technical knowledge. There were 218 participants for a total of 2,018 hours;
- specialized courses to improve specific skills related to the role (e.g.: airport marketing, air transport law, protection against noise pollution, mandates and proxies at companies, etc.), which involved 45 resources, for a total of 1,140 hours provided;
- English language courses for professional nurses and managers of operating rooms in charge of first aid at Fiumicino and Ciampino airports, aimed at improving the communication and quality perceived by passengers in need of assistance. The initiative involved 7 resources, for a total of 35 hours of training provided.

During 2018 the ADR Group confirms the attention paid to environmental sustainability issues by designing and providing in-house training for Green experts. The initiative is aimed at aligning the environmental competencies of the resources that deal with corporate sustainability in order to promote a combined environmental knowledge. There were 142 participants in the project, for a total of 635 hours of training provided.

Compliance-related issues were tackled in both the traditional way (classroom) and in e-learning mode. Specifically, classroom training involved 114 participants, for a total of 315 hours of training provided, mainly on subjects related to the New Procurement Code, the Contract Manager (RGC), the ISO 37001 anti-corruption certification and the anti-corruption due diligence.

5,128 participants used the e-learning mode, for a total of 7,366 hours of training provided, mainly on subjects related to the Anti-corruption policy of the Atlantia Group, the privacy regulations and the General Data Protection Regulation (GDPR), Italian Legislative Decree no. 231/01 and the more operating issues related to the management of passengers with reduced mobility (PRM), Airside safety and the behavioral rules for the management of emergencies.

Finally, in 2018, for the first time ADR introduced training programs regarding transversal skills in multi-media mode. The programs concerned the in-depth study of the managerial skills for the guidance and development of associates as well as problem solving & execution, for a total of 472 participants and 1,888 hours of training provided.

Welfare

of Fiumicino and Ciampino, in continuity with 2017, the ADR Welcome program continued. It is an alternating work-study program for local high school students, who were involved in providing information to passengers at Fiumicino and Ciampino airports. During 2018 the project was extended also to the children of employees and involved 62 young people in total, who were hosted at Rome airport between January and July.

To encourage engagement and motivation among employees, the following initiatives were also developed:

- talent day: professional orientation meetings to facilitate understanding of the labor market, aimed at employees' children aged between 18 and 27, designed and provided by internal trainers, attended by 32 young people in total;
- university scholarships: competition to assign 8 scholarships with a unit value of 5,000 euros to the children of employees of the ADR Group to enhance the completion of their university education;
- summer camp: summer camps dedicated to employees' children aged 4 to 18 to facilitate the balance between personal and professional needs. The company funded the overall cost of the project, covering about 70% of the expenditure, with the participation of 147 young people;
- green family day: a project deriving from the will to commit to educational actions regarding corporate sustainability, targeting the children of ADR Group's employees approaching the professional world of their parents and making them aware of the company's commitment to the environment. The event was arranged into two stages: the tour of the runway and educational workshops addressed to children aged 3 to 12, involving 140 children and 100 parents;
- flexible benefit: a tool introduced in 2017 and confirmed in 2018, as part of which 2.9% of beneficiary employees (i.e. 65 employees out of 2,224) used 2.1% in total of the Overall result award, entirely tax-free and contribution-free, to purchase welfare services for themselves or their families.

Remuneration system

During 2018, the main incentive systems used to support the company remuneration policies were as follows:

- Management by Objective - MBO: to pursue the business objectives while guaranteeing a correlation between corporate performance and individual performance. In 2018, 100% of Managers, 94% of Administrative staff and 5% of level 2A white collars were involved in the MBO system of the ADR Group;
- One-year/Three-year MBO system: continuing from 2017, 43% of managers were interested in the "2017-2019 One-year/Three-year" MBO system; it envisages both an annual portion of the incentives linked to individual objectives and a three-year portion of the same linked to quality objectives and Group objectives;
- Equity plans: variable medium/long-term incentive tool defined by the parent company Atlantia and dedicated to the directors and/or employees of the Company and its subsidiary undertakings with functions of strategic importance to attain the corporate objectives in order to encourage them to value the Company and at the same time an important engagement tool. The equity plans addressing beneficiaries of the ADR Group as of December 31, 2018 are as follows:
  - Stock option 2011: the third cycle concerned 16 managers and directors of the ADR Group;
  - Phantom Stock Option 2014: the first cycle concerned 16 managers and directors of the ADR Group; the second cycle concerned 17 managers and directors of the ADR Group; and the third cycle concerned 18 managers and directors of the ADR Group;
  - Phantom Stock Option 2017 and Phantom Stock Grant 2017: the first cycle of both Plans concerned 23 managers and directors of the ADR Group; the second cycle of both Plans concerned 20 managers and directors of the ADR Group.

All of Atlantia's Equity Plans are described in the relevant documents prepared in compliance with art. 84-bis, paragraph 1 of the Issuers' Regulations, available on the website of the parent company Atlantia (www.atlantia.it/it/corporate-governance/documenti-informativi-remunerazione.html).

The Remuneration Report 2018, published on the website of the parent company Atlantia (www.atlantia.it/it/corporate-governance/remunerazione.html), contains information and more details on the remuneration systems and the short and medium to long-term incentive plans.

Organizational Model

The organizational structure of ADR was changed in 2018 through the following main organizational actions:

- review of the Risk Management model with a view to centralizing the controls of the subsidiary undertakings under the ADR Risk Officer;
- redefinition of the roles of the business organization that hold positions that guarantee protection for employees' health and safety in the workplace of ADR and its subsidiaries;
- formalization of the new structure of business committees;
- new organizational arrangement of the Operating and Maintenance Department aiming to improve the project management activities of the scheduled and unscheduled maintenance of the overall direction of the system supervision, monitoring and running activities;
- new organizational arrangement of the Real Estate Department, aiming to focus more on the activities of coordination of the real estate development projects, as well as the creation of a control dedicated to managing the real estate assets at Ciampino airport;
- new organizational arrangement of the Commercial Department aiming to directly manage the advertising activity and improve the control of the management of sub-concessions of retail outlets;
- the first phase of in-sourcing for the fire protection service at Fiumicino airport was also launched.

Finally, during 2018 the ADR Group updated its regulatory system, with particular reference to the European legislation concerning Privacy (GDPR- General Data Protection Regulation) and anticorruption.

Industrial and trade union relations

During 2018, the dialogue between ADR and the Social partners mainly focused on:

- in-sourcing of fire safety activities and related coordination structure at Fiumicino airport;
- renewal of the three-year agreement on the Result Bonus, with the introduction of new calculation criteria and aggregation of the premium referring to 2017 and, specifically to Airport Cleaning, the introduction of a new variable component of individual productivity on an annual basis;
- establishment of the "Supportive permits", which introduce a solidarity mechanism among the employees of the group through the voluntary and free transfer of days of leave and other types of permits in favor of colleagues in need to help relatives who require taking care of;
- conversion of about 70 Airport Cleaning fixed-term contracts into open-ended contracts and introduction of new flexibility for hiring with fixed-term contracts in the busier summer months from April to October, deviating from the reasons envisaged by the entry into force of the Dignity Decree;
- allocation of the residual resources of the Welfare and Social Security Airport Fund to the employee health insurance;
- redefining the operational mechanisms and professional roles of the electromechanical and thermal system maintenance area, as well as the roles of coordination of ADR Assistance and ADR Security;
- launching the authorization procedure for installing audiovisual equipment at the new managerial office building;
- enhancing the professional skills of employees, including through an agreement for subsidized training, as well as, specifically for Airport Cleaning, the training/education activities connected to the provisions of Italian Legislative Decree no. 81/08 concerning the regulations on safety in the workplace;
- participation in negotiations for the renewal of the National Collective Labor Agreement, launched in the year on the general part, concerning all the air transport segments.

Health and safety in the workplace

Regarding the protection of health and safety in the workplace, the ADR Group adopted a management system, certified according to the OHSAS 18001 international standard, applied to the companies ADR, ADR Security, ADR Assistance and Airport Cleaning.

In 2018, 225 accidents in the workplace were recorded and 79 accidents while travelling to and from work. The analysis of these phenomena and the near misses is systematically carried out in order to identify opportunities to improve the safety levels for the workers.

During 2018 the *HEART (Harm Elimination and Recognition Training)* project was launched, which is aimed at maximizing the awareness of the personnel in relation to the risks and the related prevention and protection measures. The *Health & Safety Alert* tool was also consolidated. This document reports specific events (accidents, near misses or hazardous conditions) with the aim of informing and raising awareness among workers with regard to specific risks of their business. *H&S Alerts* are published in notice boards at monitoring areas, in the corporate intranet or via *read&sign*.

Again in 2018, the methods for the specific assessment, control and authorization of works at height and on coverings were also redefined, through the work permit tool already introduced for other types of processing during 2017, by formalizing suitable operating procedures.

TABLE 1
Main human resource indicators

	M.U.	12.31.2018	12.31.2017	12.31.2016
ADR Group headcount by qualification (actual head-count)	**No.**	**3,453**	**3,377**	**3,393**
Managers	No.	48	52	53
Administrative staff	No.	249	233	225
White-collar	No.	2,004	1,947	1,963
Blue-collar	No.	1,152	1,145	1,152
ADR Group headcount by company (actual headcount)	**No.**	**3,453**	**3,377**	**3,393**
ADR	No.	1,401	1,389	1,309
ADR Tel	No.	55	57	54
ADR Assistance	No.	389	300	313
ADR Security	No.	990	955	1,030
ADR Mobility	No.	61	63	66
Airport Cleaning	No.	557	613	621
ADR Group headcount by contract type (actual head-count)	**No.**	**3,453**	**3,377**	**3,393**
Open-ended contract	No.	2,789	2,780	2,771
Fixed-term contract	No.	664	597	622
	M.U.	**2018**	**2017**	**2016**
ADR Group headcount by qualification (average headcount)	**FTE**	**3,137.6**	**3,110.9**	**3,038.9**
Managers	FTE	51.5	51.3	51.8
Administrative staff	FTE	241.1	227.3	218.4
White-collar	FTE	1,752.7	1,754.5	1,761.3
Blue-collar	FTE	1,092.3	1,077.8	1,007.4
ADR Group headcount by company (average head-count)	**FTE**	**3,137.6**	**3,110.9**	**3,038.9**
ADR	FTE	1,365.9	1,319.9	1,227.0
ADR Tel	FTE	57.4	55.4	52.4
ADR Assistance	FTE	350.6	303.8	295.6
ADR Security	FTE	780.2	814.5	879.5
ADR Mobility	FTE	62.5	60.2	64.7
Airport Cleaning	FTE	521.0	557.1	519.7
ADR Group headcount by contract type (average headcount)	**FTE**	**3,137.6**	**3,110.9**	**3,038.9**
Open-ended contract	FTE	2,581.1	2,587.6	2,404.8
Fixed-term contract	FTE	556.5	523.3	634.1
Passengers/FTE employees	**FTE**	**15,564**	**15,062**	**15,512**
ADR Group headcount by age bracket				
< 35	%	26%	28%	30%
36-45	%	33%	32%	32%
46-55	%	29%	29%	28%
> 55	%	12%	11%	10%
ADR Group headcount by educational qualification				
Degree	%	23%	22%	21%
Diploma	%	53%	53%	53%
Turnover rate				
negative turnover rate	%	2%	3%	3.0%
positive turnover rate	%	3%	3%	11.1%

TABLE 2
Industrial relations and trade union relations indicators

	M.U.	12.31.2018	12.31.2017	12.31.2016
Percentage of employees adhering to collective agreements	%	100%	100%	100%
Number of agreements signed with trade union organizations	No.	32	23	18
Diversity				
Women out of the total workforce	%	33%	37%	38%
Women in managerial positions	%	1.0%	1.0%	0.9%
Training				
Training expenses	Euro/000	575	980	715
Average hours of training per employee per annum	h	26	26	26
Training by area:				
Health	%	35%	41%	31%
Airport security	%	16%	17%	10%
Managerial	%	7%	5%	0%
Role-specific - Specialist Technician	%	42%	37%	59%
Health and safety in the workplace				
Expenses for health in the workplace	Euro/000	956	825	851
Employee accidents	No.	304	259	298
Accident severity index for employees	%	4.8%	2.6%	3.9%
Fatalities	No.	0	0	0
Number of Workers' Safety Representatives (WSR)	No.	11	11	7

Airport safety

Airport certification

Fiumicino

On December 20, 2016 the first Italian airport certification IT.ADR.0001 was granted to Fiumicino airport in compliance with Regulation (EC) 216/2008 of the European Parliament and Council and the related implementing rules of Regulation (EU) 139/2014. In compliance with the requirements of the mentioned Regulation, the operator audits the compliance of the main processes of the operations' Management System. 38 audit activities were carried out in 2018, broken down as follows:

- 14 audits of the main processes of the operator;
- 5 audits targeting ADR's service contracting companies;
- 19 audits targeting as many airport operators exercising airside activities.

Seven unscheduled audits (inspections) were also conducted, deriving from assessments by the Safety and Compliance Monitoring Manager and the Accountable Manager regarding critical issues emerging at the airport. Monitoring activities revealed a total of 84 observations of opportunities for improvement.

In 2018 ENAC surveillance team conducted an audit of numerous airport processes, based on which 23 observations of opportunities for improvement were formalized, which were promptly managed by the organizational units involved.

In the Airport Certification conversion phase, ENAC issued 12 documents of deviation from the certification requirements. Of these, one was classified as ELoS (Equivalent Level of Safety) and, therefore, is to be considered as permanent deviation that does not need any recovery plan. The other ten were classified as DAAD (Deviation Acceptance and Action Document) with scheduled recovery plans. Of the eight actions expiring in 2018, two were deferred through a formal request to ENAC, five were closed and one is currently being closed.

Ciampino

On July 31, 2017 the Italian airport certification IT.ADR.0012 was granted to Ciampino airport in compliance with Regulation (EC) 216/2008 of the European Parliament and Council and the related implementing rules of Regulation (EU) 139/2014. In compliance with the requirements of the mentioned Regulation, starting from the conversion of the certification and until December 2018, the following audits were conducted by ADR Compliance Monitoring:

- 21 scheduled audits of main processes/procedures of the operator's Management System;
- four extraordinary audits of the maintenance process for the means of handlers operating at the airport following safety-related events;
- an extraordinary audit of the personnel training process for a fueling company operating at the airport following a safety-related event;
- fix scheduled audits of assistance service providers operating at the airport.

Monitoring activities revealed a total of 129 observations of opportunities for improvement.

In 2018 ENAC surveillance team conducted several audits, based on which 19 observations of opportunities were formalized. All the findings from audits by the Compliance Monitoring and ENAC surveillance activities are being monitored and managed.

Emergency management

Fiumicino

In line with the provisions of regulation 139/2014, during 2017 the airport operator finalized the project to review and integrate the airport emergency plans for Fiumicino airport in a single document: the Airport Emergency Plan (AEP). Among the tasks highlighted in the plan there is that for the operator to devise and propose an annual program of total or partial exercises to the Emergency Response Committee ("ECR"). The ECR is a formally established committee, coordinated by the airport operator and consisting of experts and representatives of bodies and companies involved in managing airport emergencies. The main tasks of the ERC are:

- identification and periodic review of the airport emergency scenarios;
- assisting in planning the total or partial exercises of the various types of emergency;
- implementing the de-briefing of the emergency exercises or of the significant events pertaining to the emergency plans by defining, where necessary, suitable improvement actions that each subject, for the parts under their responsibility, must adopt in order to ensure effective emergency management;
- sharing and approving all the parts of the airport emergency plan and its updates required by regulation 139/2014.

The public bodies and private subjects directly involved in managing critical events at the airport are formally accredited by the ERC. These include: ENAC, ENAV, National Body of Firefighters, Arma dei Carabinieri, Tax Police, Ares 118, Port Authorities – Coastal Guard, Customs Agency, Civil Protection Department, etc.

The annual scheduling of emergency/aircraft accident events, proposed by ADR, is approved by the ECR, which entrusts the airport operator with organizing the exercises according to the set terms.

For 2018 the schedule included the organization of a full blown exercise for aircraft alert that, in conjunction with the Maritime Directorate of the Harbor Master's Office – 3rd M.R.S.C. of Lazio, was developed by simulating a scenario aiming to simultaneously activate the respective emergency plans. The exercise, carried out in November, envisaged the simultaneous activation of the Airport Emergency Plan (AEP) and the (PESAM) Aircraft Rescue at Sea Emergency Plan, compared to the different purposes and responsibilities foreseen in the same plans.

Monitoring of safety levels

Fiumicino

In line with the provisions of European Regulation 139/2014, since 2006 ADR has adopted a Safety Management System (SMS) for Fiumicino airport, i.e. a suitable system to guarantee that airport operations are carried out under preset safety conditions. The SMS carries out continuous monitoring of the safety levels for operations in the aircraft movement area, making use of the system to collect and manage reports (reporting system) relating to aeronautical events taking place in airport operations.

During 2018, the implementation was finalized of software to manage SMS processes (reporting system, compliance monitoring, risk & change management), called Ground safety. The new tool, among other functions, analyzes risks based on the bow tie model, i.e. highlighting threats, barriers and consequences relating to undesired events. Consequences and barriers are also assessed in a quantitative manner through the integration in the database of the events and compliance assessments made according to the annual schedule.

The classification and analysis of reports received from the SMS, with the aim of constantly improving airport security levels, over the years have led to a significant drop in accidental events at the airport.

In particular, against an average of more than 2,700 reports per annum received from the SMS, from 2010 the damage rate to aircrafts, though having recorded an increase compared to the previous year, reduced by 56% compared to the first (2010-2013) and last three-year period (2016-2018).

The Safety Board and Safety Committee agree annually on certain Safety Performance Indicators and related targets, periodically monitored in accordance with current regulations. The Safety Board, a committee consisting of the Accountable Manager, the Post Holders (safety managers for the respective areas of responsibility), the Safety & compliance monitoring manager (responsible for the SMS) and the Training Manager, defines these targets and the relevant warning values.

The decision is based on the performance achieved in a given previous reference period (annual or multi-year). If a certain warning level is exceeded in a specific monitoring period, appropriate mitigation action is assessed by the Safety Board/Safety Committee and, if necessary, implemented through specific analysis that aims to analyze the causes of the anomalous trend.

Ciampino

In 2014, in line with the requests of the Regulatory Body, a Safety Management control was established at Ciampino airport, constituting the Safety Management CIA Activity that, in 2016, with the appointment of the Ciampino Safety Manager, became independent from Fiumicino airport.

The SMS carries out continuous monitoring of the safety standards for operations in the aircraft movement area, making use of the system to collect and manage data (reporting system) relating to aeronautical events taking place in airport operations.

As part of the Safety Board and Safety Committee, Safety Performance Indicators and related targets are periodically monitored in accordance with current regulations. The decision on targets and warning values is based on the performance achieved in a given previous reference period (annual or multi-year). If a certain warning level is exceeded in a specific monitoring period, appropriate mitigation action is assessed by the Safety Board/Safety Committee and, if necessary, implemented through specific analysis that aims to analyze the causes of the anomalous trend.

A very low number of accidental events are recorded at Ciampino airport (to the tune of a few cases). This assigns the airport a good safety level, as shown by the Safety Performance Indicators compared, in terms of rate, to those gathered during a benchmarking of main European airports

Safety of airside operations

Fiumicino

The safety of operations in the area where aircraft move (airside) on the account of the airport operator, according to the provisions of regulation 139/2014, is the responsibility of the Movement Area Post Holder and is ensured via ADR’s Operational Safety service. The main activities include: scheduled and requested (h24) inspection of the aircraft movement area, airside works controls, handling of the snow emergency plan, handling of the operations under low visibility conditions, co-ordination of the ADR activities airside during the activation of the emergency plan for air crashes, provides a bird and wild fauna control service through the Bird Control Unit (BCU) operating h24, measures runway braking action and the removal of the FOD.

Relationships with the territory

The ADR Group confirmed its commitment to establishing cooperative relations with its reference shareholders, deeming the relationship with the surrounding economic and social environment fundamental. Special importance is thus given to the relationships with local shareholders (Lazio Regional Board, Rome City Council, Rome Metropolitan Council, the Municipality of Fiumicino, the Municipality of Ciampino, the Municipality of Marino, the Consortium for the reclamation of the River Tiber and the Ager Romanus area, the Ministry for the Environment and Protection of the Land and Sea, the Ministry of Cultural Heritage and Assets and Tourism, the Special Superintendency for Archaeological Heritage of Rome) with the aim of ensuring a common territorial development program and complying with the approval procedures relating to the infrastructures envisaged by the Planning Agreement. To this end the ADR Group uses various tools and authorizing and consulting measures, whether voluntary or imposed by regulations.

ADR, in co-operation with ANAS, ASTRAL, Roma Servizi per la Mobilità and Strada dei Parchi, started a process of continuous and constant collaboration for info-mobility by issuing a specific procedure to provide traffic information or news about exceptional events that may interfere with accessibility to Fiumicino and Ciampino airports; broadcasting is active on several channels, including variable message sign on the Great Ring Junction, the Rome-Fiumicino motorway and the main arteries in Rome (e.g. the East bypass).

In 2018, in collaboration with the relevant Superintendencies, the archaeological survey activities continued to be carried out on the airport land of Fiumicino airport, in preparation for creation of the infrastructures envisaged in the Airport Development Plan and some maintenance interventions of an extraordinary nature.

During 2018, ADR signed an agreement with ENAC, the Consortium for the reclamation of the river Tiber and the Roman area and the Lazio Regional Authority, relating to the execution of some urgent extraordinary maintenance interventions on the channels and the dewatering pumps, which the water flows coming from Fiumicino airport are flowed into, in order to mitigate the water risk deriving from short-burst and high intensity rain. The urgent and non deferrable interventions were largely completed, while the consolidation works are being consolidated on the banks of one of the main canals (Vignole Canal).

In addition, in 2018 ADR signed an agreement with ANAS, the Air Force, ENAC and ENAV for the works to create the gutter canal and related lamination tanks of Ciampino airport. This activity will mitigate the hydraulic risk for both the airport and SS 7 Appia and will be carried out in the military zone by ANAS; the expenses will be divided depending on the relevant draining areas. In 2018 ANAS completed the tender to be entrusted the works.

At the end of 2018 ADR signed with ANAS and ENAC an agreement to create the motorway exit in the area east of Fiumicino. The works were included in the ENAC - ADR "Planning agreement". According to this agreement ADR must carry out any expropriation and create the work; after testing, the infrastructure will have to be managed by ANAS, as determined by the Ministry of Infrastructure and Transport within the framework of the road safety procedure conducted pursuant to Italian Ministerial Decree 35/11.

Development Plans and Environmental Impact Assessment

In relation to the Fiumicino Sud Completion Project, all compliance verification procedures, which began in 2014 for the various requirements of the EIA Decree to be carried out for the MATTM (CTVIA), have been duly sent as required by the Decree and have mostly been concluded. Some supplementary elements are being sent.

The Environmental Impact Assessment ("EIA") procedure of the 2030 Fiumicino Masterplan, launched on March 30, 2017, is currently underway. Following interactions with the MATTM and ENAC, taking into consideration the observations made and, in particular, the evolving situation regarding the definition of the Management Plan for the State Natural Reserve of the Roman Coastal Area, ADR requested to ENAC, on June 20, 2018, to submit a petition to the MATTM to suspend the EIA procedure. Subsequently, ENAC sent ADR's request to MATTM, asking for a suspension of about 10 months. The MATTM provided for the suspension period to end on April 22, 2019.

In relation to the EIA procedure for the Ciampino Masterplan, the preliminary phase of MATTM's EIA Technical Commission was concluded, which, in particular, expressed a positive opinion with provisions relating to the planned interventions starting from 2021, and to certain interventions carried out in the period prior to the presentation of the EIA (requesting the activation of a "posthumous" EIA procedure). The Lazio Region and the MiBACT also issued formal opinions, with regulations. Presently, certain analyses are being conducted between MATTM's General Environmental Assessments and Authorizations Department and the aforementioned Commission, including in reference to an application presented by ENAC and ADR regarding the applicability of the "posthumous" EIA in relation to Ciampino airport.

Service quality

Skytrax and ACI, two of the world's leading institutions for quality certification of airport services, awarded Leonardo da Vinci Airport with the "World's Most Improved Airport" and "Airport Service Quality Award" awards.

Skytrax presented the prestigious "2018 World's Most Improved Airport" award at the airport in Rome. The award is a global recognition that the principal international rating and evaluation company in the airport industry confers each year to the airport that has implemented the greatest improvement in service quality offered to passengers, from a group of over 550 airports throughout the world. Skytrax conducts the survey in complete autonomy, through specific market research conducted at global level on "front-line" products and services that contribute to the traveler's experience. In 2017 and in the first half of 2018, Fiumicino was ranked as the top airport in the world for its ability to innovate and constantly improve services such as passenger check-in, courtesy and speed of passport controls, comfort, order and cleanliness of the terminals, visibility and clarity of airport signs and flight information monitors, as well as the airport's organization and general efficiency.

The record obtained by Fiumicino is also confirmed by the rankings of ACI World (Airport Council International), an independent association that performs direct interviews with passengers to evaluate the service quality provided by over 300 airports worldwide. Following its position in first place in the ACI ranking of major European hubs throughout 2017 (with a score of 4.28 out of 5), Leonardo da Vinci received the "Airport Service Quality Award", as the airport whose quality of services was most appreciated by passengers. Also in this case, the Rome airport obtained the highest scores on general cleanliness of the terminals, visibility of airport signage, courtesy of airport staff, as well as digital services such as free unlimited WIFI, including for streaming.

Leonardo da Vinci airport also received another important international award: this is the *"Best Airport Award"* 2018, granted to the Roman airport during the annual meeting of the Airport Council International Europe held in Brussels. The prize was awarded by a panel of influential independent experts from the aeronautical sector, including representatives from the European Commission, EUROCONTROL, the European Civil Aviation Commission (ECAC) and the European Travel Commission. The judges examined four categories of airports, broken down by passenger traffic, and analyzed their performance with regard to customer service, infrastructural efficiency, retail offer, security checks and attention to the environment. Fiumicino came first in the "Passengers above 25 million" category, which the main 20 airports monitored in Europe by ACI belong to.

For ADR, 2018 was a year 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 maintaining Fiumicino's performance as the leader of the best European airports of comparable size.

In 2018, the measurements taken by ACI showed a record score that has never previously been achieved. The global passenger satisfaction score for services provided at Fiumicino airport was 4.40 (on a scale of 1-poor to 5-excellent), a marked increase from the 2017 average, which was 4.28, confirming Fiumicino as the leading airport in the European Union in terms of the quality of services to passengers. Fiumicino's higher score was driven by services such as security checks, improvements in wayfinding (particularly, internal signage and passenger information) and courteous and helpful airport staff. In terms of comfort, the cleanliness and availability of restrooms 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 2017. Of note is the decrease in waiting times for last baggage delivery, from 22 minutes in 2017 for domestic flights (time in 90% of cases) to 21 minutes in 2018 (-5%). The result was similar for international flights, where the delivery time in 2018 was 31 minutes (in 90% of cases), down -6% compared to the 33 minutes recorded in 2017. Restroom cleaning maintained an excellent level, where on a scale of 1 (extremely poor) to 4 (good), the average score increased from 3.98 2017 to 3.99 in 2018. An improved performance was also seen in terms of perceived quality, with a percentage of fully satisfied passengers rising from 93 percentage point in 2017 to 97% in 2018.

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 overall satisfied passengers rose from 88% in 2017 to 91% in 2018. The increase in the percentage of passengers satisfied with the cleanliness of restrooms should also be noted, jumping by 5 percentage points, from 84% in 2017 to 89% in 2018. In terms of quality provided, the improvements posted in the time for the security check process were appreciable, reaching 4 minutes compared to 5 minutes in 2017 (times refer to 90% of cases).

As regards the Quality and Environmental Protection Plan, defined in the Planning Agreement signed with ENAC, ADR achieved the objectives once again in 2018 for both airports managed. The results obtained have allowed the highest awards to be achieved at both airports.

Service Charter

Compared to 2017, ADR made changes to the 2018 Service Charter by reviewing the document’s structure in relation to continuous improvement, maintaining a constructive dialogue with the expanded community of shareholders. In particular, to better align the indicator with the development of the management system for checking in passengers and baggage at the airport, the classification of the 2018 objectives relating to check-in was revised, separating the performance between “dedicated” check-in desks (used for a specific flight) and “common” check-in desks (used for all flights of a specific airline).

In terms of objectives for quality delivered, the targets for Fiumicino airport related to baggage delivery (both the first and last baggage), mishandled baggage at departure, and sensitive flight security checks were increased significantly.

Also with regard to the perceived quality indicators, objectives have been further improved (in particular, for technology services such as free WIFI and charging stations for which important enhancements have been made).

For Ciampino airport, the standards were defined in light of the performance reached in 2017, compared with the values published in the previous Service Charter.

For performance recorded in 2018 for Fiumicino in relation to quality provided, there was an overall improving trend compared to 2017 (refer to the details provided in the table below). Specifically, progress has been made in relation to baggage delivery times, with improvements up to +6 p.p. compared to 2017. The check-in process also posted an increase of +0.8 p.p., reaching 94.4%, falling well within the new target of 12 minutes of waiting time in queue for passengers at the common desk for non-sensitive flights. The performance of the process relating to carry-on baggage control is stable and of a high level (97.3%).

Regarding Ciampino, the analysis of the quality levels provided shows a performance in 2018 above the Service Charter standard set for the processes of security control and first baggage delivery, the latter recording a marked improvement compared to 2017 (+8 p.p.). Instead, the last baggage delivery, check-in and on-time departures were below target (primarily due to delayed arrival of aircraft).

TABLE 1

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

	M.U.	2018	2017(*)	STANDARD
Fiumicino				
Waiting time in line at common check-in desks for non-sensitive flights, within 12 minutes	%	94.4	93.6	90
Waiting time for carry-on baggage security checks, within 5 minutes for non-sensitive flights	%	97.3	97.9	90
Delivery of first bag from block-on within 19 minutes at domestic level	%	93.7	91.6	90
Delivery of first bag from block-on within 24 minutes at Schengen level	%	98.7	96.3	90
Delivery of first bag from block-on within 26 minutes at non-Schengen level	%	98.9	96.1	90
Delivery of last bag from block-on within 23 minutes at domestic level	%	94.1	92.4	90
Delivery of last bag from block-on within 32 minutes at Schengen level	%	96.7	94.5	90
Delivery of last bag from block-on within 34 minutes at non-Schengen level (narrow body)	%	96.2	95.3	90
Delivery of last bag from block-on within 40 minutes at non-Schengen level (wide body)	%	87.5	81.9	90
Punctuality of departing flights (flights leaving with less than 15 minutes' delay)	%	75.7	77.2	77
Ciampino				
Waiting time in line at check-in desks, within 17 minutes	%	89.6	93.4	90
Waiting time for carry-on baggage security checks, within 7 minutes	%	98.9	96.1	90
Delivery of first bag from block-on within 19 minutes	%	97.1	89.2	90
Delivery of last bag from block-on within 25 minutes	%	82.5	86.5	90
Punctuality of departing flights (flights leaving with less than 15 minutes' delay)	%	74.1	85.2	85

(*) Compared to the data published in the 2017 Financial Report, data for 2017 for baggage delivery and check-in processes (Fiumicino) were recalculated based on the new standards in the 2018 Service Charter.

Suppliers

Supplier selection

The Group's activities aimed at awarding contracts for works, supplies and services are conducted according to the following principles:

- compliance with National and Community Legislation (Italian Legislative Decree 50/16, hereafter indicated as "Contract Code");
- compliance with the Regulation to award public tenders of amounts lower than community threshold (hereafter indicated as "Contracts Internal Regulation");
- respect for competition and non-discrimination among potential competitors;
- conduct transparency in every phase of competition and negotiation;
- efficiency and effectiveness of the company's action.

Public tender contracts are awarded according to the provisions of the Contracts Code in case their estimated value, net of VAT, is equal to or greater than the community thresholds. The contracts of an estimated value lower than these thresholds, directly referring to the activities under art. 119 of the Contracts Code, are awarded, in compliance with the principles laid down by the EU Treaty protecting competition, through a Contract Internal Regulation adopted pursuant to art. 36, paragraph 8, of the Contracts Code available in the Business/Suppliers section of the website www.adr.it. This Regulation governs the principles to be adopted in the contracting process (e.g. supplier rotation, the minimum number of suppliers to invite to tenders depending on the type of contract and the relevant amount, cases where direct assignment is allowed, etc.). All participants are guaranteed receipt of the necessary information on tenders launched and the results of tender procedures.

The suppliers are obliged to enroll in the ADR corporate supplier Register. A supplier qualification process is in place as specified in the Contracts Internal Regulation. In addition, the suppliers are obliged to run their businesses in compliance with the principles and provisions of the Code of Ethics and the Anticorruption Policy adopted by the Group, both available in the Company/About ADR group/Corporate Governance of the website www.adr.it. A specific clause for the acceptance of the Code of Ethics and the Anticorruption Policy is included in each contract and its non-compliance constitutes serious breach of contractual obligations, legitimating the purchaser to assess suitable protection measures to be adopted, including the right to terminate the contract. For awarding the tenders the Group adopts procedures managed electronically on the "Purchasing Portal" platform. Introduced in 2008, this platform electronically manages the purchasing processes and provides: maximum transparency and equal opportunities in the tender awarding process, cutting the times required to prepare and send bids, more efficiency and effectiveness in interaction thanks to the automation and standardization of the communication and authenticity protocols, competition and integrity in data exchange.

Local suppliers

In 2018, in terms of purchasing activities, the economic impact generated by the Group on the surrounding territory was particularly significant. In particular, the percentage impact in value terms relating to local suppliers, i.e. with registered office in the Lazio region, increased to 60% of total trade.

TABLE 1
Main supplier indicators[8]

	M.U.	2018	2017	2016
Suppliers used	No.	729	694	648
Qualified suppliers	No.	1,275	1,237	1,134
Increase in qualified suppliers	%	3%	9%	10%
Number of orders by type				
Supplies	%	39%	34%	31%
Works	%	16%	9%	17%
Services	%	45%	57%	52%
Value of orders by type				
Supplies	%	10%	8%	9%
Works	%	44%	44%	45%
Services	%	46%	48%	46%
Number of orders by geographic origin				
Local	%	44%	50%	52%
Other Italy	%	52%	46%	45%
Abroad	%	4%	4%	3%
Value of orders by geographic origin				
Local	%	60%	47%	57%
Other Italy	%	38%	51%	38%
Abroad	%	2%	2%	5%

8 Suppliers used are understood to be those with orders issued in the reference year. The data is based on the purchasing activities carried out by the Tenders and Purchasing department, which represent more than 90% of the total external traded value.

Environment

Sustainability, mitigation of the environmental impact and continuous improvement: these three issues have always guided the choices made by ADR, which over time has adopted increasingly improved monitoring and self-assessment tools aimed at monitoring and limiting the environmental footprint of the “Airport System”.

Consistently with the consolidated attention paid to environmental issues, ADR’s Environmental management system became ISO 14001 certified already in 1999 for Fiumicino and in 2001 for Ciampino. Such voluntary certification is the result of a corporate route guided by self-assessment and awareness that, over the years, has contributed to the development of an environmental conscience and sustainable ethics, shared by management and spread among ADR’s employees and main shareholders. Again in 2018 ADR confirmed this certification of conformity according to the new standards set by ISO 14001:2015. In 2018 a complex structure of operating procedures was developed. These regulate the behavior to be taken at airports to ensure the best environmental performance. Consequently, an extensive set of audits has been started on the methods of managing operating activities to ensure full compliance with the set rules.

In this respect, special attention was dedicated to the management of third parties: whoever manages a business, before commencing operations, must draw up a document describing how they intend to manage the environmental aspects linked to their business. The document must be approved by ADR and constitutes a formal commitment by the third party, compliance with which is audited by the Environment and Sustainability function promptly and systematically.

2018 was a year of great change; in June the transfer was completed of the managerial offices to a new office building. This is a very high energy-efficiency building that envisages innovative working methods that have allowed a drastic reduction in the environmental footprint of the office area compared to the previous situation.

The risk of having to dispose of a considerable amount of furniture was solved by activating the “Cambia il Destino” (Change of destiny) project. The furniture present at the old offices was transferred, free of charge, to not-for-profit organizations, schools, hospitals, municipal offices, town halls, other airport facilities, intercompany groups, etc. The project allowed the use of over 2,000 pieces of furniture, including cabinets, chairs, desks, chests of drawers, bookshelves, shelving units, etc., transforming the “destiny at the landfill” into reuse and new life.

Special importance, among the tools aimed at continuous improvement, is given to the reporting of the goals set by the Planning Agreement signed with ENAC. Annual improvement targets are set for each indicator and contribute to defining a path of improvement of airport performance at environmental level. The parameters examined periodically and defined by following ENAC guidelines are summarized below:

- reduced energy consumption at the terminals;
- energy production through photovoltaic systems;
- replacement of the car-pooling fleet with low-emission vehicles (mainly electric or hybrid);
- further optimization of the separate waste collection of non-hazardous waste in the passenger transit areas;
- reduced drinking water consumption per passenger;
- verification of environmental activities of the primary suppliers.

As better illustrated in the paragraph The Planning Agreement, the performance of the environmental indicators was significantly better than anticipated at the time of signing.

The utmost attention to sustainability also guides the methods for designing, creating and managing airport infrastructure. Right from their design phase, the facilities are devised according to the highest energy efficiency standards, minimizing consumption of resources and soil. In 2018 ADR reconfirmed its sustainable approach to the urbanization of the territory, continuing to adopt, for the structures being designed/built, the environmentally friendly criteria set by the voluntary LEED (*Leadership in Energy and Environmental Design*) certification and promoting a "vertical" airport development, without increasing the soil used by one single square meter.

Specifically, the new Boarding Area A, still under construction at Fiumicino, General Aviation at Ciampino airport, and, lastly, Business City, which will be completed in 2024, are all projects carried out according to the highest international sustainability standards and do not provide for an increase in soil consumed.

Another innovation for 2018, regarding the offsetting of emissions, concerned Ciampino airport, which in March obtained the ACA (*Airport Carbon Accreditation*) from ACI Europe (Airport Council International), being awarded the title of "neutral" airport, a result already obtained by Fiumicino airport.

As regards the mitigation and prevention of the environmental impact, the Environmental Monitoring Plan (PMA) structured and constantly developed by ADR becomes fundamentally important. The networked and analytical systems for measuring the main environmental matrices, in addition to ensuring rigorous compliance with all the parameters set by reference regulations, allow all the necessary actions to be taken to continuously improve the processes while constantly verifying their effectiveness and assessing the need for additional actions.

The publication of the Sustainability Report of the ADR Group online proves ADR's commitment to sustainability and confirms the corporate willingness to start transparent and constructive communication with the shareholders.

Water consumption

The high number of transit passengers at the two Rome airports and the related persons accompanying them, as well as the number of staff from the companies operating on airport premises, have a significant impact on the use of drinking water and water for industrial use. Fiumicino in particular is characterized as an average-sized city whose population can exceed 250,000 inhabitants.

At both airports, the quality of the drinking water is ensured by carrying out chemical and biological analyses regularly during the year.

Ciampino uses drinking water taken directly from the public water supply and is used mainly for restrooms, refreshments, and for watering green areas.

Fiumicino airport is instead characterized by the presence of a dual network that allows separate management of consumption intended for drinking water from that intended for industrial use. In fact, at Fiumicino the ADR Group has an organic treatment plant for airport waste water which allows the reuse of treated water in industrial applications, such as the heating and firefighting systems, as well as for cleaning the tanks and water pumps. At this airport, drinking water is supplied by the public water operator (ACEA) and distributed by ADR throughout the airport grounds, with consumption concentrated mainly in the terminals.

In 2015 ADR started to monitor water consumption by progressively installing flowmeters at the water stations of all the buildings hosting passengers, which therefore cover all the areas where consumption due to transiting passengers can be recorded. The data that can be obtained from the network of meters indicates a consumption of drinking water that confirms a constant and significant improvement, with a trend that is consistent with the actions actually taken and with the passenger traffic recorded.

In 2018, at Fiumicino airport, ADR commissioned, where ACEA's eight main volumetric meters are installed, just as many flow/pressure meters continuously linked to the airport remote control platform. As a result, the water provided by ACEA at dispensing points could be timely checked in real time and an overall value for total water supply at the airport measured.

The effort made to optimize the systems measuring consumption of drinking water has allowed an even more precise quantification of the savings from the constant consumption optimization work carried out and the reduction of possible network leaks: since 2016 the consumption of drinking water has decreased by 10% despite the development experienced by the infrastructure and the number of passengers using the airport.

This data reveals how the performance of the values obtained from reading ACEA meters is underestimated. Therefore, in the report we deemed it appropriate to remodule consumption for the years 2015-2018, starting from the 2018 figure measured by the new airport meters based on the reduction percentages recorded by the meters at the main airport water stations.

Energy consumption

In 2018 Fiumicino airport was powered by electricity, of which around 97.8% is generated by a co-generation plant, present on airport land, while the remaining 2.2% was purchased from the distribution network.

In addition, most of the heating energy is generated by the co-generation plant and the remaining portion is supplied by methane plants.

The energy resources are guaranteed by two installations: (i) a methane-gas powered co-generation plant for the synergetic production of electricity and heat energy with overall capacity of about 26 MW electric and 18 MW thermal and (ii) a methane-gas powered plant with an overall capacity of 48.8 MW thermal serving as back-up for the co-generation plant.

Five methane gas driven thermal central stations are present at the Ciampino site, three with a potential higher than 3 MW.

The continuous commitment of ADR to improve energy efficiency was confirmed once against in 2018 by maintaining the ISO 50001 standard certification of the Energy Management System for both airports.

169 GWh were consumed in 2018 at Fiumicino airport, with a kWh/(passengers/m2) ratio equal to 8.7, 9% less than in 2017, as a result of the numerous energy saving initiatives implemented on plants and systems. From 2007 to 2018, the kWh/(passenger/m2) ratio fell from 16.3 to 8.7, a reduction of 47%. This performance confirmed the decreasing trend seen in previous years and was due to significant actions taken to improve energy efficiency, implemented on an ongoing basis over the years. In 2018, actions continued to make energy consumption more efficient, including the launch of an evolved system to manage the sequences of the refrigeration stations, the optimization of systems to automate and regulate the air conditioning system with FDD (Fault Detection and Diagnosis) logic, and installation of large groups of extremely powerful refrigerators. The energy efficiency actions include lighting regulation, in addition to the continuous activities of replacing lighting units using LED technology, now present in almost all terminal areas and external roads, including the light-house towers in aircraft hangars.

The 10-kW wind turbine installed in June 2017 has proven to be reliable and with satisfactory production; in 2018, it produced 13,517 kWh, while the photovoltaic plant installed in Departure area E and at the Front Building produced 383,690 kWh.

In 2018, with regard to the corporate procedure on Efficiency Monitoring, 640 reports were made that allowed the operational optimization of the systems with consequent energy savings.

With regard to regulations, Resolution 539/2015/R/eel et seq. issued by the Regulatory Authority for Energy, Networks and Environment (ARERA) will become effective on July 1, 2019, according to which the airport area will be classified as Other Closed Distribution System (ASDC). ADR will be the only company that can distribute electricity within the airport.

At Ciampino, 11.4 GWh was consumed in 2018 with a kWh/(passengers/m2) ratio of 8.7, down 24% compared to the 11.4 in 2009. Also at Ciampino airport, activities continued to improve energy efficiency.

Regarding mobility at the airport, energy consumption is related to the use of unleaded petrol, diesel and electricity for the movement of airport vehicles, including the vehicle fleet acquired via long-term hire and operational vehicles owned by the Company, comprising cars, special vehicles/ramps and electric and hybrid vehicles.

CO_2 emissions

From 2011 ADR adhered to the Airport Carbon Accreditation (ACA) of ACI Europe (Airports Council International), which includes four accreditation levels (Mapping, Reduction, Optimization, Neutrality) aimed at reducing direct and indirect CO_2 emissions.

In 2018 Fiumicino confirmed the top level 3+ for the “Neutrality” ACA accreditation and in March, also for Ciampino airport, ADR obtained the same ACA level. This result, mainly obtained thanks to energy saving actions, contributed to further strengthening the position of the two Roman airports in the world stage as two of the very few airports to obtain such result.

At both airports, direct and indirect 2017 emissions (Scope 1 and 2) were offset through the purchase of “carbon credits” from Gold Standard and Voluntary Carbon Standard certified projects, located in non-Annex1 countries of the United Nations Framework Convention on Climate Change and with evidence of the contributions from these projects to the SDGs (Sustainable Development Goals).

Production of waste

In 2018, about 86% of the total waste produced at Fiumicino and 61% of the waste produced at Ciampino were sent to recovery plants. Also last year the aim of promoting and developing waste differentiation was reconfirmed as ADR’s strategic priority; in both airports a door-to-door waste collection system is now operational, according to which an ad hoc fee is charged with the aim of rewarding virtuous behavior and discouraging non-compliant collection methods. The users served by the waste system may check their performance on line by accessing the fee information system.

During the year, the system to monitor environmental performance in real time of food & beverage sub-concessionaires using the “door-to-door” service was regularly continued. Specific reports are drawn up that compare the turnover and the surface area under sub-concession with the production of waste at individual shops. The outcome of the monitoring was periodically sent to the sub-concessionaires.

Furthermore, in 2018 the activities continued to check the transfer of differentiated waste, as an additional instrument to stimulate correct differentiation. The analysis, performed on samples of unsorted garbage bags, is aimed at verifying that the percentage of recyclable waste is below the set maximum levels. Non-compliant results are communicated to the sub-concessionaires so that they improve their performance.

In September, two plastic packaging compacting machines were installed at the security checks in order to reduce the quantity of liquid waste to be disposed and ensure the recycling of the containers as plastic packaging.

In November, the feasibility study was concluded with ENEA, designed to create a green system to manage and recycle organic matter in the airport. This study was aimed at promoting the sustainable management of the organic waste through the creation of a virtuous cycle based on a “network system” of small-scale composting (self-composting) that begins and ends in the area surrounding that where the organic waste is produced. On this point in 2019 a pilot system will be created at Fiumicino airport to compost the organic matter produced by waste food coming from the restaurants and bars of the terminals. The compost obtained will be spread on the green areas of the airport, in order to directly value the product on site.

Water discharges

Numerous water treatment systems are present at Fiumicino, arranged by ADR in order to minimize the impact of airport activities on the surrounding areas:

- a biological plant with activated sludge to purify urban waste water with a maximum treatment capacity of 40,000 population equivalent (PE);
- a biodisc biological plant to purify urban waste water with a maximum treatment capacity of 1,753 population equivalent (PE);
- five oil removal plants and fourteen first-flush rainwater plants for the treatment of water used to wash runways and aprons;
- eight cooling plants used for air conditioning in the building inside the airport areas.

These plants make it possible to send water that is compatible with the aquatic habitats present in the receiving channels and compliant with the limits set out by the provisions in force to the surface water bodies adjacent to Fiumicino airport.

As regards constant airport development, in the second half of 2018 a new authorization application for the air-cooling systems of the New Boarding Area C was submitted at the City of Rome as well as requests to renew two of the five oil removal plants and thirteen first-flush rainwater plants servicing Runway 1.

For Ciampino airport the situation is more complex since the relevant sewer system is of a mixed nature because of its shared use by ADR, military bodies and the other civil facilities existing inside the airport areas. A primary network pertains to AMI (Italian Air Force) while a secondary one belongs to ADR, which periodically arranges for it to be cleaned in order to prevent any clogging. In addition, the AMI premises have an oil removal unit for treating runoff rainwater and an organic treatment plant.

Noise pollution

Based on current legislation, Fiumicino and Ciampino airports have a monitoring system in place that regularly detects any exceeded limits set according to airport noise zoning and connects this information with the data and trajectory of the aircraft concerned. Currently, there are 16 central units at Fiumicino and 8 at Ciampino. From time to time, depending on particular needs, controls are conducted with central units, which can be relocated (5 in total for the two airports).

The operating systems were modernized by implementing new and updated hardware and software to manage the central units, whose calibration continued this year.

The annual monitoring conducted in 2018 at Fiumicino airport highlighted the full compliance with the values set by the airport noise zoning.

At Ciampino airport, a number of “limits exceeded” areas were found, also noted in previous years and for which ADR submitted the envisaged Noise Containment and Abatement Plan (PCAR) to the competent authorities, already starting since 2013. The competent authorities are still assessing the plan, following various reviews and updates, at the end of December. On January 7, 2019 on the MATTM website the related provision (Ministerial Decree prot. no. 0000345 of December 18, 2018 to approve the noise containment and abatement plan of the G.B. Pastine airport in Ciampino) was published.

For Fiumicino, in order to reduce the environment impact of noise pollution, ADR developed a constructive partnership with ENAC and ENAV (already started in 2017) which, in a manner compatible with weather and operational needs, aims to implement a series of actions of an operational nature to limit noise in the inhabited areas.

TABLE 1

Main environment indicators - Fiumicino

	M.U.	2018	2017	2016
Water consumption				
Total water withdrawal per source of supply:	m^3	2,092,978	2,109,997	2,190,036
Drinking water [(1)]	m^3	842,978	859,997	940,036
Industrial and firefighting water	m^3	1,250,000	1,250,000	1,250,000
Energy consumption				
Total consumption of energy by type:				
Electricity	kWh	169,248,356	172,185,581	151,255,004
Methane [(2)]	m^3	6,858,156	9,269,759	9,447,082
Diesel [(3)]	l	41,948	27,057	42,230
Consumption of green fuel for vehicle fleet	l	67,283	78,265	87,063
Consumption of diesel for vehicle fleet	l	390,167	372,896	369,184
Emissions				
Direct CO_2 emissions	t	n.a. [(5)]	2,794	2,850
Indirect CO_2 emissions [(4)]	t	n.a. [(5)]	55,701	58,820
NOx emissions [(6)]	t	1,754	1,720	1,870
Waste				
Production of waste [(7)]:	t	11,545	11,719	10,705
Municipal waste %	%	85%	79%	86%
Special waste %	%	15%	21%	14%
Total waste sent for recycling %	%	86%	84%	82%
Waste produced per 1,000 passengers [(8)]	t	0.2	0.2	0.2
Water discharges				
COD and BOD5 concentration of the purifier in Via F.lli Wright - annual average				
incoming COD	mg/l	990	1,375	874
incoming BOD5	mg/l	187	347	231
outgoing COD	mg/l	35	32	23
outgoing BOD5	mg/l	8	8	7
COD and BOD5 concentration of the Cargo Area purifier - annual average:				
incoming COD	mg/l	473	290	324
incoming BOD5	mg/l	103	71	86
outgoing COD	mg/l	42	39	35
outgoing BOD5	mg/l	9	10	10

(1) Consumption regarding years previous to 2018 was recalculated compared to the data published in the previous Financial reports, based on data from the new ADR meters (for more details see paragraph “Water consumption”).
(2) Inclusive of the thermal energy purchased, expressed in m3, and methane gas for boilers.
(3) Since 2017 diesel oil has been used only for the generators and no longer for heating.
(4) Indirect emissions linked to energy consumption at Fiumicino excluding third party consumption.
(5) Due to the presence of complex energy indicators, the calculation of CO2 emissions in 2018 will be carried out during 2019.
(6) The value is estimated in consideration of the same type of aircraft and the same contribution from the remaining activities carried out at Fiumicino airport and considered in the update of the inventory of emissions of 2016.
(7) Inclusive of waste produced by third parties and handled by ADR acting as intermediary.
(8) Municipal solid waste.

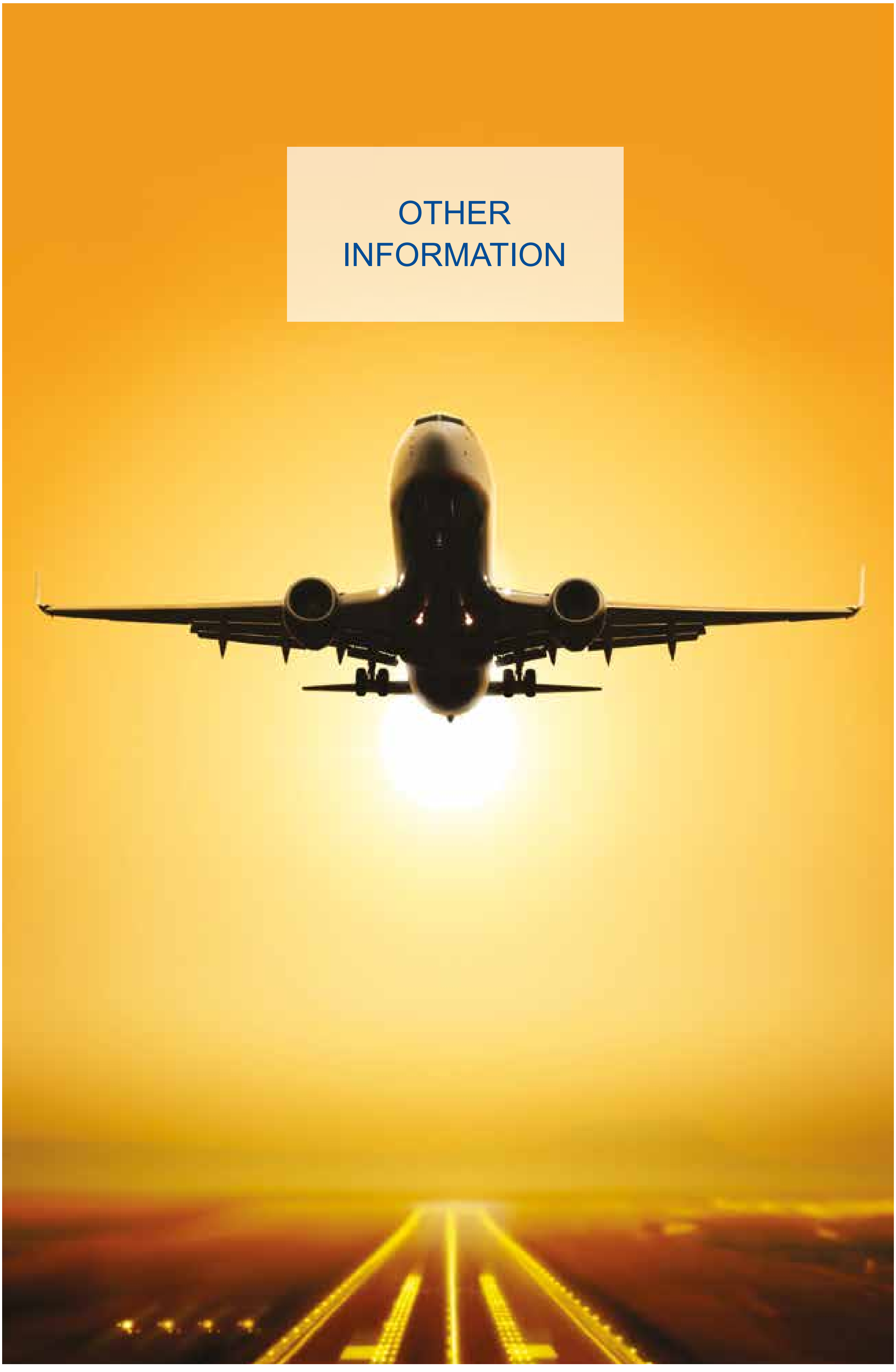
TABLE 2
Main environment indicators - Ciampino

	M.U.	2018	2017	2016
Water consumption				
Total water withdrawal per source of supply:	m^3	100,236	110,000	110,000
Drinking water	m^3	100,236	110,000	110,000
Industrial water	m^3	0	0	0
Energy consumption				
Total consumption of energy by type:				
Electricity	kWh	11,381,032	10,477,667	10,029,635
Methane	m^3	561,056	550,440	429,856
Diesel (1)	l	3,000	4,550	2,930
Consumption of green fuel for vehicle fleet	l	7,590	6,466	5,964
Consumption of diesel for vehicle fleet	l	52,945	45,084	38,957
Emissions				
Direct CO_2 emissions	t	n.a. (3)	1,154	1,071
Indirect CO_2 emissions (2)	t	n.a. (3)	3,137	3,125
NOx emissions (4)	t	175	350	320
Waste				
Production of waste by type (5):	t	1,702	1,271	1,125
Municipal waste	%	99.9%	99.8%	96.5%
Special waste	%	0.1%	0.2%	3.5%
Total waste sent for recycling %	%	61%	36%	40%
Waste produced per 1,000 passengers (6)	t	0.3	0.2	0.2

(1) Since 2016 diesel oil has been used only for the generators and no longer for heating.
(2) Indirect emissions linked to energy consumption at Ciampino excluding third party consumption.
(3) Due to the presence of complex energy indicators, the calculation of CO2 emissions in 2018 will be carried out during 2019.
(4) The value is estimated in consideration of the same type of aircraft and the same contribution from the remaining activities carried out at Ciampino airport and considered in the update of the inventory of emissions of 2017.
(5) Inclusive of waste produced by third parties and handled by ADR acting as intermediary.
(6) Municipal solid waste.

Note that ADR enforced the exemption from the preparation of the non-financial statement in compliance with art. 6, paragraph 1 of Italian Legislative Decree no. 254 of December 30, 2016, since ADR, together with the companies of the Group, is included in the consolidated non-financial statement disclosed by the parent company Atlantia S.p.A..

OTHER INFORMATION



Updates and changes to the reference regulatory framework

Some national and EU provisions were issued during 2018, which affect the regulatory framework of the airport sector in general and ADR's business in particular.

Planning Agreement

Tariff proposal 2019

On August 7, 2018 ADR started the consultation of users at Fiumicino and Ciampino airports regarding the proposal to update the prices in relation to the year 2019 (March 1, 2019 – February 29, 2020), consistently with the national and EU regulations in force and with the "Consultation procedure between airport operator and users for exceptional and ordinary planning agreements" issued by ENAC on October 31, 2014.

In order to ensure broad communication with the users, on August 10, 2018 ADR published on its website the information documents pertaining to the 2019 tariff update proposal on which users are called to send a first set of observations by September 24, 2018. A public hearing with the users was held on October 2, 2018; October 26, 2018 was set as the deadline to receive any additional conclusive observations. On November 5, 2018 the consultation procedure was concluded during which ADR addressed all the observations received within the two terms of October 24 and 26, 2018; on November 16, 2018 the proposed final tariff of the airport operator was published. On December 24, 2018, ENAC, as a result of its investigation aiming to update the regulated fees for 2019, sent the communication relating to the approval of the 2019 tariff arrangement applicable on the Roman airports starting from March 1, 2019, which then published it on its corporate website.

According to the tariff update for the period March 1, 2019 - February 29, 2020, on average the prices of the two airports managed may vary, compared to current prices[9], by -1.4% at Fiumicino and +2.2% at Ciampino airport.

Airport operations

Continuity of the services provided by Alitalia SAI under special administration

Article 1, paragraph 1 of Italian Law Decree no. 38 of April 27, 2018, extended the deadline envisaged in Article 12, paragraph 1 of Italian Law Decree no. 148/2017 to complete the procedure to sell the businesses reporting to the extraordinary administration of Alitalia SAI from April 30, 2018 to October 31, 2018 and ordered that the full amount of government financing, equal to 900 million euros, be repaid by December 15, 2018. Italian Law no. 77 of June 21, 2018 converting, with amendments, Law Decree no. 38/2018, also established specific disclosure requirements for the Commissioners towards the legislature.

Article 2 of Law Decree no. 135 of December 14, 2018, so-called Simplification Decree, amended the terms to repay the government financing granted to Alitalia SAI under special administration, providing for repayment within 30 days from the effective date of the sale of the businesses subject of the procedures pursuant to Article 50 of Law Decree no. 50 of April 24, 2017 and in any case, not beyond the deadline of June 30, 2019.

9 Calculation made on the ratio between the so-called "maximum revenues" and the paying passengers foreseen in the Planning Agreement for 2019.

Finally, Ministerial Decree of December 5, 2018, relating to the “Replacement of the special commissioner of the companies of the Alitalia SAI group under special administration”, appointed an extraordinary commissioner, with immediate effect, replacing the outgoing Luigi Gubitosi, Daniele Discepolo.

New regulation on the land-side traffic system of Fiumicino airport

On June 19, 2018, Lazio Airport Management issued Ruling no. 09/2018 adopting the “Regulations for circulation, parking, and standing on the land-side traffic system of Fiumicino airport” (Revision 1 of the previous Ruling no. 06/2018). The Regulation reorganizes the land-side mobility system at Fiumicino airport to make it more usable and effective for all types of users and operators, repealing previous rulings on the matter.

Airport noise pollution and noise abatement at Ciampino airport

- Approval of the Noise containment and abatement plan at Ciampino airport: having ended the preliminary procedure with the understanding established in the Unified Conference on November 22, 2018, on December 18, 2018 the Ministry of the Environment and the Protection of land and sea signed Decree no. 345 of December 18, 2018 to approve the Plan to contain and abate noise coming from aircraft traffic of Ciampino airport. Ministerial Decree no. 345/2018 was published on the website of the Ministry for the Environment on January 7, 2019 and its publication was notified on the O.G. no. 16 of 01/19/2019.
- Ciampino anti-noise airport Works Commission: on September 13, 2018 ADR requested, and ob-tained, from ENAC the call of the Anti-noise Airport Commission (pursuant to Article 5 of Italian Ministerial Decree 10.31.1997) in order to test a new take-off procedure at Ciampino airport that would allow the acoustic climate at the airport to be improved and therefore could become a new anti-noise procedure. The Commission met on October 3, 2018 and, at that meeting, ADR illustrated the new take-off procedure prepared by ENAV. The Commission met again on October 14, 2018 and resolved to launch, starting from the first few days of January, the testing of the take-off procedure presented by ADR in order to adopt the same anti-noise procedure. In the following meeting on December 18, 2018, ADR presented the results of the “pre-test” flights of the new procedure optimized in the previous two weeks with Ryanair. The launch of the test was confirmed for January 3, 2019, lasting 3 months. To further guarantee the quality of the tests, ADR also offered to place another 3 detection control units in the territory.

ENAC Circular “EAL - 24” regarding concessions and sub-concessions of airport assets

On March 26, 2018, ENAC published Circular “EAL-24” governing concessions and sub-concessions of airport assets on its corporate website and repeals the previous circular of May 2001. For airport operators, the most important aspects of the Circular concern the procedures for assigning sub-concessions of airport spaces to third parties for carrying out aeronautical, real estate, and commercial activities. ADR submitted to ENAC/Lazio Airport Management three documents with its assumptions for applying the Circular in relation to the assignment of sub-concessions of premises and/or spaces for aeronautical, commercial and real estate purposes, broken down by individual types of assets. We are awaiting a meeting to discuss the documents.

Preliminary investigation by ANAC of the Pier C tender

In October 2016, ANAC launched a supervisory procedure pursuant to Italian Legislative Decree no. 50/2016 concerning the tender for Pier C (currently Pier E and Front Building), formulating requests for documents and information, to which the company promptly responded. In April 2018, ANAC sent its preliminary findings to the company and ENAC, which revealed some critical issues identified in various stages of the tender process. The Company examined the above-mentioned results and formulated its counter-arguments according to the specified terms (July 31, 2018). At present, additional communications by ANAC have not been received.

New regulations on processing personal data (privacy)

On May 25, 2018 the EU Regulation no. 679/2016 “General Data Protection Regulation” (GDPR) became effective in all member states. The GDPR introduced new requirements for businesses including, but not limited to: (i) the obligation to maintain a register of processing operations, which documents all activities of the company that involve managing personal data; (ii) the adoption of a structured model that identifies actions to be carried out by the company in the event of a “Data Breach”; (iii) the obligation to appoint a Data Protection Officer (DPO), a new corporate role overseeing compliance with laws regarding personal data processing performed by the company. Furthermore, the amount of administrative sanctions is increased in the event the Data Controller performs an unlawful processing of personal data, or if any norms of the Regulation are violated. Within the context of the new EU regulations, ADR has reviewed its privacy governance system and defined and implemented technical and organizational measures that will enable the proper management of data processing carried out within the businesses and Group companies. Italian Legislative Decree no. 101 of August 10, 2018, containing provisions for the adjustment of the national legislation to the provisions of Regulation (EU) 2016/679 (GDPR), was introduced to harmonize the national Privacy Code according to the principles set in Regulation (EU) 2016/679, primarily the one regarding accountability.

Anti-Bribery Management System

ADR has adopted a management system to prevent corruption according to the international standard ISO 37001:2016 “Anti-Bribery Management System”, which outlines the internal rules and the principles underlying the existing systems to monitor the risk of bribery in an organic and systematic framework. The system was certified in April 2018 by an accredited certification agency that is a leader in compliance assessment in Italy. The objective of the system is to support the organization in preventing, detecting and dealing with bribery.

Management, Organization and Control Model

ADR has implemented the project of review of its Management, Organization and Control Model (Model 231) with the aim of guaranteeing that it represents the state of the art in Italy in terms of system and dedicated content. The project was carried out taking into account the evolution of the reference best practices and the legal developments regarding the liability of the bodies pursuant to Italian Legislative Decree no. 231/2001. In terms of editorial output, the review activity was also aimed at simplifying and rationalizing the General Part of Model 231 and reviewing the arrangement of the Special Parts, switching from one by “crime category” to one by “corporate macro-processes”, in order to align Model 231 to the latest practices while facilitating its use by all the Departments and Corporate units. Model 231, based on the suitability and fitness opinion expressed by the ADR Supervisory Body, was approved in August 2018 by the Board of Directors of ADR.

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 owned 100% of the share capital of 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.

The notice regarding management and coordination required by Article 2497-bis of the Italian Civil Code is available in a specific section of the Separate financial statements (Annex 1).

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 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 of the Consolidated financial statements and Note 9 of the Separate financial statements.

Subsequent events

Traffic trends in the first two months of 2019

In the first two months of 2019 the Roman airport system recorded a +4.0% increase in passengers transported, driven by the +5.1% rise in the International market, thanks to the significant increase in the EU component (+9.0%), supported by the EU segment to a lower extent (+3.3%). Domestic traffic is rising slightly, with the first two months recording a +0.6% growth compared to 2018.

TABLE 1
Main traffic data of the Roman airport system

	JAN-FEB 2019	JAN-FEB 2018	Δ%
Movements (no.)	**52,027**	**49,392**	**5.3%**
Fiumicino	44,533	41,448	7.4%
Ciampino	7,494	7,944	(5.7%)
Passengers (no.)	**6,347,650**	**6,104,786**	**4.0%**
Fiumicino	5,474,178	5,208,104	5.1%
Ciampino	873,472	896,682	(2.6%)
Cargo (t.)	**25,135**	**26,608**	**(5.5%)**
Fiumicino	22,258	23,843	(6.6%)
Ciampino	2,877	2,765	4.0%

Fiumicino

The main Italian airport ends the first two months of the year with a traffic volume growing by +5.1%, thanks to the increasing capacity in terms of seats offered (+8.3%), and movements (+7.4%); this trend has led to a decrease in the load factor (-2.1 p.p.), which stood at 69.5% in the period. The positive performance described is attributable to the improved traffic results for all the network sectors, with the International market acting as a driver of growth for Fiumicino (+6.6%). This increase mainly derives from the development of the long-haul component (+5.7%) and more generally of the Non-EU one (+8.6%), supported in parallel by the growth of the EU segment (+5.3%). Also the Domestic market slightly increases its traffic volume, recording a growth of +1.5% compared to the same period of the previous year.

Ciampino

In the period considered this airport recorded a fall in volumes of passengers transported (-2.6%), against a parallel reduction in aircraft movements (-5.7%).

However, it must be highlighted that most of the negative results are to be attributed to the decrease in capacity and traffic, due to the partial closure of the airport on February 7 after three explosive devices were found, and during February 19 and 20, due to the onset of fire in a room at the airport. Consequently, most of the flights concerned were diverted to Fiumicino airport.

Other significant events

- Decree of January 10, 2019 issued by the State Property Office defines the methods for the determination of the airport management fees for the three-year period 2019-2021. The Office, continuing with the previous provisions, confirmed, also for the next three-year period, the methodology identified with Inter-ministerial decree of June 30, 2003 and based on the WLU (Work Load Unit, corresponding to 1 passenger or 100Kg of goods or mail). The validity of this calculation methodology was confirmed by both ENAC and the Ministry of Infrastructure and Transport, and is in line with the provisions of art. 2, paragraph 4 of the Single Deed - Planning Agreement, in case of ADR's obligations to pay the annual concession fee to ENAC.

- On January 28 the rating agency Moody's intervened on the rating of Atlantia and the subsidiary undertakings ASPI and ADR. The agency confirmed the rating of the three companies and in particular the Baa2 level assigned to ADR. However, the "review for downgrade" condition was removed, which the three companies had been subject to since August 22, 2018, after the tragic event in Genoa, with a negative outlook being assigned.

- At around 07:30 of February 19, 2019 the onset of a fire concerned the basement of Ciampino airport, spreading inside a room under sub-concession by ADR to a contractor specialized in scheduled and unscheduled maintenance. Direct material damage proved quite negligible. However, because of the spreading smoke and soot, the airport remained partially closed on the day of the event (only a few arriving and departing flights remained in operation) and was entirely banned to air traffic throughout February 20, 2019. Following the positive outcome of the checks carried out by the competent Authorities, the airport reopened on the next day, February 21, 2019, resuming full operation at the same time. The necessary assessments and suitable checks are still being carried out to ascertain the cause of the fire and to appraise the direct and indirect damage caused to ADR.

Business Outlook

Even when considering an international scenario characterized by different risk elements (introduction of customs duties, Brexit, the political instability of some areas of the world), the outlook for 2019 currently confirms the trend of development for international traffic at Fiumicino airport, in line with 2018; this trend may be able to affect the overall traffic performance to a lower or greater extent, also in relation to the performance of the domestic traffic, which will be affected not only by the evolution of the national economic situation but also by the desired solution of Alitalia's crisis.

Instead, the trend at Ciampino will be further conditioned by the business reductions imposed by the noise reduction plan, with passenger volumes hypothetically decreasing slightly compared to 2018.

The creation of the Infrastructural development plan will continue, in particular with reference to the investments under way with regard to the "East Airport" system.

Nevertheless, the activation of programs aimed at improving operating productivity and efficiency, notwithstanding any negative effects potentially deriving from the development of the Alitalia situation and, more generally, from unexpected events that may negatively affect the projected international traffic trend, will safeguard the growing trend for the Group's economic margins, which will be rather similar to that of last year.

AGENDA

Agenda

Notice is hereby given to Shareholders of the Ordinary Shareholders' Meeting to be held at the registered offices in Fiumicino (Rome), Via Pier Paolo Racchetti no. 1, at 10.00 a.m. on April 16, 2019, in one call, to discuss the following:

Agenda

1. Reports and Financial Statements as of December 31, 2018; related and consequent resolutions.

2. Appointment of the Board of Directors, after determining the number of its members and related term of office; appointment of the Chairman of the Board of Directors; determination of the total annual remuneration payable to the Directors.

3. Appointment of the Board of Statutory Auditors for the three-year period 2019/2021 and determination of the annual remuneration.

Notice of call has been published in the Official Gazette of the Italian Republic - Second Part - Sign-up sheet no. 30 of March 12, 2019.

PROPOSALS TO THE ORDINARY SHAREHOLDERS' MEETING

Proposals to the Ordinary Shareholders' Meeting

Dear Shareholders,

the Financial statements for the year ended December 31, 2018, report profit of 245,163,555.93 euros. Therefore, we hereby propose to:

1. approve the 2018 Financial statements, which disclose net income of 245,163,555.93 euros, having acknowledged the documents that accompany them;
2. allocate the portion of net income for the year, amounting to 131,292,276.24 euros, remaining after the advance on dividends paid in 2018 for 113,871,279.69 euros (equal to 1.83 euros per share), as follows:

- to the distribution of a dividend equal to 2.10 euros, for each of the 62,224,743 shares making up the share capital, for a total of 130,671,960.30 euros;
- to retained earnings for the residual portion of net income for the year equal to 620,315.94 euros.

3. set the date of payment of the dividend with value date of May 15, 2019, with ex-date (coupon no. 15) of May 13, 2019.

Dear Shareholders,

with the approval of the Financial statements as of December 31, 2018, the mandate of the Board of Directors for 2017 and 2018 also expires.

We therefore invite you to:

- appoint the Board of Directors, after determining the number of its members and related term of office;
- appoint the Chairman of the Board of Directors;
- determine the total remuneration payable to the Directors.

Dear Shareholders,

with the approval of the Financial statements as of December 31, 2018, also the mandate of the Board of Statutory Auditors expires.

We kindly invite you to appoint of the Board of Statutory Auditors for the three-year period 2019/2021 and determine of the annual remuneration.

The Board of Directors


FINECO

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018

CONSOLIDATED FINANCIAL STATEMENTS OF THE AEROPORTI DI ROMA GROUP

Consolidated Statement of Financial Position

ASSETS (THOUSANDS OF EUROS)	**NOTES**	**12.31.2018**	**OF WHICH TOWARDS RELATED PARTIES**	**12.31.2017**	**OF WHICH TOWARDS RELATED PARTIES**
NON-CURRENT ASSETS					
Tangible assets	6.1	44,327		52,280	
Concession fees		2,333,617		2,307,724	
Other intangible assets		40,711		42,076	
Intangible assets	6.2	2,374,328		2,349,800	
Equity investments	6.3	73,008		78,079	
Other non-current financial assets	6.4	4,517		12,950	
Deferred tax assets	6.5	44,290		65,129	
Other non-current assets	6.6	408		443	
TOTAL NON-CURRENT ASSETS		**2,540,878**		**2,558,681**	
CURRENT ASSETS					
Inventories		3,750		3,183	
Trade receivables		312,584	*4,125*	316,126	*3,453*
Trade assets	6.7	316,334	*4,125*	319,309	*3,453*
Other current financial assets	6.4	1,350	*1,350*	64	
Current tax assets	6.8	7,739	*7,470*	18,881	*17,940*
Other current assets	6.9	13,136	*596*	14,058	*657*
Cash and cash equivalents	6.10	328,200		301,975	
TOTAL CURRENT ASSETS		**666,759**	***13,541***	**654,287**	***22,050***
TOTAL ASSETS		**3,207,637**	***13,541***	**3,212,968**	***22,050***

SHAREHOLDERS' EQUITY AND LIABILITIES (THOUSANDS OF EUROS)	NOTES	12.31.2018	OF WHICH TOWARDS RELATED PARTIES	12.31.2017	OF WHICH TOWARDS RELATED PARTIES
SHAREHOLDERS' EQUITY					
GROUP SHAREHOLDERS' EQUITY					
Share capital		62,225		62,225	
Reserves and retained earnings		912,282		908,677	
Net income for the year, net of the advance on dividends		132,369		137,322	
		1,106,876		1,108,224	
MINORITY INTERESTS IN SHAREHOLDERS' EQUITY		0		0	
TOTAL SHAREHOLDERS' EQUITY	6.11	**1,106,876**		**1,108,224**	
LIABILITIES					
NON-CURRENT LIABILITIES					
Provisions for employee benefits	6.12	18,494		19,399	
Provisions for renovation of airport infrastructure	6.13	115,185		112,399	
Other allowances for risks and charges	6.14	17,031		16,141	
Allowances for non-current provisions		150,710		147,939	
Bonds		1,097,076	*240,350*	1,101,516	*242,328*
Medium/long-term loans		249,559		249,464	
Financial instruments - derivatives		139,330		137,430	
Non-current financial liabilities	6.15	1,485,965	*240,350*	1,488,410	*242,328*
Other non-current liabilities	6.16	3,805	*882*	4,083	*1,084*
TOTAL NON-CURRENT LIABILITIES		1,640,480	*241,232*	1,640,432	*243,412*
CURRENT LIABILITIES					
Provisions for employee benefits	6.12	540		938	
Provisions for renovation of airport infrastructure	6.13	66,042		68,799	
Other allowances for risks and charges	6.14	7,409		14,028	
Allowances for current provisions		73,991		83,765	
Trade payables	6.17	173,732	*57,220*	191,502	*48,899*
Trade liabilities		173,732	*57,220*	191,502	*48,899*
Current share of medium/long-term financial liabilities		16,024	*431*	16,019	*435*
Financial instruments - derivatives		262		259	
Current financial liabilities	6.15	16,286	*431*	16,278	*435*
Current tax liabilities	6.8	21,475	*17,827*	483	
Other current liabilities	6.18	174,797	*1,231*	172,284	*1,697*
TOTAL CURRENT LIABILITIES		460,281	*76,709*	464,312	*51,031*
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,207,637**	**317,941**	**3,212,968**	**294,443**

Consolidated Income Statement

(THOUSANDS OF EUROS)	NOTES	2018	OF WHICH TOWARDS RELATED PARTIES	2017 (*)	OF WHICH TOWARDS RELATED PARTIES
REVENUES					
Revenues from airport management		921,500	*14,256*	875,342	*14,085*
Revenues from construction services		109,658		117,224	
Other operating income		13,990	*1,422*	18,789	*1,700*
TOTAL REVENUES	7.1	**1,045,148**	***15,678***	**1,011,355**	***15,785***
COSTS					
Consumption of raw materials and consumables	7.2	(30,702)	*(19,713)*	(31,499)	*(19,878)*
Service costs	7.3	(277,323)	*(78,231)*	(293,999)	*(67,634)*
Payroll costs	7.4	(167,964)	*(2,492)*	(166,175)	*(3,640)*
Concession fees		(36,239)		(33,461)	
Expenses for leased assets		(3,009)		(2,806)	
(Allocation to) use of the provisions for renovation of airport infrastructure	6.13	1,565		25,997	
(Allocation to) re-absorption of allowances for risks and charges	6.14	(1,278)		(535)	
Other costs		(10,430)	*(317)*	(15,725)	
Other operating costs	7.5	(49,391)	*(317)*	(26,530)	
Depreciation of tangible assets	6.1	(14,282)		(12,265)	
Amortization of intangible concession fees	6.2	(83,764)		(74,685)	
Amortization of other intangible assets	6.2	(5,575)		(4,538)	
Amortization and depreciation		(103,621)		(91,488)	
TOTAL COSTS		**(629,001)**	***(100,753)***	**(609,691)**	***(91,152)***
OPERATING INCOME (EBIT)		**416,147**		**401,664**	
Financial income		2,372	*1,873*	559	
Financial expense		(57,678)	*(13,160)*	(62,347)	*(13,269)*
Foreign exchange gains (losses)		1,975		8,797	
FINANCIAL INCOME (EXPENSE)	7.6	**(53,331)**	***(11,287)***	**(52,991)**	***(13,269)***
Share of profit (loss) of associates accounted for using the equity method	7.7	(3,679)		5,229	
INCOME (LOSS) BEFORE TAXES		**359,137**		**353,902**	
Income taxes	7.8	(112,897)		(108,930)	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**246,240**		**244,972**	
Net income (loss) from discontinued operations		0		0	
NET INCOME FOR THE YEAR		**246,240**		**244,972**	
of which:					
Group income		**246,240**		**244,972**	
Minority interests		0		0	

(*) Figures for 2017 differ from those in the Consolidated financial statements as of December 31, 2017 due to the reclassification of air traffic incentive costs from “service costs” to a reduction of “revenues from airport management”. This reclassification was necessary following the entry into force of the new IFRS 15 standard from January 1, 2018.

Consolidated Statement of Comprehensive Income

(THOUSANDS OF EUROS)	2018	2017
NET INCOME FOR THE YEAR	**246,240**	**244,972**
Share of cash flow hedge derivative financial instruments	(8,111)	13,521
Tax effect	1,947	(3,244)
Share pertaining to the “other components of comprehensive income” of equity investments accounted for using the equity method	(39)	101
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect	**(6,203)**	**10,378**
Income (loss) from actuarial valuation of employee benefits	108	(172)
Tax effect	(27)	42
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect	**81**	**(130)**
Reclassifications of the other components of the comprehensive income statement for the year	**1,551**	**1,370**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT	**(4,571)**	**11,618**
COMPREHENSIVE INCOME FOR THE YEAR	**241,669**	**256,590**
of which:		
Group income	241,669	256,590
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 YEAR (net of advance on dividends)	TOTAL	MINORITY INTERESTS IN SHAREHOLDERS' EQUITY	TOTAL SHAREHOLDERS' EQUITY
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 year							244,972	244,972	0	244,972
Other components of comprehensive income:										
Profits (losses) from fair value measurement of the cash flow hedge derivative instruments, net of the tax effect				11,647				11,647		11,647
Income (loss) from actuarial valuation of employee benefits, net of the tax effect						(130)		(130)		(130)
Share pertaining to the “Other components of comprehensive income” of equity investments accounted for using the equity method					101			101		101
Comprehensive income for the year				11,647	101	(130)	244,972	256,590	0	256,590
Dividend distribution (balance)							(148,095)	(148,095)	0	(148,095)
Allocation of residual profit of the previous year						4,430	(4,430)	0		0
Distribution of advance on dividends							(107,649)	(107,649)		(107,649)
Other changes					60	916		976		976
BALANCE AS OF DECEMBER 31, 2017	**62,225**	**12,462**	**667,389**	**(46,995)**	**74**	**275,747**	**137,322**	**1,108,224**	**0**	**1,108,224**
Changes in IFRS standards				(46)		6,128		6,082		6,082
BALANCE AS OF JANUARY 1, 2018	**62,225**	**12,462**	**667,389**	**(47,041)**	**74**	**281,875**	**137,322**	**1,114,306**	**0**	**1,114,306**
Net income for the year							246,240	246,240		246,240
Other components of comprehensive income:				(4,613)	(39)	81		(4,571)		(4,571)
Effective portion of cash flow hedge derivative financial instruments, net of tax effect				(4,613)				(4,613)		(4,613)
Income (loss) from actuarial valuation of employee benefits, net of the tax effect						81		81		81
Share pertaining to the “Other components of comprehensive income” of equity investments accounted for using the equity method					(39)			(39)		(39)
Comprehensive income for the year				(4,613)	(39)	81	246,240	241,669	0	241,669
Dividend distribution (balance)							(135,028)	(135,028)		(135,028)
Allocation of residual profit of the previous year						2,294	(2,294)	0		0
Distribution of advance on dividends							(113,871)	(113,871)		(113,871)
Other changes					(3)	(197)		(200)		(200)
BALANCE AS OF DECEMBER 31, 2018	**62,225**	**12,462**	**667,389**	**(51,654)**	**32**	**284,053**	**132,369**	**1,106,876**	**0**	**1,106,876**

Consolidated Statement of Cash Flows

(THOUSANDS OF EUROS)	NOTES	2018	2017
Net income for the year		**246,240**	**244,972**
Adjusted by:			
Amortization and depreciation	6.1/6.2	103,621	91,488
Allocation to provisions for renovation of airport infrastructure	6.13	56,441	44,292
Financial expense from discounting provisions	7.6	1,807	1,976
Change in other provisions		(7,137)	(49,193)
Share of profit (loss) of associates accounted for using the equity method	7.7	3,679	(5,229)
Net change in deferred tax (assets) liabilities		20,349	32,582
Other non-monetary costs (revenues)		8,328	7,166
Changes in working capital and other changes		20,061	(83,734)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**453,389**	**284,320**
Investments in tangible assets	6.1	(6,593)	(11,548)
Investments in intangible assets (*)	6.2	(118,822)	(154,556)
Works for renovation of airport infrastructure	6.13	(58,006)	(70,290)
Dividends received from equity investments accounted for using the equity method		0	2,430
Gains from disinvestments and other changes in tangible and intangible assets and equity investments		5,219	1,098
Net change in other non-current assets		35	(11)
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)		**(178,167)**	**(232,877)**
Dividends paid		(248,899)	(255,744)
Issue of bonds		0	272,101
Raising of medium/long-term loans		0	180,000
Net change in other current and non-current financial liabilities		8	(19,799)
Net change in current and non-current financial assets		(106)	(181)
NET CASH FLOW FROM FUNDING ACTIVITIES (C)		**(248,997)**	**176,377**
NET CASH FLOW FOR THE YEAR (A+B+C)		**26,225**	**227,820**
Cash and cash equivalents at the start of the year	6.10	301,975	74,159
Cash and cash equivalents at the end of the year	6.10	328,200	301,979

(*) including advances to suppliers for 1,348 thousand euros in 2018 and 29,703 thousand euros in 2017.

Additional information to the statement of cash flows

(THOUSANDS OF EUROS)	2018	2017
Net income taxes paid (reimbursed)	60,416	108,218
Interest income collected	216	271
Interest payable and commissions paid	45,092	64,849

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, to which specific activities are assigned.

The registered office of the Parent Company is in Fiumicino, Via Pier Paolo Racchetti 1, 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 Consolidated financial statements, Atlantia S.p.A. ("Atlantia") is the shareholder that directly holds the majority of the shares of ADR (61,841,539, equal to 99.38% of the capital) and exercises the management and coordination towards the Company.

These Consolidated 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 March 5, 2019 and are 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 Consolidated financial statements for the year ended December 31, 2018 were prepared pursuant to art. 2 of Italian Legislative Decree no. 38/2005, in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and endorsed by the European Commission, in force on the balance sheet date.

Consideration was also given to the measures issued by Consob (Commissione Nazionale per le Società e la Borsa) in implementing paragraph 3 of Article 9 of Italian Legislative Decree No. 38/2005 on the preparation of the accounting statements.

The Consolidated financial statements comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and these 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.

The statement of financial position is presented on the basis of the statement that provides for a distinction between current and non-current assets and liabilities, while these are classified on the basis of their nature in the income statement. The statement of cash flows was prepared by applying the indirect method. IFRS were applied consistently with the indications of the "Framework for the Preparation and Presentation of Financial Statements" and no issues emerged that required derogations pursuant to IAS 1.

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 is reported for comparison purposes.

3. Consolidation area and principles

The Consolidated financial statements include the financial statements of ADR and its subsidiary undertakings for the year ending December 31, 2018, 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 subsidiary undertakings 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, 2017.

The result of the comprehensive income statement relating to a subsidiary undertaking is attributed to the minorities, even if this implies a negative balance for minority interests. The variations in the interest of the parent company in a subsidiary undertaking that do not imply the loss of control are recorded as capital transactions. If the parent company loses the control of a subsidiary undertaking, it:

- cancels the assets (including goodwill) and the liabilities of the subsidiary undertaking;
- cancels the carrying values of all the minority shareholdings in the former subsidiary undertaking;
- cancels the accumulated exchange rate differences recorded in the shareholders’ equity;
- records the fair value of the payment received;
- records the fair value of all the shareholdings in the former subsidiary undertaking;
- records the profit or loss in the income statement;
- reclassifies the pertaining share of the parent company of the components previously recorded in the comprehensive income statement in the income statement or in the retained earnings, as the case may be.

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

The main consolidation principles are described below:

- all assets and liabilities, charges and income of companies consolidated using the line-by-line method are fully included in the Consolidated financial statements;
- the carrying value of the equity investments is set off against the corresponding share of shareholders’ equity in the investee companies, attributing to the single asset and liability items their current value at the date of acquisition of control;
- where necessary, adjustments have been made to the financial statements of subsidiary undertakings to bring their accounting criteria in line with those adopted by the Group;
- minority interests in the shareholders’ equity of subsidiary undertakings are indicated separately from the Group shareholders’ equity;
- intercompany profits and losses still to be realized, as well as significant sums relating to payables and receivables and costs and revenues relating to consolidated companies have been eliminated;

- adjustments made to eliminate items of a purely tax nature, as well as other consolidation adjustments, take account, where applicable, of the related deferred taxation;
- dividends received by subsidiary undertakings during the year and recorded in the Parent Company's income statement as income from equity investments are eliminated against retained earnings.

Business combinations

Business combinations are recorded by using the acquisition method. The cost of an acquisition is valued as the sum of the transferred consideration, measured at fair value on the acquisition date, and the amount of the minority interest in the acquired company. For each business combination, the Group defines whether to measure the minority interest in the acquired company at fair value or in proportion to the share of the minority interest in the net assets that can be identified in the acquired company. The acquisition costs are written off in the year and classified under administrative expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, the economic conditions and the other relevant conditions in place on the acquisition date. This includes the check to establish whether an embedded derivative must be separated from the host contract.

If the business combination is created in several phases, the shareholding previously held is measured at the fair value on the acquisition date and any resulting profit or loss is recorded in the income statement.

Any potential consideration due is recorded by the purchaser at fair value on the acquisition date. The change in fair value of the potential consideration classified as asset or liability, as a financial instrument contemplated by IAS 39, must be recorded in the income statement or in the statement of the other components of the comprehensive income statement. In the cases where the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. If the contingent consideration is classified in the shareholders' equity, its value is not recalculated and its subsequent settlement is recorded in the shareholders' equity.

The transactions for the acquisition or sale of companies and/or branches under common control are treated, in accordance with IAS 1 and IAS 8, on the basis of their economic substance, making reference to both the (i) methods to determine the amount of the sale and the (ii) check of the added value generated for all the parties concerned, resulting in significant changes that can be measured in the cash flows before and after the transaction of the transferred assets. In this context:

- if both requirements being checked are met, these transactions for the purchase of companies and/or company branches are recorded according to IFRS 3, following the same criteria illustrated previously for similar transactions with third parties. In these cases, the transferor company posts in the income statement the possible difference between these carrying values of the assets and liabilities and the related amount;
- in the other cases, the transferred assets and liabilities are posted by the transferee with the same values these were recorded in the financial statements of the transferor company before the transactions, with the recognition in the shareholders' equity of any difference compared to the acquisition cost. Consistently with this, the transferor company records in the shareholders' equity the difference between the carrying value of the assets and liabilities sold and the amount agreed.

4. Accounting standards applied

Described below are the most important accounting standards and valuation criteria applied in preparing the Consolidated financial statements for the year ended December 31, 2018. These standards and criteria comply with those used to prepare the Consolidated financial statements for the previous year, with the exception of amendments introduced by the application, effective January 1, 2018, of the new standards IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”. The differences from the criteria applied previously are illustrated for these new standards (described below) in the specific section following this Note, in addition to the effects of recalculating the outstanding balances in the statement of financial position in place as of December 31, 2017 in relation to adoption of IFRS 9, as an adjustment to the shareholders’ equity as of January 1, 2018.

Tangible assets

The tangible assets are recorded at historical cost, inclusive of any directly attributable accessory charges. The cost of tangible assets whose use is limited over time is systematically depreciated on a straight-line basis in each year based on the estimated economic-technical life. If significant parts of these tangible assets have different useful lives, these components are recorded separately. Depreciation is recorded from the time the fixed asset is available for use or is potentially capable of providing the economic benefits associated therewith. The annual depreciation rates applied are:

- plant and machinery: from 10% to 25%;
- equipment: from 10% to 25%;
- other assets: from 10% to 25%.

In the presence of specific indicators regarding the risk of failed recovery of the book value of tangible assets, these undergo an impairment test, as described in the specific paragraph.

Tangible assets are no longer shown in the financial statements after their transfer or if no future economic benefit exists expected from their use; any deriving profit or loss (calculated as the difference between the transfer value, net of sale costs, and the carrying value) is recorded in the income statement of the year of sale.

Any ordinary maintenance costs are charged to the income statement.

Intangible assets

Intangible assets are assets without physical substance, controlled by the company and able to produce future economic benefits and goodwill acquired in business combinations.

An asset is classified as intangible when there is the possibility of distinguishing it from the goodwill. This condition is normally met when: (i) the intangible asset arises from contractual or legal rights, or (ii) the asset is separable, i.e. can be sold, transferred, rented or exchanged autonomously or as an integral part of other assets. The company controls an asset if it has the power to obtain future economic benefits generated by the underlying assets and to restrict the access of others.

A peculiar element of those companies that, like ADR, operate under a concession agreement lies in the recognition of the so-called “Concession fees”, which, on the basis of the applicable accounting standards, and IFRIC 12 in particular, represent the value attributed to the right to use the assets (infrastructure, plants, etc.) held under a concession agreement and with respect to which the company cannot exercise any right of ownership. Therefore, for this intangible asset, the recording value may include: a) the fair value of the construction and/or improvement services provided to the concessionaire (measured as illustrated in the standard regarding “construction contracts and services being executed”), net of the parts represented as financial assets, corresponding to the portions in the form of contribution; b) the rights acquired by third parties, in case costs are incurred to obtain concessions from the Grantor or third parties.

Except for the “Concession fees”, intangible assets are stated at cost as determined by the methods indicated for tangible assets, only when the latter can be reliably valued and when these assets can be identified, are controlled by the company and can generate future economic benefits.

Intangible assets with a definite useful life are amortized starting from the time when they are available for use, based on their residual possibility of use with respect to the residual useful life. On the other hand, concession fees are amortized throughout the entire concession, with a criterion that reflects the methods with which the economic benefits will be received by the company, with the use of constant rates determined with reference to the expiry of the concession on June 30, 2044. The amortization starts from the time when the fees in question start to generate the relevant economic benefits. The other intangible assets are amortized in three years.

The profit or loss deriving from the sale of an intangible asset is the difference between the sale value, net of sale costs, and the carrying value, and is recorded in the income statement of the year of sale.

Investments in associated undertakings and other companies

An associated undertaking is a company the Group exercises significant influence on. Significant influence means the power to take part in the determination of the financial and management policies of the investee company without having control over it. Equity investments in associated undertakings are valued according to the equity method, with the portion of profits or losses of the year accrued for the Group being recorded in the income statement, except for the effects related to other changes in the shareholders' equity of the investment, reflected directly in the comprehensive income statement of the Group. The risk deriving from possible losses that exceed the carrying value of the equity investment is recorded in a specific liability fund proportionally to the investor's commitment to fulfilling the legal or implicit obligations towards the investee or in any case covering its losses. When they have no significant effects on the statement of financial position and on the results of operations, the equity investments in associated undertakings are recorded at cost, adjusted to reflect any loss in value. When the reasons for the write-down cease, the equity investments are revalued within the limits of the write-downs made.

Equity investments in other companies, which can be classified in the category of equity financial assets as defined in IFRS 9, are initially recorded at cost, as determined on the settlement date as they represent the fair value, inclusive of the directly attributable transaction costs.

Following initial recognition, these equity investments are measured at fair value, recognizing the effects in the income statement, with the exception of those that are not held for trading purposes and where, as permitted by IFRS 9, the option was exercised, upon acquisition, to designate them at fair value with recognition of the subsequent changes under the other components of the comprehensive income statement, and therefore in a specific shareholders' equity reserve. Minority interests can be measured at cost in limited cases where the cost represents an adequate estimate of the fair value.

Dividends are recognized when the right of the shareholders to receive their payment arises.

Construction contracts and services being executed

The construction contracts being executed are assessed on the basis of the contractual payments accrued with reasonable certainty in connection with the work progress using the percentage of completion criterion determined with the methodology of physical measurement of the works executed in order to attribute the revenues and the economic result of the contract to the years of accrual proportionally to the work progress report. The positive or negative difference between the value of the contracts performed and the value of the advances received is posted as an asset or liability in the statement of financial position, respectively, in consideration also of possible write-downs made for risks related to the failed recognition of the works executed for the principals.

The revenues from the contract, in addition to the contractual consideration, include the variations, the price reviews and any claims to the extent these are likely to represent actual revenues that can be determined reliably. In case a loss is expected from the execution of the contract activities, this is immediately recorded in full in the accounts, regardless of the progress made in the contract.

The construction services in favor of the grantor pertaining to the concession agreement held by ADR are specifically recorded in the income statement based on the progress of the works. Revenues for construction and/or improvement services in particular, which represent the consideration due for the activity performed, are measured at their fair value, calculated on the basis of the total costs incurred, which mainly comprise the costs of external services and the costs of benefits for the employees devoted to these activities. These revenues from construction services are set off against a financial asset or the "airport management concession" entered among concession fees as intangible assets as shown in this paragraph.

Inventories

Inventories are valued at the lower of acquisition or production cost and the net realizable value that can be obtained from their sale during normal operations. The acquisition cost is determined by applying the weighted average cost method.

Financial instruments

The financial instruments include cash and cash equivalents, derivative financial instruments and financial assets and liabilities (as defined by IFRS 9 which includes, *inter alia,* trade payables and receivables).

Cash and cash equivalents

Cash and cash equivalents are recorded at par value and include the values that meet the requirements of high liquidity, availability on demand or in a very short term, good outcome and negligible risks of change in their value.

Financial instruments - derivatives

All derivative financial instruments are recorded in the financial statements at their fair value, determined on the year-end date. Derivatives are classified as hedging instruments, in accordance with IFRS 9, when the relationship between the derivative and the hedged position is formally recorded and the effectiveness of the hedge, checked initially and periodically, is high.

For the instruments that hedge against the risk of changes in the cash flows of the assets and the liabilities (also with reference to prospective and highly probable assets and liabilities) being hedged (cash flow hedges), the changes in fair value are recorded in the comprehensive income statement and any ineffective part of the hedge is recorded in the income statement. The accumulated changes in fair value allocated to the cash flow hedge reserve are reclassified from the comprehensive income statement to the income statement for the year when the hedging relationship comes to an end.

Financial assets

The classification of the financial assets and relevant valuation consider both the model for the management of the financial assets and the contractual characteristics of the cash flows that can be obtained from the assets. The financial asset is valued with the amortized cost method if both conditions below are met:

- the management model for the financial asset implies the holding of the same with the aim of collecting the related financial flows; and
- the financial asset contractually generates, on pre-set dates, the financial flows only representing the return of said financial asset (principal and interest).

A financial asset that meets the requirements for classification and valuation at amortized cost may, at the time of the initial recognition, be designated as financial asset at fair value with recognition of the effects in the income statement, if this measurement allows the asymmetrical valuation or recording ("accounting mismatch") to be eliminated or reduced significantly, which would otherwise result in the valuation of assets or liabilities or the recognition of the related profits or losses according to a different base.

The receivables measured at amortized cost are initially recognized at the fair value of the underlying asset, net of any directly attributable transaction proceeds; the amortized cost is measured by using the effective interest rate method, net of any impairment related to the sum considered non-performing. The Group records a write-down for expected losses (expected credit loss 'ECL') for all the financial assets represented by debt instruments not held at fair value recognized on the income statement. The estimate of the amounts considered to be non-performing is made on the basis of the future expected cash flows. These flows consider the expected recovery terms, the likely salvage value, any guarantees as well as the costs that are estimated to be incurred to recover the receivables. The original value of the receivables is reinstated in the next years as the reasons for its adjustment cease to apply. In this case the value reinstatement is recorded in the income statement and cannot exceed the value of the amortized costs that the receivable would have had in the absence of previous adjustments.

Trade receivables, whose expiration falls within normal commercial terms or those where there are no significant financial components, are not discounted.

Financial liabilities

The financial payables are initially recorded at fair value, net of any directly attributable transaction costs. After initial recording, the financial payables are valued with the amortized cost criterion by using the effective interest rate method.

Trade payables, whose expiration falls within the normal commercial terms, or those where there are no significant financial components, are not discounted.

If there is a change to one or more elements of a financial liability in place (including through replacement with another instrument) a qualitative and quantitative analysis will be made to check whether that change is substantial compared to the contractual terms already in place. In the absence of substantial changes, the difference between the current value of cash flows as modified (calculated using the effective interest rate of the existing instrument at the date of the change) and the book value of the instrument is recorded in the income statement, with consequent adjustment to the value of the financial liability and recalculation of the effective interest rate of the instrument; if there are substantial changes, the instrument in place will be derecognized with simultaneous recognition of the fair value of the new instrument, allocating the difference to the income statement.

Derecognition of financial instruments

Financial instruments are no longer shown in the financial statements when, due to their sale or redemption, the Group is no longer involved in their management and does not hold the risks or benefits related to these sold/redeemed instruments.

Accounting standards applied to the previous year

The accounting standards relating to the financial instruments were defined on the basis of the provisions of IFRS 9 ‘Financial Instruments’ in place since 2018; as provided under the standard, the new provisions began to apply from January 1, 2018 without restatement of the years being compared. Therefore, please refer to the 2017 Annual Financial Report for the description of the accounting standards applicable to the year being compared.

Fair value measurements

Fair value is the price that would be obtained from the sale of an asset or that would be paid for the transfer of a liability in a regular market transaction (i.e. in case of involuntary liquidation or a sale at a loss) on the measurement date (exit price).

The fair value of an asset or liability is determined by adopting the valuations that market operators would use to determine the price of the asset or liability. The fair value measurement also supposes that the asset or liability is exchanged in the main market or, in its absence, in the most advantageous market the company has access to.

The calculation of the fair value of a financial asset requires the inclusion of a fair value adjustment factor referred to the counterparty risk called CVA - Credit Valuation Adjustment. This credit risk must be quantified in the same way in which a market operator would determine it to define the purchase price of a financial asset. The termination of the fair value of a financial liability, as explicitly provided for by IFRS 13, also requires the quantification of a fair value adjustment factor referred to the own credit risk, i.e. DVA (Debit Valuation Adjustment).

In determining the fair value, a hierarchy of criteria is defined which is based on the origin, type and quality of the information used for the calculation. Such classification is aimed at establishing a hierarchy in terms of reliability of the fair value, with precedence given to the use of parameters that can be observed in the market and reflect the assumptions that the market participants would use to value the assets/liabilities. The fair value hierarchy includes the following levels: (i) level 1: Inputs represented by listed prices (unchanged) in active markets for identical assets or liabilities with access on the measurement date; (ii) level 2: inputs other than the listed prices included in level 1, which can be observed, directly or indirectly, for the assets or liabilities to be measured; (iii) level 3: inputs that cannot be observed for assets or liabilities.

In the absence of market prices available, the fair value is determined by using the measurement techniques that suit the specific case and maximize the use of important observable inputs, minimizing the use of non-observable inputs.

Employee benefits

The liabilities relating to short term benefits granted to employees, disbursed during the employment relationship, are recorded for the amount accrued at year end.

The liabilities related to benefits granted to employees and paid during or after the termination of the employment relationship through defined contribution plans, mainly consisting of the Severance Indemnities of the Group companies accrued until December 31, 2006 (or, where applicable, until the next date of adhesion to the complementary compensation fund), are recorded in the year when the right arises, net of any advances paid; these are calculated on the basis of actuarial assumptions and measured on an accrual basis in line with the services needed to obtain the benefits; the liabilities are valued by independent actuaries.

The actuarial gains and losses relating to defined benefit plans are recorded in the statement of comprehensive income and are not subject to subsequent attribution to the income statement; the cost for interest is recorded in income statement under financial income (expense).

Provisions for renovation of airport infrastructure

One of the main obligations that the concession agreement imposes on the concessionaire is that of guaranteeing that, for the entire duration of the concession, the requirements of operation and safety of the assets under concession continue to be met (see paragraph Intangible assets - concession fees). To this end the concessionaire, in addition to routine maintenance activities, must systematically plan the necessary extraordinary and replacement maintenance interventions to guarantee the fulfillment of this important concession obligation. The list of these interventions is included and updated systematically at every periodic update of the Investment plan included in the latest business plan approved, processed by the competent technical structures.

The processing and update of the Investment plan by ADR is governed by the Agreement, as illustrated in the paragraph dedicated to “The Planning Agreement” of the Management Report on Operations.

The Provisions for renovation of airport infrastructure include the current value of the estimate of the charges to be incurred for the contractual obligation imposed on the company by the concession agreement, for the execution of the necessary maintenance interventions of an extraordinary nature and to restore and replace the assets under concession. Since these charges cannot be posted as an increase in the value of the assets at the time when they are incurred from time to time, in the absence of the necessary accounting requirement (intangible assets) of the assets these are destined for, they are allocated to provisions according to IAS 37, based on the degree of use of the infrastructure, as they represent the charge that the company is likely to be called to incur to guarantee, over time, the correct fulfillment of the obligation to meet the requirements of operation and safety of the assets under concession.

As these are cyclical interventions, the value of the provisions in the accounts reflects the estimate of the charges that shall be incurred in the timeframe of the first cycle of interventions planned, subsequently to the year-end, calculated by taking into account the necessary discounting factors, analytically for each individual intervention.

The classification of the interventions among those that constitute the value of the provisions and those for building/improvement purposes in favor of the concessionaire, is based on a corporate assessment of the essential contents of the projects included in the Investment plan approved, supported by the technical functions, of those that present the characteristics mentioned in the criteria just outlined.

Other allowances for risks and charges

The Other allowances for risks and charges include the provisions arising from current obligations of a legal or implicit nature, deriving from past events, and the fulfillment of which will probably require the employment of resources, of which the amount cannot be reliably estimated.

Provisions are allocated based on a best estimate of the costs required for fulfilling the obligation at the year-end date or to transfer it to third parties.

If discounting produces a significant effect, provisions are determined by discounting the financial flows expected in the future at a discount rate that reflects the current market assessment of the time value of money, and the specific risks related to the liability. When discounting, the increase in the provision due to time passing is recorded as financial expense.

Assets held for sale and liabilities associated to assets held for sale

Assets held for sale and liabilities associated to assets held for sale, whose carrying value will be recovered mainly through the sale rather than through their continuous use, are presented separately from the other assets and liabilities in the Statement of financial position. Immediately before being classified as held for sale, they are posted on the basis of the specific reference IFRS applicable to each asset and liability and subsequently recorded at the lower between the carrying value and the presumed fair value, net of the relevant costs of sale. Any loss is immediately recorded in the income statement.

Regarding exposure in the income statement, disposed operations or operations being disposed are classifiable as “discontinued operations” when they meet the requirements below:

- they represent an important independent operational branch or geographical area of operation;
- they are part of a single coordinated plan to discontinue an important branch or geographical area;
- they are subsidiary undertakings acquired exclusively in order to be sold at a later stage.

The economic effects of these transactions, net of the related tax effects, are recorded under a single item in the income statement, with reference to the date in the year of comparison.

Impairment of assets (impairment test)

At year-end, the carrying value of tangible, intangible and financial assets and of equity investments is tested to find any indication of impairment of these assets.

If these indications exist, the recoverable amount of these assets is estimated to determine the amount of any write-down to be recorded. The Group has no goodwill or intangible assets with an indefinite useful life to be subject to impairment test every year.

If the recoverable value of an asset cannot be estimated individually, the estimate of the recoverable value is included within the framework of the unit generating financial flows the asset belongs to.

This test estimates the recoverable value of the asset (represented by the greater of the likely market value, net of sale costs, and the value in use) and compares it with the relevant net book value. If the latter is higher, the asset is written down until reaching the recoverable value. In determining the value in use, the financial flows expected in the future after taxation are discounted by using a discount rate, after taxation, which reflects the current market estimate referred to the cost of capital in connection with the time and specific risks of the asset.

Losses of value are recorded in the income statement and classified differently depending on the nature of written down asset. These losses in value are reinstated, within the limits of the write-down made, if the reasons that generated them ceased to apply, except for goodwill.

Revenues from Contracts with Customers

The recognition of revenues from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligation, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the price of the transaction; (iv) allocation of the transaction price to the performance obligation identified on the basis of the standalone sales price of the individual goods or service; (v) recognition of the revenue when the performance obligation has been fulfilled, or upon transfer to the customer of the goods or service promised; the transfer is considered to be complete when the customer obtains the control of the goods or services that may occur over time or at a specific point in time.

The revenues recognized amount to the fair value of the payment that the enterprise believes it has the right to in exchange for the goods and/or services promised to the customer, not including the amounts collected on behalf of third parties. When calculating the transaction price, the amount of the consideration is adjusted to take account of the financial effect of time, if the timing of the payments agreed between the parties attributes a significant financial benefit to one of them. The consideration is not adjusted to take account of the financial effect of time if, at the start of the contract, it is expected that the payment delay will be a year or less.

If the consideration is variable, the Group will estimate the amount of the consideration that it will have the right to in exchange for the transfer of goods and/or services promised to the customer; the amount of the consideration may vary in accordance with discounts, refunds, bonuses or concessions on the price, performance bonuses, penalties or whether the price itself depends on the occurrence or not of certain future events.

Leasing revenues

Lease contracts, that essentially leave all the risks and benefits of ownership of the goods to the Group, are classified as operating leases. For the Group, leasing revenues refer to the fees and royalties owed and are recognized over the period of accrual on the basis of the contractual agreements signed. These revenues include those from the sub-concessions to third parties of trading areas and offices in the airport infrastructures managed by the Group, and since they essentially relate to leases in parts of the infrastructure, they are governed by IAS 17. In relation to the contractual agreements in place, this revenue is partly determined on the basis of the revenues obtained from the sub-concessions; therefore, the amount varies over time.

Costs

Costs are valued at the fair value of the amount paid or to be paid, and are recognized in the income statement on an accrual basis and in correlation with any related revenues. Any expense related to transactions of share capital increase is recorded as reduction in the shareholders’ equity.

Share-Based Payments

The cost of the services provided by the employees, associates and/or directors of the Group, remunerated through remuneration plans based on shares and settled with the conferment of securities, is calculated on the basis of the fair value of the rights assigned, valued by independent actuaries on the date the plan is transferred. This fair value is entered in the income statement, counterbalanced by the shareholders’ equity reserve, in the period of accrual set by the plan.

The cost or revenue in the income statement represents the change in the accumulated cost recorded at the beginning and end of the year. No cost is recorded for the fees which do not reach a definitive accrual, except for those fees with conferment subject to market conditions or a condition of non accrual; these are treated as if they had accrued, regardless of the fact that the market conditions or the other non-accrual conditions they are subject to are respected or not, notwithstanding that all the other performance and/or service conditions must be met.

If the conditions of the plan are changed, the minimum cost to be recorded is the one which would have been obtained in the absence of the change to the same plan. In addition, a cost is recorded for each change which means an increase in the total fair value of the payment plan, or that is in any case favorable for the employees; this cost is valued with reference to the amendment date.

The cost of the services provided by directors and employees that are remunerated through payments based on shares and settled in cash, is measured at the fair value of the liabilities assumed, counterbalanced under liabilities. For as long as the liability is not redeemed, the fair value of the liability is calculated with reference to the year-end, recording the relevant changes in the income statement.

Income taxes

The tax on the income of the year is calculated based on the tax expenses to be paid, in compliance with current legislation.

Deferred tax assets and liabilities resulting from temporary differences between the financial statements value of assets and liabilities, calculated by applying the criteria described in this section, and their tax value, deriving from the application of current legislation, are recorded: a) the former, only if sufficient taxable income is likely to allow the recovery; b) the latter, if any, in any case. Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied in the year when these assets will be created or these liabilities will be settled, considering the rates in force and those already issued, or substantially in force, on the date of the financial statements.

Deferred tax assets and liabilities are recorded in the income statement, with the exception of those relating to items that are directly recorded in shareholders’ equity. In that case, also prepaid and/or deferred taxes are charged to shareholders’ equity. Deferred tax assets and liabilities are offset where there is a legal right that allows current tax assets to be offset against current tax liabilities, and the deferred taxes refer to the same taxable entity and to the same tax authority.

Please note that for the three-year period 2017-2019 the parent company Atlantia adopts the tax consolidation regime, which ADR and some subsidiary undertakings adhered to.

Estimates and valuations

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 Notes, also with reference to the assets and liabilities potentially existing at the end of the year. These estimates and hypotheses 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 and of the concession fees.

Therefore, the actual results 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.

Conversion of the items in foreign currencies

Any transaction in a currency other than the euro is recorded at the exchange rate of the date of the transaction. The related monetary assets and liabilities denominated in currencies other than the euro are subsequently adjusted at the exchange rate in force on the date of closing the year of reference and any exchange differences are recorded in the income statement.

Non-monetary assets and liabilities denominated in currency and recorded at historical cost are converted by using the exchange rate in force on the date the transaction is first recorded.

Information by industry segment

The Group is engaged in one sector only, i.e. the development and management of airport infrastructures. Thus, the Group's operations are subject to reporting and analysis by management as an individual unit. Consequently, with reference to the provisions of IFRS 8, no (financial and/or economic) segment information is provided for the business sectors, as this is not applicable.

Adoption of the new IFRS standards, IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” taking effect from January 1, 2018

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 replaced the previous standards IAS 18 and IAS 11 and the relevant interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. The new standard established the criteria to be applied in recognizing revenues deriving from contracts with customers, except for those contracts that are within the scope of the standards pertaining to lease and insurance contracts and financial instruments. The standard defines an overall reference framework to identify the time and amount of the revenues to be posted in the accounts.

Based on IFRS 15, the company must analyze the contract and its accounting impacts through the phases below:

- identification of the contract;
- identification of the performance obligations in the contract;
- determination of the price of the transaction;
- allocation of the price of the transaction for each performance obligation identified;
- recognition of revenues when the performance obligation has been satisfied.

Therefore, the amount recorded by the entity as revenue must reflect the amount it is due in exchange for the assets transferred to the customer and/or the services rendered, to be recorded at the time when its contractual obligations have been fulfilled.

Furthermore, for revenue recognition, emphasis is placed on the need to assess the probability of obtaining/collecting the economic benefits linked to the income; for contract work in progress, revenues are required to be recognized taking into consideration the possible discounting effect deriving from collections deferred over time.

Impacts on ADR Group’s Consolidated financial statements resulting from the adoption of IFRS 15

No impacts have been identified for ADR Group resulting from the adoption of IFRS 15, with the exception of the reclassification of certain amounts recognized by ADR to client airlines which, based on the provisions of the new standard, have been classified as a reduction in revenues earned, rather than as costs for services provided by airlines, as previously recognized.

Thus, the income statement for 2017, presented for comparative purposes, was restated without any effect on the net result for the year and on consolidated shareholders' equity.

IFRS 9 - Financial Instruments

IFRS 9, which replaced IAS 39, defines the criteria for recognizing and measuring financial instruments. The standard introduces new rules for the classification and valuation of financial instruments and a new impairment model for financial assets as well as accounting rules for hedging transactions that can be defined as "hedge accounting".

Classification and valuation

IFRS 9 envisages one single approach for the analysis and classification of all financial assets, including those containing incorporated derivatives. The classification and relevant valuation consider both the model for the management of the financial assets and the contractual characteristics of the cash flows that can be obtained from the assets.

The financial asset is valued with the amortized cost method if both conditions below are satisfied:

- the management model for the financial asset implies that they are held with the aim of collecting the related cash flows, and
- the financial asset generates, on contractually defined dates, cash flows representing only the return on said financial asset.

The financial asset is valued at fair value with posting of the effects in the comprehensive income statement if the purpose of the management model is that of retaining the financial assets in order to obtain the relevant contractual cash flows or selling it.

Finally, there is the residual category of the financial assets valued at fair value with recognition of the effects in the income statement, which includes the assets held for trading.

A financial asset that meets the requirements for classification and valuation at amortized cost may, at the time of the initial recognition, be designated as financial asset at fair value with recognition of the effects in the income statement, if this measurement allows the asymmetrical valuation or recording (“accounting mismatch”) to be eliminated or reduced significantly, which would otherwise result in the valuation of assets or liabilities or the recognition of the related profits or losses according to a different base.

According to the new standard, in the case of investments in equity instruments for which the recording and valuation at amortized cost is not possible, when these are investments in shares not held for trading but rather of strategic nature, the entity may irrevocably choose, upon initial recognition, to value them at fair value with posting of the next changes in the comprehensive income statement.

Regarding financial liabilities, the provisions of IAS 39 are confirmed by the new IFRS 9, also with reference to the new recognition and valuation, at amortized cost or at fair value, with posting of the effects in the income statement in specific circumstances.

Furthermore, the amendment approved on October 12, 2017 specified that:

- in the case of unsubstantial changes to the terms of a financial instrument, the difference between the current value of cash flows as modified (calculated using the effective interest rate of the existing instrument at the date of the change) and the book value of the instrument is recorded in the income statement;
- a debt instrument that provides an early repayment option could respect the characteristics of exclusively contractual cash flows required by IFRS 9 and, as a consequence, be valued at

amortized cost or at fair value, with posting of the variations in the comprehensive income statement, also in the event a negative offsetting is envisaged for the lender.

The changes compared to the provisions of IAS 39 mainly concern:

- the representation of changes in fair value attributable to the credit risk associated to the liability, for which IFRS 9 provides recognition in the comprehensive income statement for some type of financial liabilities, rather than in the income statement similar to the changes in fair value attributable to other types of risks;
- elimination of the option to value at amortized cost the financial liabilities consisting of derivatives with delivery of unlisted equities. Due to this change, all derivative instruments must be valued at fair value.

Impairment

IFRS 9 defines a new impairment model of financial assets with the aim of providing useful information to the users of financial statements with regard to the relevant losses expected. In particular, the model requires any losses expected at any time throughout the life of the instrument to be verified and recorded and the amount of expected losses to be updated at each reporting date, in order to reflect changes in the instrument's credit risk; therefore, the occurrence of a particular event ("trigger event") is no longer necessary to require the verification and recognition of the credit losses.

The impairment tests must be applied to all financial instruments, except for those valued at fair value with the effects being posted to the income statement.

Hedge accounting

The main new elements introduced by IFRS 9 concern:

- the wider range of types of risks subject to hedging, to which the non-financial assets or liabilities are exposed, with the possibility of designating an aggregated exposure for hedging, which includes any derivative instrument;
- the possibility of designating also a financial instrument valued at fair value as hedged instrument, with recognition of the effects in the income statement;
- the different accounting methods for forward contracts and option contracts, when included in a hedge accounting context;
- the changes to the methods of developing effectiveness tests for the hedging relationships, as it introduces the principle of "economic relationship" between the hedged item and the hedging instrument; moreover, the retrospective valuation of the effectiveness of the hedge is no longer required;
- the possibility of "re-balancing" an existing hedge if valid risk management objectives remain.

Impacts on ADR Group's Consolidated financial statements resulting from the adoption of IFRS 9

As permitted by IFRS 9, ADR Group recalculated the outstanding balances in the statement of financial position as of December 31, 2017, recognizing the effect deriving from the adoption of the new standard as an adjustment to shareholders' equity as of January 1, 2018.

The nature and effects of these changes are shown in the following table.

(THOUSANDS OF EUROS)	DATA PUBLISHED 12.31.2017	IFRS 9 APPLICATION ADJUSTMENT	RESTATED DATA 01.01.2018
ASSETS			
Non-current assets	2,558,681	(1,920)	2,556,761
of which deferred tax assets	65,129	(1,920)	63,209
Current assets	654,287	(435)	653,852
of which trade assets	319,309	(435)	318,874
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	1,108,224	6,082	1,114,306
of which reserves and retained earnings	908,677	6,082	914,759
Non-current liabilities	1,640,432	(8,437)	1,631,995
of which non-current financial liabilities	1,488,410	(8,437)	1,479,973
Current liabilities	464,312	0	464,312

There is a significant impact resulting from adoption of IFRS 9 on the transaction to repurchase part of the EMTN bond, completed by ADR in June 2017 (intermediated tender offer), explained in note 6.15 of the Consolidated financial statements as of December 31, 2017. Specifically, it entails the recognition, based on the new standard, of the difference between the present value of cash flows as modified (calculated using the effective interest rate of the outstanding instrument at the date of the amendment) and the book value of the outstanding instrument at the date of the amendment. In this regard, non-current financial liabilities as of December 31, 2017 have been reduced by 8.4 million euros, with a deferred tax effect of -2.0 million euros; therefore, an increase in consolidated shareholders' equity of +6.4 million euros was recorded.

The effect on Trade assets relates to recognition of the expected losses on financial assets as required by the new model of the IFRS 9, and amounts to -0.4 million euros, with a deferred tax effect of 0.1 million euros, with an impact on the capital of -0.3 million euros.

Therefore, the overall impact on the shareholders' equity resulting from adoption of IFRS 9 amounts to +6.1 million euros.

Accounting standards and newly issued interpretations, revisions and amendments to existing standards not yet in force or not yet endorsed by the European Union

As requested by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", stated below are the new accounting standards and interpretations, in addition to the amendments to the already applicable standards and interpretations not yet in force on the balance sheet date, which may be applied in the future to the Consolidated financial statements of the Group:

DOCUMENT TITLE	DATE OF THE IASB DOCUMENT COMING INTO FORCE	DATE OF ENDORSEMENT BY THE EU
NEW ACCOUNTING STANDARDS AND INTERPRETATIONS		
IFRS 16 – Leases	January 1, 2019	October 2017
AMENDMENTS TO ACCOUNTING STANDARDS AND INTERPRETATIONS		
Annual Improvements to IFRSs: 2015 – 2017	January 1, 2019	Not endorsed
Amendments to IAS 1 – Presentation of Financial Statements, and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020	Not endorsed
Amendments to IAS 19 - Employee benefits	January 1, 2019	Not endorsed
Amendments to IFRS 3 - Business Combinations	January 1, 2020	Not endorsed

IFRS 16 – Leases

On January 13, 2016 the IASB published the definitive version of the new accounting standard regarding the accounting of lease transactions, which replaces IAS 17, IFRIC 4, SIC 15 and SIC 27, to be adopted starting from January 1, 2019. The new standard provides a new definition of lease and introduces a control-based criterion for an asset to distinguish lease contracts from contracts for the provision of services, identifying the following as discriminating factors: the identification of the asset, the right to replace it, the right to obtain essentially all the economic benefits from use of the asset, and finally, the right to manage the use of the asset underlying the contract.

The new standard intervenes on the lessee by conforming the accounting treatment of operating and financial leasing. IFRS 16 requires the lessee to record the assets from a lease contract in the statement of financial position, to recognize and classify as rights of use (or under the same item that the corresponding underlying asset would have been recorded if it were owned) regardless of the nature of the leased assets, to be subject to amortization based on the duration of the rights; at the time of the initial measurement, the lessee recognizes the liability deriving from the contract, for an amount equal to the current value of the minimum mandatory lease payments.

IFRS 16 also clarifies that a lessee, within the framework of the lease agreement, must separate lease components (to which the provisions of IFRS 16 apply) from those relating to other services, which instead must be subject to the relevant provisions of the other IFRSs.

The lease agreements with a duration equal to or shorter than 12 months and those regarding assets of a negligible amount may be excluded from the new methodology of accounting representation, due to their little significance for the lessee.

Regarding the lessor, the alternative accounting models of finance lease and operating lease, depending on the characteristics of the contract, remain essentially applicable, as currently governed by IAS 17; consequently, it will be necessary to recognize the financial receivable (in case of finance lease) or the tangible asset (in case of operating lease).

In order to incorporate the standard, the ADR Group will apply the amended retrospective method, recognizing the accumulated effects resulting from application of the standard under shareholders' equity as of January 1, 2019, without amending the comparative income statement for 2018.

Annual Improvements to IFRSs: 2015 – 2017

On December 12, 2017 the IASB published the document *"Annual Improvements to IFRSs:* 2015 – 2017 cycle", relating to the changes to some standards with regard to the annual improvement process. The main changes that may be important for the Group concern:

- IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements. The amendment establishes that in the case of acquisition of control over a business that represents a joint operation, the entity must re-measure at fair value any interest previously held in the business. This approach must be applied in case of acquisition of joint control instead;
- IAS 12 – Income taxes. It is clarified that all the tax effects linked to the dividends (including the payments regarding financial instruments classified as equity instruments) must be recorded consistently with the transaction that generated them. Therefore, these will be recorded in the income statement, in the statement of comprehensive income or in shareholders' equity.

Amendments to IAS 1 – Presentation of Financial Statements, and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

On December 31, 2018 the IASB published the document "Definition of Material (Amendments to IAS 1 and IAS 8)". The document introduced an amendment to the definition of the term "material" in standards IAS 1 and IAS 8. This amendment aims to make the definition of "material" more specific and introduced the concept of "obscured information" beside the concepts of "omitted" or "misstating" information which were already in the two standards subsequently changed. The amendment clarifies that information is "obscured" if it is described in a way that could produce an effect that would resemble the effect produced if said information had been omitted or misstated for readers of the financial statements.

Amendments to IAS 19 - Employee benefits

On February 7, 2018, the IASB published "Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)" which amends IAS 19 in order to clarify how an entity should recognize a curtailment or a settlement of a defined benefit plan. The amendments require the entity to update its hypotheses and remeasure the net liabilities or assets from the plan, clarifying that, after occurrence of that event, the entity uses updated hypotheses to measure the service cost and the interest cost for the rest of the applicable period following the event.

Amendments to IFRS 3 - Business Combinations

On October 22, 2018, the IASB published "Definition of a Business (Amendments to IFRS 3)" aimed at introducing some amendments to accounting standard IFRS 3 to further clarify the definition of business for the correct application of the standard. More specifically, the amendment clarifies that output is not strictly necessary to identify a business if it has, in any case, an integrated set of activities/processes and assets. However, in order to meet the definition of business, an integrated set of activities / processes and assets must include, as a minimum, input and a substantial process that both significantly contribute to the capacity to create output. To that end, the IASB replaced the term "capacity to create output" with "capacity to contribute to the creation of output" to clarify that a business can also exist without the presence of all the inputs and processes needed to create an output.

The amendment also introduced a "concentration test" to use as an optional basis for the entity, to determine whether a set of activities /processes and assets acquired is a business. To that end, the amendment added numerous examples to illustrate the IFRS 3 standard to facilitate understanding of the practical application of the new definition of business in certain cases. The amendments apply to all business combinations and acquisitions of assets after January 1, 2020, but early application is permitted.

The ADR Group is assessing the possible impact, which cannot currently be estimated reasonably, resulting from future application of all the newly issued standards, as well as for all the reviews and amendments to the existing standards.

With regard to the possible impacts resulting from introduction of IFRS 16, an analysis was made on the possible effects resulting from its introduction. The Group does not hold significant lease instruments as a lessee, which, in any case, mainly refer to leases of property and cars.

The preliminary identification project of the potential impacts is set out in a number of stages, including the mapping of the contracts potentially suited to containing a lease and their analyses in order to understand the main relevant clauses for the purposes of IFRS 16.

To that end, the Group intends to use the following simplifications given by the standard:

- partial retrospective application under shareholders' equity as of January 1, 2019 of the accumulated effects resulting from application of the standard, without amending the comparative income statement for 2018;
- exclusion of lease agreements with a duration equal to or shorter than 12 months (starting from January 1, 2019) and those regarding assets of a negligible amount from the new methodology of accounting representation, since they are not very significant. Lease fees will continue to be recognized in the income statement for these assets for the duration of the respective contracts;
- use of the information on the transition date to determine the duration of the lease, with special reference to the exercise of extension or early closing options;
- exclusion of the initial direct costs from measurement of the right as of January 1, 2019;
- exclusion of application of the new standard for contracts with a lease that has an intangible asset as its underlying asset.

With reference to the lease contracts held by Group companies in the position of lessor, essentially related to the sub-concessionaries for the lease of areas used for sales and catering activities in the airport infrastructures used as concessions, IFRS 16 does not introduce any new elements in the accounting recognition of the lease contracts by the lessor compared to what had been established in the previous IAS 17.

In relation to the above, the assessment of the impact of the adoption of the Consolidated financial statements is currently undergoing completion: on the basis of the information available, it is estimated that there will be an increase in financial liabilities (for leases) of about 2 million on the Group consolidated financial position as of January 1, 2019, essentially corresponding to an increase in the rights of use to be recorded under the assets. It is also expected that the impact on the net profits will not be significant over time, with recognition of the borrowing costs from discounting to present values and amortization/depreciation of the assets in place of the current recognition of lease charges.

5. Concession Agreement

Concessionary Relationship

ADR's corporate purpose is the construction and management of airports or 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 ENAC Regulations that govern the operation of airports open to civil traffic.

The original Concession Management Agreement 2820/74 was in force until December 21, 2012. After that date, a new Single Deed - Planning Agreement was approved with a specific Council of Ministers Presidential Decree. The single document 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 guided 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 arts. 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 concessionaire's income, providing also the "fair fee" to be paid to it by anyone carrying out non-aeronautical activities for a profit, including occasionally, within the airports under concession, which 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, as a result of regulatory provisions and/or administrative measures, the amount of the concession fee were to be changed compared to the one in force at the time of stipulation, or if taxation were introduced with an equivalent effect to be borne by the Concessionaire, 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 Concessionaire’s right to use the assets. This is to be interpreted together with the provisions in arts. 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 relevance of the principle of correlation to the use for performing 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)	12.31.2018	12.31.2017
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 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 held 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 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 whose need has been expressly declared by ENAC, due to their characteristics to perform airport functions, thus authorizing their creation;
- 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, ADR will receive 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)	12.31.2017			CHANGE				12.31.2018		
	COST	ACC. DEPR.	NET VALUE	INVESTMENTS	DEPRECIATION	OTHER CHANGES	DISPOSALS	COST	ACC. DEPR.	NET VALUE
Plant and machinery	96,506	(57,562)	38,944	1,394	(10,041)	1,273	(28)	96,929	(65,387)	31,542
Industrial and commercial equipment	14,141	(11,420)	2,721	404	(721)	29	0	14,279	(11,846)	2,433
Other assets	30,796	(22,171)	8,625	3,987	(3,520)	449	0	35,158	(25,617)	9,541
Work in progress and advances	1,990	0	1,990	808	0	(1,987)	0	811	0	811
TOTAL TANGIBLE ASSETS	**143,433**	**(91,153)**	**52,280**	**6,593**	**(14,282)**	**(236)**	**(28)**	**147,177**	**(102,850)**	**44,327**

(THOUSANDS OF EUROS)	12.31.2016			CHANGE				12.31.2017		
	COST	ACC. DEPR.	NET VALUE	INVESTMENTS	DEPRECIATION	OTHER CHANGES	DISPOSALS	COST	ACC. DEPR.	NET VALUE
Plant and machinery	88,668	(50,340)	38,328	6,821	(9,055)	2,860	(10)	96,506	(57,562)	38,944
Industrial and commercial equipment	13,500	(10,725)	2,775	527	(809)	228	0	14,141	(11,420)	2,721
Other assets	25,006	(19,911)	5,095	2,452	(2,401)	3,481	(2)	30,796	(22,171)	8,625
Work in progress and advances	6,782	0	6,782	1,748	0	(6,540)	0	1,990	0	1,990
TOTAL TANGIBLE ASSETS	**133,956**	**(80,976)**	**52,980**	**11,548**	**(12,265)**	**29**	**(12)**	**143,433**	**(91,153)**	**52,280**

Tangible assets, equaling 44,327 thousand euros (52,280 thousand euros as of December 31, 2017), are down in the year by 7,953 thousand euros, mainly due to depreciation (14,282 thousand euros), partly offset by the investments.

Investments of 6,593 thousand euros mainly refer to:

- in the category Plant and machinery category (1,394 thousand euros), mainly advertising systems for 1,034 thousand euros;
- within the category Other assets (3,987 thousand euros), to electronic machinery (1,460 thousand euros) and furniture/furnishings (2,286 thousand euros).

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

6.2 Intangible assets

	12.31.2017				CHANGE			12.31.2018			
(THOUSANDS OF EUROS)	COST	W.D.	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	COST	W.D.	ACC. AMORT.	NET VALUE
Concession fees											
Airport management concession - rights acquired	2,167,966	0	(861,949)	1,306,017	0	(49,284)	0	2,167,966	0	(911,233)	1,256,733
Airport management concession - investments in infrastructure	1,178,334	0	(176,627)	1,001,707	109,657	(34,480)	0	1,287,991	0	(211,107)	1,076,884
TOTAL CONCESSION FEES	3,346,300	0	(1,038,576)	2,307,724	109,657	(83,764)	0	3,455,957	0	(1,122,340)	2,333,617
Other intangible assets	65,777	(41)	(53,364)	12,372	7,817	(5,575)	313	73,907	(41)	(58,939)	14,927
Advances to suppliers	29,704	0	0	29,704	1,348	0	(5,268)	25,784	0	0	25,784
TOTAL OTHER INTANGIBLE ASSETS	95,481	(41)	(53,364)	42,076	9,165	(5,575)	(4,955)	99,691	(41)	(58,939)	40,711
TOTAL INTANGIBLE ASSETS	**3,441,781**	**(41)**	**(1,091,940)**	**2,349,800**	**118,822**	**(89,339)**	**(4,955)**	**3,555,648**	**(41)**	**(1,181,279)**	**2,374,328**

	12.31.2016				CHANGE			12.31.2017			
(THOUSANDS OF EUROS)	COST	W.D.	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	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	(49,284)	0	2,167,966	0	(861,949)	1,306,017
Airport management concession - investments in infrastructure	1,061,137	0	(151,226)	909,911	117,224	(25,401)	(27)	1,178,334	0	(176,627)	1,001,707
TOTAL CONCESSION FEES	3,229,103	0	(963,891)	2,265,212	117,224	(74,685)	(27)	3,346,300	0	(1,038,576)	2,307,724
Other intangible assets	58,137	(41)	(48,826)	9,270	7,628	(4,538)	12	65,777	(41)	(53,364)	12,372
Advances to suppliers	1,100	0	0	1,100	29,704	0	(1,100)	29,704	0	0	29,704
TOTAL OTHER INTANGIBLE ASSETS	59,237	(41)	(48,826)	10,370	37,332	(4,538)	(1,088)	95,481	(41)	(53,364)	42,076
TOTAL INTANGIBLE ASSETS	**3,288,340**	**(41)**	**(1,012,717)**	**2,275,582**	**154,556**	**(79,223)**	**(1,115)**	**3,441,781**	**(41)**	**(1,091,940)**	**2,349,800**

Intangible assets, equal to 2,374,328 thousand euros (2,349,800 thousand euros as of December 31, 2017) rose by 24,528 thousand euros mainly due to the investments in the year, equal to 118,822 thousand euros, partly offset by the amortization equal to 89,339 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 109,657 thousand euros and relate to construction services provided in the year 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:

- work relating to the East Terminal System for 43.6 million euros;
- urbanization works in the West area/Aprons W for 16.3 million euros;
- works on runways and aprons for 11.9 million euros;
- terminal maintenance and optimization of the terminals for 6.9 million euros;
- restructuring of Terminal 3 for 5.7 million euros;
- works on the new ADR headquarters for 4.6 million euros;
- works to create departure area E/F (formerly Pier C) for 1.5 million euros.

In the absence of specific indicators regarding the risk of failed recovery of the book value of intangible assets, these did not undergo an impairment test.

Other intangible assets, equal to 14,927 thousand euros (12,372 thousand euros as of December 31, 2017), include the rights to use the property rights, concessions, licenses, trademarks and similar rights. The investments for the year, equal to 7,817 thousand euros, mainly refer to the acquisition of licenses, the implementation of stopover systems and the evolutionary maintenance of the accounting system.

Advances to suppliers amounted to 25,784 thousand euros as of December 31, 2018, a decrease of 3,920 thousand euros compared to December 31, 2017, attributable to the recovery of advances paid to suppliers for 5,268 thousand euros, partially offset by the payment of advances to suppliers for 1,348 thousand euros.

6.3 Equity investments

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
ASSOCIATED UNDERTAKINGS			
Pavimental S.p.A.	3,608	6,724	(3,116)
Spea Engineering S.p.A.	15,547	17,502	(1,955)
Consorzio E.T.L. (in liquidation)	0	0	0
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	0	0
	19,155	24,226	(5,071)
OTHER COMPANIES			
Azzurra Aeroporti S.p.A.	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	**73,008**	**78,079**	**(5,071)**

Equity investments amount to 73,008 thousand euros, down by 5,071 thousand euros compared to December 31, 2017 due to:

- decrease in the investment in Pavimental S.p.A. ("Pavimental") (20% of capital) of 3,116 thousand euros, following the valuation according to the equity method, of which -3,048 thousand euros booked to the income statement (for ADR's share of the associated undertaking's loss for the year), -39 thousand euros to the other components of the comprehensive income statement, and -29 thousand euros to 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 1,955 thousand euros due to measurement with the equity method, which led to a 1,350 euro reduction against a dividend distribution decision made in 2018 and a write-down of -605 thousand euros in relation to the profit/loss for the year (of which a loss of 631 thousand euros recorded on the income statement and a profit of 26 thousand euros recorded on shareholders' equity). The company is engaged in the provision of engineering services for work design and management activities.

Furthermore, after Atlantia and EDF Invest acquired 64% of the capital of Aéroports de la Côte d'Azur (ACA), ADR committed to constitute a pledge, through the financial acquisition vehicle Azzurra Aeroporti S.r.l. (hereinafter, "Azzurra"), in favor of Azzurra's lenders on the total equity investment in Azzurra, originally 10% of the share capital, once the latter company had been transformed into a joint stock company. On June 27, 2018, following the transformation of Azzurra into a joint stock company, the above-mentioned pledge on the shares became effective. Furthermore, following the free share capital increase for shareholders with specific rights, resolved by the Azzurra Shareholders' Meeting on the same date, the percentage of ownership of ADR decreased to 7.77%. This guarantee is limited to a maximum amount of 130.6 million euros.

The measurement of the fair value of the main unlisted minority investments, which fall under level 3 of the fair value hierarchy, was determined using an approach that takes account of expected future cash flows (discounted cash flows) as the measurement technique.

6.4 Other current and non-current financial assets

(THOUSANDS OF EUROS)	12.31.2018			12.31.2017		
	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE
OTHER FINANCIAL ASSETS						
Derivatives with positive fair value	2,342	0	2,342	10,440	0	10,440
Other financial assets	3,525	1,350	2,175	2,574	64	2,510
TOTAL OTHER FINANCIAL ASSETS	**5,867**	**1,350**	**4,517**	**13,014**	**64**	**12,950**

Derivatives with positive fair value

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Interest rate hedging derivatives	2,342	10,440	(8,098)
Interest accrual	0	0	0
TOTAL DERIVATIVES WITH POSITIVE FAIR VALUE	**2,342**	**10,440**	**(8,098)**
non-current share	2,342	10,440	(8,098)
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.

In October 2016, ADR signed three forward-starting interest rate swap contracts, with activation in February 2020, with the purpose of hedging the interest rate risk on loans aimed at refinancing the bond loan to be paid back in February 2021. Below is a table summarizing the main characteristics of the three contracts mentioned, which have a positive fair value as of December 31, 2018.

									FAIR VALUE OF THE DERIVATIVE		CHANGE IN FAIR VALUE	
COUNTERPARTY	COMPANY	INSTRUM.	TYPE	RISK HEDGED	SUBSCR. DATE	EXP.	NOTIONAL VALUE HEDGED	RATE APPLIED	AS OF 12.31.2018	AS OF 12.31.2017	TO 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 the 6-month Euribor	2,342	10,440	14	(8,112)
							TOTAL		**2,342**	**10,440**	**14**	**(8,112)**
							of which:					
							Exchange rate hedging derivatives		0	0		
							Interest rate hedging derivatives		2,342	10,440		

(*) forward-starting IRS: activation date February 20, 2020. The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year equal the fair value listed in the table.

(**) 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.

The impact of the hedging instruments on the underlying assets hedged within the scope of the Statement of financial position is shown as follows:

	12.31.2018			12.31.2017		
(THOUSANDS OF EUROS)	CHANGES IN FAIR VALUE USED TO MEASURE THE LACK OF EFFECTIVENESS	CASH FLOW HEDGE RESERVE (INCLUDING THE COST OF HEDGING)	OF WHICH COST OF HEDGING RESERVE	CHANGES IN FAIR VALUE USED TO MEASURE THE LACK OF EFFECTIVENESS	CASH FLOW HEDGE RESERVE (INCLUDING THE COST OF HEDGING)	OF WHICH COST OF HEDGING RESERVE
Debt highly probable	2,342	(2,328)	0	10,440	(10,440)	0
TOTAL	**2,342**	**(2,328)**	**0**	**10,440**	**(10,440)**	**0**

The effect of the cash flow hedge reserve on the statement of comprehensive income is as follows:

(THOUSANDS OF EUROS)	TOTAL GAINS / (LOSS) FROM HEDGING RECOGNIZED IN THE INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT	INEFFECTIVENESS RECOGNIZED IN THE INCOME STATEMENT	ITEM IN THE INCOME STATEMENT	CHANGE IN THE CASH FLOW HEDGE RESERVE RECOGNIZED IN THE COMPREHENSIVE INCOME STATEMENT	OF WHICH: COST OF HEDGING RECOGNIZED IN THE COMPREHENSIVE INCOME STATEMENT	AMOUNT RECLASSIFIED FROM THE COMPREHENSIVE INCOME STATEMENT TO THE INCOME STATEMENT	ITEM IN THE INCOME STATEMENT
12.31.2018							
Debt highly probable	2,342	14	Financial income (expense)	2,328	0	0	Financial income (expense)
TOTAL	**2,342**	**14**		**2,328**	**0**	**0**	
12.31.2017							
Debt highly probable	10,440	0	Financial income (expense)	10,440	0	0	Financial income (expense)
TOTAL	**10,440**	**0**		**10,440**	**0**	**0**	

Other financial assets

Other non-current financial assets, equal to 2,175 thousand euros (2,510 thousand euros as of December 31, 2017), essentially (2,130 thousand euros) refer to the ancillary charges incurred to subscribe the unused revolving facility as of December 31, 2018. For details, refer to Note 6.15.

Other current financial assets, equal to 1,350 thousand euros (64 thousand euros as of December 31, 2017), include the recognition of the receivable from the associate Spea Engineering S.p.A. for the dividends resolved for the year but not yet paid.

6.5 Deferred tax assets

Deferred tax assets, equal to 44,290 thousand euros (65,129 thousand euros as of December 31, 2017), are shown net of deferred tax liabilities that can be offset. The nature of the temporary differences is illustrated in the table below.

	12.31.2017	CHANGE				12.31.2018
(THOUSANDS OF EUROS)		PROVISIONS	RELEASES	DEFERRED TAX ASSETS/LIABILITIES ON INCOME AND CHARGES RECORDED IN SHAREHOLDERS' EQUITY	IFRS 9 EFFECT	
DEFERRED TAX ASSETS						
Allocation to (use of) the provisions for renovation of airport infrastructure	71,752	3,333	(19,339)	0	0	55,746
Allocations to allowance for obsolete and slow-moving goods	60	45	(49)	0	0	56
Allocations to provisions for doubtful accounts	7,562	58	(301)	0	105	7,424
Amortized cost and derivative instruments	15,068	0	(65)	1,457	0	16,460
Allowances for risks and charges	5,495	450	(2,278)	0	0	3,667
Other	1,501	521	(579)	(27)	0	1,416
TOTAL DEFERRED TAX ASSETS	101,438	4,407	(22,611)	1,430	105	84,769
DEFERRED TAX LIABILITIES THAT CAN BE OFFSET						
Application of IFRIC 12	36,309	4,026	(1,695)	0	0	38,640
Amortized cost and derivative instruments	0	0	(186)	0	2,025	1,839
TOTAL DEFERRED TAX LIABILITIES	36,309	4,026	(1,881)	0	2,025	40,479
TOTAL NET DEFERRED TAX ASSETS	**65,129**	**381**	**(20,730)**	**1,430**	**(1,920)**	**44,290**

The reduction of 20,839 recorded in 2018 mainly refers to the performance of the provisions for renovation of airport infrastructure and the allowances for risks and charges.

6.6 Other non-current assets

Other non-current assets, equal to 408 thousand euros (443 thousand euros as of December 31, 2017), refer to guarantee deposits.

6.7 Trade assets

Trade assets, equal to 316,334 thousand euros (319,309 thousand euros as of December 31, 2017), include:

- inventories of 3,750 thousand euros (3,183 thousand euros as of December 31, 2017) comprising consumable materials, clothing, spare parts, cleaning material, fuel, telephone material, etc.;
- trade receivables of 312,584 thousand euros (316,126 thousand euros as of December 31, 2017).

In detail, trade receivables are broken down as follows:

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Due from clients	341,946	347,324	(5,378)
Due from parent companies	316	146	170
Receivables for construction services	8,051	8,051	0
Other trade receivables	1,703	1,085	618
TOTAL TRADE RECEIVABLES, INC. PROVISIONS FOR DOUBTFUL ACCOUNTS	352,016	356,606	(4,590)
Provisions for doubtful accounts	(31,839)	(32,795)	956
Provisions for overdue interest	(7,593)	(7,685)	92
TOTAL PROVISIONS FOR DOUBTFUL ACCOUNTS	(39,432)	(40,480)	1,048
TOTAL TRADE RECEIVABLES	**312,584**	**316,126**	**(3,542)**

Due from clients (including provisions for doubtful loans) total 341,946 thousand euros and recorded a reduction of 5,378 thousand euros despite the increase in the volumes of activity.

Due from clients includes all receivables from Alitalia SAI in extraordinary administration accrued prior to the airline's admission to the extraordinary administration procedure and will be settled according to 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 an event outside the concessionaire's responsibility, would 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 change in the regulatory framework.

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 10,919 thousand euros. For the amounts due from Alitalia LAI S.p.A. under special administration, note 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 LAI S.p.A. under special administration (as well as to aircraft owned by lessors, obliged in a fair manner) in order to allow the aircraft owned by lessors to reach Alitalia/CAI free from claims of seizure for protection purposes made by ADR. The amount enforced and collected was posted under other current liabilities.

Other trade receivables, equal to 1,703 thousand euros (1,085 thousand euros as of December 31, 2017), refer to prepaid expenses of a commercial nature and advances to suppliers.

The table below shows the seniority of the trade receivables past due.

			OVERDUE RECEIVABLES		
(THOUSANDS OF EUROS)	RECEIVABLES NET OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	RECEIVABLES NOT YET DUE	FROM 0 TO 90 DAYS	BETWEEN 90 AND 365 DAYS	> 1 YEAR
12.31.2018	**312,584**	64,700	44,587	21,713	181,584
12.31.2017	**316,126**	56,627	59,828	172,574	27,097

The increase in overdue receivables for more than a year mostly related to receivables from Alitalia SAI under special administration.

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

(THOUSANDS OF EUROS)	12.31.2017	INCREASES	DECREASES	12.31.2018
Provisions for doubtful accounts	32,795	1,087	(2,043)	31,839
Provisions for overdue interest	7,685	0	(92)	7,593
TOTAL PROVISIONS FOR DOUBTFUL ACCOUNTS	**40,480**	**1,087**	**(2,135)**	**39,432**

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 year.

	ASSETS			LIABILITIES		
(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE	12.31.2018	12.31.2017	CHANGE
Due from/to parent company for tax consolidation	7,470	17,940	(10,470)	17,827	0	17,827
IRES	185	122	63	0	307	(307)
IRAP	84	819	(735)	3,648	176	3,472
TOTAL	**7,739**	**18,881**	**(11,142)**	**21,475**	**483**	**20,992**

Current tax assets are equal to 7,739 thousand euros (18,881 thousand euros as of December 31, 2017) 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 IRAP on staff costs not being deducted; the reduction of 10,470 thousand euros from December 31, 2017 is due to the reclassification of the 2017 credit balance as a reduction of liabilities incurred during the year. For further information on the tax consolidation, reference should be made to Note 7.8 Income Taxes;
- the IRAP receivable of 84 thousand euros, down compared to the balance at the end of 2017 (819 thousand euros) as a result of the tax accrued in the year.

Current tax liabilities equal 21,475 thousand euros (483 thousand euros as of December 31, 2017) and comprise:

- the payable to the parent company Atlantia due to the tax consolidation for 17,827 thousand euros (0 as of December 31, 2017). The increase of 17,827 thousand euros is attributable to the estimated taxes for the year, partially offset by payment of the 2018 pre-payments and the credit for 2017;
- the IRAP payable of 3,648 thousand euros, up compared to the balance at the end of 2017 of 3,472 thousand euros, reflecting the tax accrued during the year.

6.9 Other current assets

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Due from associated undertakings	482	482	0
Due from tax authorities	9,230	10,288	(1,058)
Due from others	3,424	3,288	136
TOTAL OTHER CURRENT ASSETS	**13,136**	**14,058**	**(922)**

Due from tax authorities, equal to 9,230 thousand euros (10,288 thousand euros as of December 31, 2017), mainly includes:

- VAT credit of 3,795 thousand euros (4,615 thousand euros as of December 31, 2017);
- other amounts 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 (for more information, see Note 9.5 Litigation).

The table below shows the seniority of the Other current assets.

(THOUSANDS OF EUROS)	RECEIVABLES NET OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	RECEIVABLES NOT YET DUE	OVERDUE RECEIVABLES		
			FROM 0 TO 90 DAYS	BETWEEN 90 AND 365 DAYS	> 1 YEAR
12.31.2018	**13,136**	12,521	0	0	615
12.31.2017	**14,058**	13,443	0	0	615

6.10 Cash and cash equivalents

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Bank and post office deposits	327,797	301,519	26,278
Cash and notes in hand	403	456	(53)
TOTAL CASH AND CASH EQUIVALENTS	**328,200**	**301,975**	**26,225**

Cash and cash equivalents, amounting to 328,200 thousand euros, increased by 26,225 thousand euros compared to December 31, 2017 due to the liquid assets generated during operations, after having discounted, during the year, the investments made during the period and the payment of the 2017 dividend balance of 135.0 million euros, and the advance on the 2018 dividend of 113.9 million euros.

6.11 Shareholders' equity

The shareholders' equity of ADR Group as of December 31, 2018 amounts to 1,106,876 thousand euros (1,108,224 thousand euros as of December 31, 2017), while the minority interests in shareholders' equity amount to zero (zero also as of December 31, 2017).

The shareholders' equity is analyzed as follows:

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	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	(51,654)	(46,995)	(4,659)
Reserve for the valuation of equity investments according to the equity method	32	74	(42)
Other reserves and retained earnings	284,053	275,747	8,306
Net income for the year, net of the advance on dividends	132,369	137,322	(4,953)
TOTAL GROUP SHAREHOLDERS' EQUITY	**1,106,876**	**1,108,224**	**(1,348)**
MINORITY INTERESTS IN SHAREHOLDERS' EQUITY	**0**	**0**	**0**
TOTAL SHAREHOLDERS' EQUITY	**1,106,876**	**1,108,224**	**(1,348)**

The changes during the year are highlighted in the table entered among the accounting statements and mainly refer to:

- Group income for the year for 246,240 thousand euros;
- the negative result of the comprehensive income statement for 4,571 thousand euros deriving mainly from the positive change in fair value of the cash flow hedge derivatives (4,613 thousand euros net of the tax effect);
- the distribution of the 2017 dividend balance equal to 135,028 thousand euros (2.17 euros per share);
- the distribution of the advance on dividends of the year 2018 equal to 113,871 thousand euros (1.83 euros per share).

As of December 31, 2018, 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 year of the fair value of share-based remuneration plans settled with the conferment of securities as resolved by the Board of Directors of the Parent Company Atlantia, including to employees and directors of ADR, equal to -197 thousand euros, was booked to the income statement, offset by an decrease 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 11.1.

Reconciliation of net income for the year and ADR's shareholders' equity with the consolidated figures

	SHAREHOLDERS' EQUITY		NET INCOME FOR THE YEAR	
(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	2018	2017
ADR S.p.A. FINANCIAL STATEMENTS VALUES	**1,098,459**	**1,101,340**	**245,164**	**243,517**
Recognition in the Consolidated financial statements of the shareholders' equity and the income for the year of the consolidated equity investments, net of the share pertaining to third party shareholders	39,350	35,030	230	596
Cancellation of the carrying value of the consolidated equity investments	(10,030)	(6,396)	0	0
Other adjustments [1]	(20,903)	(21,750)	846	859
VALUE OF CONSOLIDATED FINANCIAL STATEMENTS (GROUP PORTION)	1,106,876	1,108,224	246,240	244,972
VALUE OF CONSOLIDATED FINANCIAL STATEMENTS (THIRD PARTY PORTION)	0	0	0	0
VALUES OF CONSOLIDATED FINANCIAL STATEMENTS	**1,106,876**	**1,108,224**	**246,240**	**244,972**

6.12 Provisions for employee benefits

Provisions for employee benefits are 19,034 thousand euros (20,337 thousand euros as of December 31, 2017) of which 18,494 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 obligation, determined based on actuarial techniques, 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.

Summarized below are the main assumptions made for the actuarial estimation process regarding the employee severance indemnities as of December 31, 2018:

(THOUSANDS OF EUROS)		2018
INITIAL VALUE OF THE EMPLOYEE SEVERANCE INDEMNITY PROVISION		**20,337**
Current cost	221	
Interest payable	213	
Total costs recorded in the income statement		434
Liquidations / Releases		(1,629)
Actuarial gains/losses from changes in the demographic assumptions	10	
Actuarial gains/losses from changes in the financial assumptions	(412)	
Effect of past experience	294	
Total actuarial gains/losses recognized in the comprehensive income statement		(108)
FINAL VALUE OF THE EMPLOYEE SEVERANCE INDEMNITY PROVISION		**19,034**
of which:		
non-current share		18,494
current share		540

Summarized below are the main assumptions made for the actuarial estimation process regarding the employee severance indemnities as of December 31, 2018:

[1] These refer mainly to the adjustments deriving from the different merger date compared to the first consolidation.

FINANCIAL ASSUMPTIONS	2018	2017
Discount rate	1.13%	0.88%
Inflation rate	1.5%	1.5%
Annual rate of increase in employee severance indemnities	2.2%	2.2%
Annual rate of pay increase	2.9%	0.4%
Annual turnover rate	0.6%	0.6%
Annual rate of disbursement of advances	1.2%	1.0%

The discount 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 seniority of the group under consideration.

DEMOGRAPHIC ASSUMPTIONS	2018/2017
Mortality	2016 ISTAT mortality tables broken down by gender, reduced to 85%
Disability	INPS tables broken down by age and gender, reduced to 70%
Retirement	Reaching the minimum foreseen by the regulations in force

The effects of the obligation for the employee severance indemnities deriving from a reasonably possible change in the main actuarial assumptions at year end are indicated below:

(THOUSANDS OF EUROS)	1.0% INCREASE	1.0% DECREASE	0.25% INCREASE	0.25% DECREASE
Annual turnover rate	18,961	19,072		
Inflation rate			19,247	18,824
Discount rate			18,673	19,406

The weighted average duration of the obligations for the defined benefit plans for the employees at year end is 9 years and the service costs predicted for 2019 equal 222 thousand euros.

The disbursements predicted for the next five years are as follows:

(THOUSANDS OF EUROS)	
1st year	453
2nd year	998
3rd year	1,604
4th year	1,750
5th year	1,483

The amount of the contributions expected to be allocated to the defined benefit plans in the subsequent year is equal to zero.

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

Provisions for renovation of airport infrastructure, equal to 181,227 thousand euros (181,198 thousand euros as of December 31, 2017), of which 66,042 thousand euros for the current share (68,799 thousand euros as of December 31, 2017), include the current value of the updated estimate of charges to be incurred for extraordinary maintenance, repairs and replacements of goods and plants for the contractual obligation of the concession manager to ensure the due functionality and safety of the airport infrastructure.

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

(THOUSANDS OF EUROS)	12.31.2017	PROVISIONS	DISCOUNTING EFFECT	OPERATING USES	12.31.2018
Provisions for renovation of airport infrastructure	**181,198**	56,441	1,594	(58,006)	**181,227**
of which:					
current share	68,799				66,042
non-current share	112,399				115,185

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

Other allowances for risks and charges amount to 24,440 thousand euros (30,169 thousand euros as of December 31, 2017), of which 7,409 thousand euros for the current share (14,028 as of December 31, 2017). Reported below is the analysis of the breakdown of the item and the changes during the year.

(THOUSANDS OF EUROS)	12.31.2017	PROVISIONS	DECREASES FOR THE REVERSAL OF FUNDS IN EXCESS	OPERATING USES	12.31.2018
Tax provisions	12,673	1,207	0	(153)	13,727
Provisions for current and potential disputes	16,355	360	(99)	(6,854)	9,762
Provisions for internal insurance	1,128	0	(190)	0	938
To cover investee companies' losses	13	0	0	0	13
TOTAL OTHER ALLOWANCES FOR RISKS AND CHARGES	**30,169**	**1,567**	**(289)**	**(7,007)**	**24,440**
of which:					
current share	14,028				7,409
non-current share	16,141				17,031

Tax provisions, equal to 13,727 thousand euros, reflect the risk of negative outcomes of the pending disputes with UTF (now the Customs Office) concerning import taxes and additional provincial taxes on electricity disbursed in the period 2002-2012 and regarding ICI/IMU (property taxes). The provision also includes the estimate of the probable liabilities related to the outcome of the assessment that the Revenue Authorities carried out during the year for the 2013 and 2014 tax years.

The provisions for current and potential disputes of 9,762 thousand euros (16,355 thousand euros as of December 31, 2017) include the estimated charges that are expected to be incurred in connection with the disputes in progress at year end. This provision decreased during the year by 6,593 thousand euros, essentially reflecting utilizations for 6,854 thousand euros mainly for the settlement of disputes with customers.

This provision includes a prudent valuation, made on the basis of the best current information, of the liabilities the Company is likely to pay for the claims for compensation of third parties referring to the fire in T3 on May 7, 2015. On this point, so far 170 claims have been lodged by third parties (carriers, handlers, sub-concessionaires and passengers), only partly supported by a clear quantification of the damages requested, to date amounting to approximately 29 million euros.

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)

					12.31.2018			12.31.2017
(THOUSANDS OF EUROS)	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	1,097,076	0	1,097,076	629,975	467,101	1,101,516	0	1,101,516
Medium/long-term loans	249,559	0	249,559	149,906	99,653	249,464	0	249,464
Accrued expenses medium/long-term financial liabilities	16,024	16,024	0	0	0	16,019	16,019	0
TOTAL MEDIUM/LONG-TERM FINANCIAL LIABILITIES	1,362,659	16,024	1,346,635	779,881	566,754	1,366,999	16,019	1,350,980
FINANCIAL INSTRUMENTS - DERIVATIVES	139,592	262	139,330	139,330	0	137,689	259	137,430
TOTAL FINANCIAL LIABILITIES	**1,502,251**	**16,286**	**1,485,965**	**919,211**	**566,754**	**1,504,688**	**16,278**	**1,488,410**

Bonds

	12.31.2017					CHANGES	12.31.2018
(THOUSANDS OF EUROS)	BOOK VALUE	IFRS 9 EFFECT	NEW LOANS RAISED	REPAYMENTS	EXCHANGE RATE DIFFERENCES	AMORTIZED COST EFFECT	BOOK VALUE
Bonds	**1,101,516**	**(8,437)**	**0**	**0**	**(1,978)**	**5,975**	**1,097,076**
current share	0						0
non-current share	1,101,516						1,097,076

As of December 31, 2018, bonds are equal to 1,097,076 thousand euros (1,101,516 thousand euros as of December 31, 2017). The decrease of 4,440 thousand euros is primarily due (-8.4 million euros) to application, from January 1, 2018, of the new IFRS 9 standard on the intermediated tender offer by the EMTN 2021 bond issued, finalized in June 2017. As an effect of said transaction, adoption of the new standard led to recognition of the difference between the pre-transaction and the post-transaction amortized cost of the bond in shareholders' equity at the beginning of the year. The pre-transaction and post-transaction amounts were both calculated by using the original internal return rate. Additionally, the change during the year was affected by the effects on the debt measurement of application of the amortized cost method (+5,975 thousand euros) and the adjustment of A4 bond to the exchange rate at the end of the year (-1,978 thousand euros).

Reported below is the main information regarding the bond issues in place as of December 31, 2018.

(THOUSANDS OF EUROS)

NAME	ISSUER	OUTSTANDING PAR VALUE	CURRENCY	BOOK VALUE	INTEREST RATE	COUPON	REPAYMENT	TOTAL DURATION	EXPIRY
Class A4 (*)	ADR (**)	215,000	GBP	231,750	5.441%	every six months	bullet	20 years	02.2023
€600,000,000 3.250% EMTN 02/2021	ADR	400,001	EUR	398,225	3.25%	yearly	bullet	7 years and 2 months	02.2021
€500,000,000 1.625% EMTN 06/2027	ADR	500,000	EUR	467,101	1.625%	yearly	bullet	10 years	06.2027
TOTAL BONDS				**1,097,076**					

(*) the book value recorded in the financial statements (231.8 million euros) is affected by the adoption of the amortized cost method and the adjustment to the exchange rate at the end of the year.
(**) originally issued by the vehicle Romulus Finance, subsequently "replaced" by ADR following the Issuer Substitution operation in 2016.

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

In addition to the above-mentioned A4 bonds, the last of the tranches issued in 2003 by the Romulus Finance "vehicle" to fund the securitization of the previous bank loan taken on after the privatization of the company, the issues related to the bond issue program known as EMTN (Euro Medium Term Notes) launched by the company in 2013 is still in effect. In addition to the senior unsecured issue on December 10, 2013 for a total par value of 600 million euros - of which to date 400 million euros remain following the buyback transaction in 2017, the subsequent issue completed on June 8, 2017 is on the market, 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 at issue with investment grades of "BBB+", "Baa1" and "BBB+" by Standard & Poor's ("S&P"), Moody's and Fitch Ratings respectively. Moody's was the only agency to give a "negative" outlook due to its appraisal of the prospects with reference to the sovereign rating of the Republic of Italy.

In the second half of August 2018, the two agencies Moody's and Standard & Poor's changed their ratings on the Atlantia Group and the subsidiary undertakings Autostrade per l'Italia and ADR due to the increased risk profile of the Atlantia Group as a result of the still uncertain effects of the Genoa bridge event of August 14, 2018. The rating of the three companies was changed to "negative watch" by Standard & Poor's on August 16 and "under review for downgrade" by Moody's on August 22. Standard & Poor's reconfirmed the "negative watch" in a note dated October 4, 2018.

On October 25, 2018, Moody's lowered the rating of the Atlantia Group and ADR from Baa1 to Baa2, confirming the outlook of "under review for downgrade". This action followed the downgrade made to the Italian sovereign rating on October 19, 2018.

On October 31, 2018, Fitch changed the approach used in assessing ADR, which, up to then had been separate from the developments in the rating on the Parent Company, to align the ADR rating to the rating of the Atlantia Group, therefore confirming BBB+, but changing the outlook from stable to negative.

On November 5, Standard & Poor's found that the requirements to confirm a "partial separation" of the creditworthiness rating given to ADR from the Parent Company had been met, and confirmed the BBB+ rating despite the downgrade assigned to the parent company Atlantia. At the same time, the agency changed the outlook for ADR from stable to negative, and therefore decided on the "negative watch" that it had previously assigned to it (August 16, 2018).

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

		12.31.2018		12.31.2017
(THOUSANDS OF EUROS)	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Fixed rate	1,097,076	1,158,365	1,101,516	1,242,897
TOTAL BOND ISSUES	**1,097,076**	**1,158,365**	**1,101,516**	**1,242,897**

The fair value of the bond issues was determined on the basis of the market values available at December 31, 2018; 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, 2017, there was a reduction in the fair value of both the pound sterling bond, only partly due to the exchange rate, and the euro bond. The overall reduction in the fair value of the bonds therefore amounted to 84.5 million euros compared to December 31, 2017.

Medium/long-term loans

	12.31.2017				12.31.2018
(THOUSANDS OF EUROS)	BOOK VALUE	NEW LOANS RAISED	REPAYMENTS	AMORTIZED COST EFFECT	BOOK VALUE
Medium/long-term loans	**249,464**	0	0	95	**249,559**
current share	0				0
non-current share	249,464				249,559

Medium/long-term loans equal 249,559 thousand euros (249,464 at the end of the previous year) and include the bank loans granted by BNL (99,905 thousand euros), EIB (109,811 thousand euros) and CDP (39,843 thousand euros).

The main information regarding medium/long-term loans in place as of December 31, 2018 is set out below.

(THOUSANDS OF EUROS)

LENDER	NAME	AMOUNT GRANTED	AMOUNT USED (PAR VALUE)	BOOK VALUE	CURRENCY	RATE	INTEREST PAYMENT FREQUENCY	REPAYMENT	TOTAL DURATION	EXPIRY
Syndicate of banks	Revolving Credit Facility ("RCF")	250,000	0	0	EUR	variable rate indexed to the Euribor + margin	quarterly	revolving	5 years (*)	07.2023
Banca Nazionale del Lavoro ("BNL")	BNL Loan	100,000	100,000	99,905	EUR	0.18%	every six months	at maturity	4 years	11.2020
European Investment Bank ("EIB")	EIB Loan	150,000	110,000	109,811	EUR	1.341%	yearly	amortizing from 2020	14 years	09.2031 (**)
Cassa Depositi e Prestiti ("CDP")	CDP Loan	150,000	40,000	39,843	EUR	1.629%	yearly	amortizing from 2020	14 years	09.2031 (**)
European Investment Bank ("EIB")	2018 EIB Loan	200,000	0	0	EUR	n.a.	n.a.	amortizing	up to 15 years	03.2021
Total medium/long-term loans		**850,000**	**250,000**	**249,559**						

(*) the contract originally provided the option of extending the initial deadline of July 2021 by an additional 2 years; this option was exercised by ADR, postponing the original deadline to July 2023.

(**) on the other hand, the final date the amount granted and not drawn on the loan is available is December 13, 2019.

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 Group, Crédit Agricole Group, Mediobanca, Natixis, Société Générale, NatWest and UniCredit. The interest rates applied to the RCF vary in relation to the level of ADR's rating. On May 18, 2018, the revolving facility ("RCF") banks approved the second extension of one year (to July 2023) of the contract's duration on the basis of ADR's specific request. From the beginning, the contract in force assigned the Company the right to request a one-year extension of the contractual duration at the time of the first two anniversaries following the signing, which took place in July 2016.

The line of credit granted by BNL (BNP Paribas Group) was signed by ADR in November 2016. This line of credit, amounting to 100 million euros, is completely utilized as of December 31, 2018 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 line with "investment grade" companies. 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 at the time of agreement.

In December 2016 two contracts had been signed with regard to the line for 300 million euros resolved by the European Investment Bank ("EIB") in favor of ADR in 2014: the first contract totaled 150 million euros was agreed directly with the EIB, and the latter, for the residual 150 million euros, brokered by Cassa Depositi e Prestiti ("CDP"). The EIB/CDP loans were subscribed as financial support of the "Aeroporti di Roma – Fiumicino Sud" project to carry out 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. On April 4, 2018, CDP granted an extension of the available period for an additional 18 months, until December 13, 2019. As of December 31, 2018, these new funding lines granted by the EIB and CDP are used for 110 and 40 million euros, respectively. The utilized lines expire in 2031, with an amortizing repayment and a fixed rate. The financial contracts that govern them are characterized by terms and conditions that are more oriented to a “project” type loan structure consisting of their disbursement.

In December 2017, EIB approved an update of the aforementioned infrastructure project, which resulted in an extension of the line of credit granted to ADR for an additional 200 million euros to be granted directly by the bank. On March 23, 2018, the related loan contract was signed with contractual terms essentially in line with the previous contract and that may be used through the first quarter of 2021.

At the same time, a 6-month extension was obtained from EIB and CDP for the period in which the commitment fees on the unused portion of the loans subscribed in December 2016 does not accrue for payment (this period was originally defined as 12 months in the contracts).

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

(THOUSANDS OF EUROS)	12.31.2018		12.31.2017	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Fixed rate	249,559	239,438	249,464	250,723
Floating rate	0	0	0	0
TOTAL BOND ISSUES	**249,559**	**239,438**	**249,464**	**250,723**

The fair value of the medium/long-term loans was determined based on market values available at December 31, 2018; in particular, the future cash flows were discounted according to the standard discount curves used by the market (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)	12.31.2018	12.31.2017	CHANGE
Exchange rate hedging derivatives	84,670	82,692	1,978
Interest rate hedging derivatives	54,660	54,738	(78)
Interest accrual	262	259	3
TOTAL DERIVATIVES WITH NEGATIVE FAIR VALUE	**139,592**	**137,689**	1,903
non-current share	139,330	137,430	1,900
current share	262	259	3

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 December 31, 2018, the ADR Group had 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.

ADR had also signed forward-starting interest rate swap contracts in June 2015 (subsequently restructured in June 2016) and in February 2016, activated 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 line with the new debt taken on through the 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 and the corresponding negative cash flow hedge reserve is reclassified in the income statement based on the residual life of the new bond issue. The amount of the cash flow hedge reserve charged to the income statement in 2018 amounted to 2,041 thousand euros.

As of December 31, 2018, ADR also has other forward starting interest rate swap contracts in place from September 2017 and August 2018, for a total notional amount of 400 million. The aim of these contracts, with activation in February 2020 and February 2022, is to hedge interest rate risk for part of the new funding lines that will need to be signed to guarantee the repayment of the bond loans expiring in February 2021 and February 2023 respectively.

Below is a table summarizing the outstanding derivative contracts with negative fair value of the ADR Group as of December 31, 2018.

									FAIR VALUE OF THE DERIVATIVE		CHANGE IN FAIR VALUE	
COUNTERPARTY	**COMPANY**	**INSTRUM.**	**TYPE**	**RISK HEDGED**	**SUBSCR. DATE**	**EXP.**	**NOTIONAL VALUE HEDGED**	**RATE APPLIED**	**AS OF 12.31.2018**	**AS OF 12.31.2017**	**TO INCOME STATEMENT**	**TO OCI (*)**
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%	(45,641)	(53,639)	267	7,731
				C					(84,670)	(82,692)	(1,978)	0
									(130,311)	(136,331)	(1,711)	7,731
Société Générale	ADR	IRS FWD (***)	CF	I	09.2017	02.2030	100,000	It pays a fixed rate of 1.458% and receives 6-month Euribor	(3,868)	(1,099)	0	(2,769)
UniCredit, NATWEST, Société Générale	ADR	IRS FWD (****)	CF	I	08.2018	02.2032	300,000	They pay an average fixed rate of 1.618% and receive the 6-month Euribor	(5,151)	0	(190)	(4,961)
					Total				**(139,330)**	**(137,430)**	**(1,901)**	**1**
					of which:							
					Exchange rate hedging derivatives				(84,670)	(82,692)		
					Interest rate hedging derivatives				(54,660)	(54,738)		

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

(**) The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year amount to -126,860 thousand euros as of December 31, 2018 and -136,331 thousand euros as of December 31, 2017.

(***) forward-starting IRS: activation date February 2020. The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year equal the fair value listed in the table.

(****) forward-starting IRS: activation date February 2022. The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year equal the fair value listed in the table.

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.

The impact of the hedging instruments on the underlying assets hedged within the scope of the Statement of financial position is shown as follows:

			12.31.2018			**12.31.2017**
(THOUSANDS OF EUROS)	**CHANGES IN FAIR VALUE USED TO MEASURE THE LACK OF EFFECTIVENESS**	**CASH FLOW HEDGE RESERVE (INCLUDING THE COST OF HEDGING)**	**OF WHICH COST OF HEDGING RESERVE**	**CHANGES IN FAIR VALUE USED TO MEASURE THE LACK OF EFFECTIVENESS**	**CASH FLOW HEDGE RESERVE (INCLUDING THE COST OF HEDGING)**	**OF WHICH COST OF HEDGING RESERVE**
Debt highly probable	(9,019)	8,829	0	(1,099)	1,099	0
Bond in foreign currency	(126,860)	45,431	3,450	(136,331)	53,101	0
TOTAL	**(135,879)**	**54,260**	**3,450**	**(137,430)**	**54,199**	**0**

The effect of the cash flow hedge reserve on the statement of comprehensive income is as follows:

(THOUSANDS OF EUROS)	TOTAL GAINS / (LOSS) FROM HEDGING RECOGNIZED IN THE INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT	INEFFECTIVENESS RECOGNIZED IN THE INCOME STATEMENT	ITEM IN THE INCOME STATEMENT	CHANGE IN THE CASH FLOW HEDGE RESERVE RECOGNIZED IN THE COMPREHENSIVE INCOME STATEMENT	OF WHICH: COST OF HEDGING RECOGNIZED IN THE COMPREHENSIVE INCOME STATEMENT	AMOUNT RECLASSIFIED FROM THE COMPREHENSIVE INCOME STATEMENT TO THE INCOME STATEMENT	ITEM IN THE INCOME STATEMENT
12.31.2018							
Debt highly probable	(9,019)	(190)	Financial income (expense)	8,829	0	0	Financial income (expense)
Debt hedged by pre-hedging	0	0	Financial income (expense)	16,035	0	(2,041)	Financial income (expense)
Bond in foreign currency	(126,860)	267	Financial income (expense)	45,431	3,450	(7,930)	Financial income (expense)
TOTAL	**(135,869)**	**77**		**70,295**	**3,450**	**(9,970)**	
12.31.2017							
Debt highly probable	(1,099)	0	Financial income (expense)	1,099	0	0	Financial income (expense)
Debt hedged by pre-hedging	0	0	Financial income (expense)	18,076	0	(3,324)	Financial income (expense)
Bond in foreign currency	(136,331)	236	Financial income (expense)	53,101	0	(7,829)	Financial income (expense)
TOTAL	**(137,430)**	**236**		**72,275**	**0**	**(11,153)**	

6.16 Other non-current liabilities

Other non-current liabilities are equal to 3,805 thousand euros (4,083 thousand euros as of December 31, 2017) and consist for 3,057 thousand euros of amounts due to personnel and 748 thousand euros of amounts due to social security agencies. For information on the remuneration plans based on shares reference is made to Note 11.1.

6.17 Trade payables

Trade payables are equal to 173,732 thousand euros (191,502 thousand euros as of December 31, 2017).

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Due to suppliers	161,549	177,053	(15,504)
Due to parent companies	1,844	1,788	56
Deferred income	1,511	1,347	164
Advances received	8,828	11,314	(2,486)
TOTAL TRADE PAYABLES	**173,732**	**191,502**	**(17,770)**

Payables due to suppliers, equal to 161,549 thousand euros, are down 15,504 thousand euros. This is attributable to the decrease in the volume of investments made in 2018 compared to the previous year.

Advances received, equal to 8,828 thousand euros, rose by 2,486 thousand euros compared to December 31, 2017 reflecting the reduction in advances from customers.

6.18 Other current liabilities

Other current liabilities are equal to 174,797 thousand euros (172,284 thousand euros as of December 31, 2017).

The item is analyzed in the table below.

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Payables for taxes other than income taxes	110,072	114,048	(3,976)
Payables to personnel	17,663	15,759	1,904
Due to social security agencies	10,199	9,452	747
Payables for security deposits	14,945	12,037	2,908
Other payables	21,918	20,988	930
TOTAL OTHER CURRENT LIABILITIES	**174,797**	**172,284**	**2,513**

Payables for taxes other than income taxes are equal to 110,072 thousand euros (114,048 thousand euros as of December 31, 2017) and mainly include:

- payable for the passenger surcharges for 87,463 thousand euros (94,044 thousand euros as of December 31, 2017). 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 7.5 euros per passenger, of which 5.0 euros allocated to INPS and one euro (commission surcharge) for the commission management of the Municipality of Rome. The performance of the surcharge payable, down 6,581 thousand euros compared to the end of 2017, reflects the correlated effect of the performance of the corresponding fees from carriers during the year;
- payable of 18,459 thousand euros to the Lazio Regional Authority for IRESA (14,441 thousand euros as of December 31, 2017). 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 signing the agreement for tax management with the Lazio Regional Authority on January 30, 2014, with subsequent amendments. The 4,018 thousand euro increase in IRESA charges compared to December 31, 2017 reflects the correlated effect of the performance in the year of this type of collections from carriers.

Payables to personnel and payables to social security agencies increase by 1,904 thousand euros and 747 thousand euros, respectively, due to the increase in short-term payables.

Payables for security deposits amount to 14,945 thousand euros, up 2,908 thousand euros compared to December 31, 2017 due to the higher security deposits given by customers to guarantee the ADR receivables.

Other payables, equal to 21,918 thousand euros, (20,988 thousand euros as of December 31, 2017), include the payable to ENAC for the concession fee of 18,328 thousand euros, up by 1,574 thousand euros compared to the end of 2017, in relation to the portion which accrued during the year, net of payment of the 2017 balance and the first 2018 instalment.

7. Information on the items of the consolidated income statement

7.1 Revenues

Revenues for 2018 equal 1,045,148 thousand euros (1,011,355 thousand euros in 2017) and are broken down as follows, in application of the new IFRS 15 standard:

			2018			2017 [2]
(THOUSANDS OF EUROS)	REVENUES FROM CONTRACTS IFRS 15	OTHER REVENUES	TOTAL	REVENUES FROM CONTRACTS IFRS 15	OTHER REVENUES	TOTAL
AERONAUTICAL						
Airport fees	510,234	0	510,234	484,753	0	484,753
Centralized infrastructures	19,460	0	19,460	19,985	0	19,985
Security services	108,973	0	108,973	101,599	0	101,599
Other	28,303	0	28,303	27,436	0	27,436
	666,970	*0*	*666,970*	*633,773*	*0*	*633,773*
NON-AERONAUTICAL						
Sub-concessions and utilities:						
Properties and utilities	12,282	51,378	63,660	12,357	45,753	58,110
Shops	0	138,801	138,801	0	130,117	130,117
Car parks	28,040	0	28,040	26,679	0	26,679
Advertising	12,784	0	12,784	13,416	0	13,416
Other	10,989	256	11,245	12,604	643	13,247
	64,095	*190,435*	*254,530*	*65,056*	*176,513*	*241,569*
REVENUES FROM AIRPORT MANAGEMENT	731,065	190,435	921,500	698,829	176,513	875,342
REVENUES FROM CONSTRUCTION SERVICES	109,658	0	109,658	117,224	0	117,224
OTHER OPERATING INCOME	1,589	12,401	13,990	1,491	17,298	18,789
TOTAL REVENUES	**842,312**	**202,836**	**1,045,148**	**817,544**	**193,811**	**1,011,355**
Timing of goods/services transfer:						
Over time	179,815			186,892		
At a point in time	662,497			630,652		

Revenues from airport management, amounting to 921,500 thousand euros, rose by a total of 5.3% over the previous year, due to the growth in aeronautical activities (+5.2%), attributable to the overall positive trend in traffic volumes (passengers +4.2%). The performance of the non-aeronautical sector also improved (+5.4%), thanks to the positive trend of all the segments of the commercial sub-concessions (+6.7%), in correlation to both the increase in passenger volumes and type and the Commercial Area "E" becoming fully operational (inaugurated on December 21, 2016); the growth is concentrated in particular in the specialist retail and core categories segments. Also

[2] Figures for 2017 differ from those in the Consolidated Financial Statements as of December 31, 2017 due to the reclassification of air traffic incentive costs from "service costs" to a reduction of "revenues from airport management". This reclassification was necessary to provide a consistent comparison with 2018 following the entry into force of the new IFRS 15 standard from January 1, 2018.

the revenues from real estate management recorded a positive trend (+9.6%), partly offset by the reduction in advertising revenues (-4.7%).

Revenues from construction services equal to 109,658 thousand euros (117,224 thousand euros in 2017) refer to revenues from construction services for self-funded works. Consistent with the accounting model adopted, based on 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 (mainly external costs).

Other operating income equal to 13,990 thousand euros (18,789 thousand euros in 2017) is broken down as follows:

(THOUSANDS OF EUROS)	2018	2017
Grants and subsidies	257	214
Gains on disposals	50	24
Re-absorption of provisions:		
Provisions for overdue interest	21	0
Other allowances for risks and charges	0	4,565
Expense recoveries	5,158	5,662
Damages and compensation from third parties	1,091	198
Other income	7,413	8,126
TOTAL OTHER OPERATING INCOME	**13,990**	**18,789**

The decrease, totaling 4,799 thousand euros, is primarily due to the reduction of the “re-absorption of other allowances for risks and charges”, which amounted to 4,565 thousand euros in 2017. In addition, the re-absorption of provisions for risks and charges, amounting to 289 thousand in 2018, was reclassified among other operating costs under (Allocation to) re-absorption of allowances for risks and charges. This classification was made necessary in order to ensure the uniformity of the accounting treatment of the Atlantia Group following the activities resulting from the acquisition of the Abertis Group by the parent company Atlantia.

7.2 Consumption of raw materials and consumables

The item Consumption of raw materials and consumables is equal to 30,702 thousand euros (31,499 thousand euros in 2017). The details are reported in the table below.

(THOUSANDS OF EUROS)	2018	2017
Fuel and lubricants	1,643	2,780
Electricity, gas and water	23,203	22,852
Consumables, spare parts and various materials	5,856	5,867
TOTAL CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**30,702**	**31,499**

7.3 Service costs

Service costs equal 277,323 thousand euros (293,999 thousand euros in 2017). The details are reported in the table below.

(THOUSANDS OF EUROS)	2018	2017 [3]
Costs for maintenance	45,789	42,582
Costs for renovation of airport infrastructure	58,006	70,290
External service costs	11,203	11,272
Costs for construction services	101,464	109,269
Cleaning and disinfestations	8,209	7,964
Professional services	8,459	8,289
Firefighting services	7,813	7,904
Other costs	35,110	35,327
Remuneration of Directors and Statutory Auditors	1,270	1,102
TOTAL SERVICE COSTS	**277,323**	**293,999**

The decrease in service costs amounting to 16,676 thousand euros essentially attributable to the reduction of costs for the renewal of the airport infrastructures (-12,284 thousand euros) and for construction services (-7,805 thousand euros). This performance was partly offset by the increase in costs for maintenance (3,207 thousand euros) mainly due to the increase in costs for maintenance activities for the BHS plant in T3, which became fully operational in the first half of 2017, as well as to the increase in the IT maintenance costs.

7.4 Payroll costs

Payroll costs equal 167,964 thousand euros (166,175 thousand euros in the comparison year). The details are reported in the table below.

(THOUSANDS OF EUROS)	2018	2017
Salaries and wages	124,131	120,638
Social security charges	35,108	32,101
Post-employment benefits	6,796	7,455
Previous years payroll costs adjustments	0	8
Other costs	1,929	5,973
TOTAL PAYROLL COSTS	**167,964**	**166,175**

The increase of 1,789 thousand euros compared to 2017 derives mainly from the increased average cost and the bigger workforce employed by the ADR Group (+26.7 FTE), and the percentage of non-recurring components and the increase in the average costs, partly offset by the gain in the fair value trends of the stock incentive plans. The increase in the average workforce is mainly due to the in-sourcing initiatives and the enhancement of the maintenance activities concluded during

[3] Figures for 2017 differ from those in the Consolidated Financial Statements as of December 31, 2017 due to the reclassification of air traffic incentive costs from "service costs" to a reduction of "revenues from airport management". This reclassification was necessary to provide a consistent comparison with 2018 following the entry into force of the new IFRS 15 standard from January 1, 2018.

2017, the upgrade of the Airside Operations area and the other organizational areas supporting the business as well as the increase in assistance to passengers with reduced mobility (PRM) during the year, partly offset by the reduction in the workforce deriving from actions to optimize the operating processes.

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

AVERAGE HEADCOUNT	2018	2017	CHANGE
Managers	51.5	51.3	0.2
Administrative staff	241.1	227.3	13.8
White-collar	1,752.7	1,754.5	(1.8)
Blue-collar	1,092.3	1,077.8	14.5
TOTAL AVERAGE HEADCOUNT	**3,137.6**	**3,110.9**	**26.7**

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

AVERAGE HEADCOUNT	2018	2017	CHANGE
ADR S.p.A.	1,365.8	1,319.9	45.9
ADR Tel S.p.A.	57.4	55.4	2
ADR Assistance S.r.l.	350.6	303.8	46.8
ADR Security S.r.l.	780.2	814.5	(34.3)
ADR Mobility S.r.l.	62.6	60.2	2.4
Airport Cleaning S.r.l.	521.0	557.1	(36.1)
TOTAL AVERAGE HEADCOUNT	**3,137.6**	**3,110.9**	**26.7**

7.5 Other operating costs

The Other operating costs equal 49,391 thousand euros (26,530 thousand euros in the comparison year). The details are reported in the table below.

(THOUSANDS OF EUROS)	2018	2017
Concession fees	36,239	33,461
Expenses for leased assets	3,009	2,806
Allocation to (use of) provisions for renovation of airport infrastructure	(1,565)	(25,997)
Allocation to (re-absorption of) allowances for risks and charges	1,278	535
Other costs:		
Allocations to provisions for doubtful accounts	1,087	6,595
Indirect taxes and levies	6,546	6,125
Other expenses	2,797	3,005
TOTAL OTHER OPERATING COSTS	**49,391**	**26,530**

Concession fees, amounting to 36,239 thousand euros, increased by 2,778 thousand euros compared to the previous year due to the increased traffic and inflation trends.

The item Allocation to (use of) 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 year, classified in the corresponding item of the income statement by nature.

Allocation to (re-absorption of) allowances for risks and charges amount to 1,278 thousand euros compared to the 535 thousand in 2017. In addition to the above-mentioned re-absorption of 289 thousand euros, the item includes provisions of 1,567 thousand euros. For more details, see Note 6.14.

Provisions for doubtful accounts, equal to 1,087 thousand euros, reflect an updated assessment of the recoverability of the ADR Group's trade receivables and shows a decrease of 5,508 thousand euros compared to 2017, which includes the effects of the entrance of Alitalia SAI in the extraordinary administration procedure.

7.6 Financial income (expense)

The item financial income (expense) equals -53,331 thousand euros (-52,991 thousand euros in 2017). The tables below provide details on the financial income and expense.

Financial income

(THOUSANDS OF EUROS)	2018	2017
Interest income		
Interest on bank deposits and loans	198	299
Income on derivatives		
Valuation of derivatives	281	247
Other income		
Interest on overdue current receivables	0	6
Interest from clients	18	1
Other	2	6
Dividends from equity investments	1,873	0
TOTAL FINANCIAL INCOME	**2,372**	**559**

Dividends from equity investments consist of the dividends approved and collected in 2018 from the subsidiary Azzurra Aeroporti S.p.A.

Financial expense

(THOUSANDS OF EUROS)	2018	2017
FINANCIAL EXPENSE FROM DISCOUNTING PROVISIONS FOR RENOVATION OF AIRPORT INFRASTRUCTURE	1,594	1,767
Interest on outstanding bonds	34,287	33,690
Interest on medium/long-term loans	2,869	2,043
Effects of applying the amortized cost method	6,575	4,688
Other financial interest expenses	2	9
TOTAL FINANCIAL INTEREST EXPENSE	43,733	40,430
Valuation of derivatives	2,168	8,788
IRS differentials	9,970	11,153
TOTAL EXPENSES ON DERIVATIVES	12,138	19,941
Financial expense from discounting employee benefits	213	209
TOTAL OTHER EXPENSES	213	209
TOTAL FINANCIAL EXPENSE	**57,678**	**62,347**

The Financial expense from discounting provisions for renovation of airport infrastructure, equal to 1,594 thousand euros, includes the financial component for the discounting of the provisions and dropped by 173 thousand euros consequently to the change in the rate applied.

The Interest on outstanding bonds amounts to 34,287 thousand euros; the increase of 597 thousand euros compared to 2017 is mainly attributable to the bond issue of 500 million euros, on June 8, 2017 and the simultaneous repurchase of 200 million euros in nominal value for the 2013 issue.

Interest on medium/long-term loans, amounting to 2,869 thousand euros, increased by 826 thousand euros compared to 2017 due to the amounts drawn on the EIB and CDP loans in 2017 and the commitment fees which had to be paid on the portion that was not drawn down.

The effects of applying the amortized cost method increased by 1,887 thousand euros mainly due to ancillary costs associated with the issue transaction and the simultaneous repurchase of the bonds described above.

The Charges from valuation of derivatives, equal to 2,168 thousand euros (8,788 thousand euros in 2017) reflect the change in the year 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).

This change is offset by a component of the same amount recorded under foreign exchange gains, which refers to the decrease in the par value of the bonds in pound sterling.

Foreign exchange gains (losses)

(THOUSANDS OF EUROS)	2018	2017
Foreign exchange gains	1,990	8,813
Foreign exchange losses	(15)	(16)
TOTAL FOREIGN EXCHANGE GAINS (LOSSES)	**1,975**	**8,797**

For comments, refer to the paragraph on Financial expense.

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

The share of profit (loss) of associated undertakings accounted for using the equity method, equal to -3,679 thousand euros (5,229 in 2017), includes the effect in the income statement of the write-down of the associated undertaking Pavimental for -3,048 thousand euros, and the write-down of the associated undertaking Spea Engineering for -631 thousand euros (+4,037 thousand euros and +1,192 thousand euros respectively in 2017) due to the results of the associated undertakings during the year.

7.8 Income taxes

Income taxes equal 112,897 thousand euros (108,930 thousand euros in 2017). The item is analyzed in the table below.

(THOUSANDS OF EUROS)	2018	2017
CURRENT TAXES		
IRES	69,983	57,971
IRAP	22,839	19,319
	92,822	**77,290**
DIFFERENCES ON CURRENT TAXES OF PREVIOUS YEARS		
Income taxes of previous years	(274)	(942)
	(274)	**(942)**
DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets	18,204	28,978
Deferred tax liabilities	2,145	3,604
	20,349	**32,582**
TOTAL INCOME TAXES	**112,897**	**108,930**

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

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 deferred tax assets, reference should be made to Note 6.5.

The incidence of the taxes for the year on the pre-tax result equals 19.5% (16.4% in 2017). The analysis of the difference between the theoretical and the actual tax rate for IRES is reported below:

(THOUSANDS OF EUROS)	2018 TAXABLE AMOUNT	2018 TAX	2017 TAXABLE AMOUNT	2017 TAX
NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	**359,137**		**353,902**	
THEORETICAL RATE		**24.0%**		**24.0%**
Theoretical IRES		86,193		84,936
Permanent differences	13,968	3,352	6,162	1,479
Temporary differences	(81,510)	(19,562)	(118,517)	(28,444)
Actual IRES		69,983		57,971
EFFECTIVE RATE		**19.5%**		**16.4%**

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

With the previously mentioned "Issuer Substitution" transaction, the comprehensive security package established in 2003 to support the Romulus debt structure, for which only Class A4 remains, ceased. The only residual, though more limited, guarantee, is a "deed of assignment" under British law in favor of A4 notes on any receivables of ADR related to cross currency swaps in place with the counterparties Mediobanca and Unicredit. In any case, this guarantee is limited to a maximum value of 96.5 million euros. Furthermore, after Atlantia and EDF Invest acquired 64% of the capital of Aéroports de la Côte d'Azur (ACA), ADR committed to constitute a pledge, through the financial acquisition vehicle Azzurra Aeroporti S.r.l., in favor of the company's lenders on the total equity investment in Azzurra Aeroporti S.r.l., (hereinafter, "Azzurra"), originally 10% of the share capital, once the latter company had been transformed into a joint stock company. On June 27, 2018, following the transformation of Azzurra into a joint stock company, the above-mentioned pledge on the shares became effective. Furthermore, following the increase in share capital resolved by the Azzurra Shareholders' Meeting on the same date, the percentage of ownership decreased to 7.77%. This additional guarantee is also 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 classified as investment grade. It is important to note the presence of a leverage ratio constraint, requiring – in the most stringent contract – a threshold value not exceeding 4.75, which drops to 4.25 in the event of a 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 Group's reference data (which must exclude any equity investments in companies funded through non-recourse financial debt) in the Consolidated Annual Financial Report as of December 31 and the Consolidated Interim Financial Report as of June 30.

The closing data as of December 31, 2018 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 Financial report as of December 31, 2018.

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

The documentation of the EMTN Program does not envisage limitations on ADR, nor the observance of financial covenants or obligations 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

Guarantees

As of December 31, 2018, ADR Group has outstanding guarantees, issued as part of the loan agreements mentioned in Note 8. Sureties were not issued to clients and third parties (0 million euros as of December 31, 2017).

9.2 Commitments

The commitments on purchases of the ADR Group amount to 159.9 million euros regarding investment activities.

9.3 Management of financial risks

Credit risk

As of December 31, 2018, 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 exposure to credit risk is from the receivables arising from its transactions with customers. The risk of customers' default is managed 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 making provisions for each position, depending on the age of the receivable, the creditworthiness of the individual customer, as well as the status 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

Liquidity risk is the risk that the available financial resources may be insufficient to cover the maturing 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 December 31, 2018, the ADR Group had a liquidity reserve estimated at 928.2 million euros, comprising:

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

The tables below represent the payments that are contractually due in relation to the financial assets and liabilities, including interest payments.

					12.31.2018
(THOUSANDS OF EUROS)	TOTAL CONTRACTUAL FLOWS	WITHIN THE YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 5 YEARS	MORE THAN 5 YEARS
Bonds	(1,306,006)	(34,202)	(34,239)	(705,065)	(532,500)
Medium/long-term loans	(266,328)	(2,307)	(114,824)	(42,817)	(106,380)
Derivatives with positive fair value	2,342	0	(227)	(5,674)	8,243
Derivatives with negative fair value	(127,158)	(8,013)	(8,140)	(107,692)	(3,313)
TOTAL	**(1,697,150)**	**(44,522)**	**(157,430)**	**(861,248)**	**(633,950)**

					12.31.2017
(THOUSANDS OF EUROS)	TOTAL CONTRACTUAL FLOWS	WITHIN THE YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 5 YEARS	MORE THAN 5 YEARS
Bonds	(1,342,742)	(34,310)	(34,310)	(488,972)	(785,150)
Medium/long-term loans	(268,634)	(2,307)	(2,307)	(143,545)	(120,475)
Derivatives with positive fair value	11,593	0	0	(1,288)	12,881
Derivatives with negative fair value	(124,635)	(7,905)	(7,905)	(25,180)	(83,645)
TOTAL	**(1,724,418)**	**(44,522)**	**(44,522)**	**(658,985)**	**(976,389)**

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 resolutions of May 14, 2015 and the more recent resolution of July 11, 2018, 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. With this type of instrument, which allows 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 December 31, 2018, the ADR Group has:

- cross-currency swap derivatives, originally signed in 2003 and transferred to new counterparties in 2010, to cover the A4 bonds in pound sterling; Class A4, equal to a par value of 215 million pound sterling and included in the series of bond issues originally issued by Romulus Finance, was actually hedged, for the entire duration (until expiration in 2023) by two euro/sterling cross-currency swaps. The characteristics of this derivative instrument are described in Note 6.15;
- four forward-starting interest rate swap contracts signed on October 18, 2016 and September 18, 2017 for a total notional value of 400 million euros, effective starting from February 2020 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 6.4 and Note 6.15;
- three other forward-starting interest rate swaps signed on August 7, 2018 for a total notional value of 300 million euros, effective starting from February 2022 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 6.4 and Note 6.15.

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

Sensitivity analysis

RATE RISK EXPOSURE AND SENSITIVITY ANALYSIS	FAIR VALUE MEASUREMENT		INTEREST RATE RISK				EXCHANGE RATE RISK			
			SHOCK UP +10 BPS IR		SHOCK DOWN -10 BPS IR		SHOCK UP +10% FX		SHOCK DOWN -10% FX	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Non derivative financial liabilities (cash flow sensitivity)	(1,397,803)	(1,493,620)	0	0	0	0	(24,035)	(24,233)	24,035	24,233
Derivative instruments with positive fair value treated in hedge accounting	2,342	10,440	2,807	2,699	(2,844)	(2,740)	0	0	0	0
Derivative instruments with negative fair value treated in hedge accounting	(139,330)	(137,430)	4,258	1,541	(4,320)	(1,559)	24,035	24,233	(24,035)	(24,233)
Derivative instruments not treated in hedge accounting	0	0	0	0	0	0	0	0	0	0
TOTAL	**(1,534,791)**	**(1,620,610)**	**7,065**	**4,240**	**(7,164)**	**(4,299)**	**0**	**0**	**0**	**0**

The main sources of exposure of the ADR Group to the interest rate and exchange rate risk are related to the bonds and the existing derivative instruments. In particular, the potential impacts on the income statement and the balance sheet for the year 2018 (2017 for the comparison) related to the rate risks are:

- potential change of the financial expense and differentials regarding the derivative instruments in place;
- the potential change of the fair value of the derivative instruments in place.

The ADR Group has estimated the potential consolidated impacts produced by a shock of the interest rates and exchange rates, by using internal assessment models based on generally accepted logics. Hypothesized in particular were:

- for the derivative instruments, a parallel change of +10 basis points (+0.1%) and -10 basis points (-0.1%) of the term rate curve;
- for the bonds issued in foreign currency and the relative derivative financial instruments, a change in the GBP/EUR exchange rate of +/- 10%.

The effects highlighted in the table in particular report the change, compared to the base scenario, in the hypotheses of Shock Up and Shock Down in the different market data.

In addition to the information shown in the table above, with reference to the sensitivity analysis carried out on the Cross Currency Swap, a 10% change upwards or downwards in the exchange rate that would impact the foreign currency flows exchanged at the payment dates would lead to a reduction of the amounts to classify in the cash flow hedge reserve of 1.0 million euros in the case of shock down and an increase of 7.0 million euros in the case of shock up.

9.4 Information on fair value measurements

Below is the fair value measurement at year 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):

				12.31.2018
(THOUSANDS OF EUROS)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Derivatives with positive fair value	0	2,342	0	2,342
Derivatives with negative fair value	0	(139,330)	0	(139,330)
TOTAL HEDGING DERIVATIVES	**0**	**(136,988)**	**0**	**(136,988)**

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 based on valuation techniques that use parameters that can be observed in the market, other than the price of the financial instrument.

During 2018 no transfer took place between the various fair value hierarchy levels.

With reference to the financial liabilities, where the indication of the fair value is given for those in Note 6.15, this fair value is also 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 provision 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. No specific allocations were made for disputes for which a negative outcome was merely possible, given the different legal interpretations. 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

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

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 interest, 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 subsidy applied to entities qualifying for inclusion in the "industrial operators" category. After the judgement on the merits in favor of the company, the Supreme Court filed nineteen rulings with which the grounds for appeal proposed by the State Attorneys Office were admitted, rejecting those proposed by the Company on cross-appeal. Regarding the sentences issued by the Supreme 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.

- Similar to the audits undertaken for the years 2002-2006 by the Rome Tax Office, the Customs Office began two subsequent audits on its taxation of consumption, excise tax and surcharge on electricity in the periods 2007-2010 and 2011-2012, making the related notifications of Payments and Documents imposing administrative sanctions. The Revenue Authorities also provided the Notices of tax assessment of the VAT due on the excise duties at issue for the same years.
- 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 the appeal submitted by the Customs Office and the Revenue Agency against the sentence lodged in first instance. In view of the legal interpretation formed in the previous years, ADR filed an appeal to the Supreme Court in relation to the refusal to recognize the favorable terms applied to industrial facilities, as well as VAT assessment challenged by the Revenue Agency, and defined the objection for the 2011 and 2012 tax years regarding the sale of energy to third parties with payment of the taxes and sanctions at reduced rates.

  For the new tax assessments notified by the Revenue Agency for the VAT due on the consumption taxation for the years 2008-2012, the Company appealed before the Provincial Tax Commission. For the years 2008, 2009, 2011, and 2012, the Provincial Tax Commission filed the rulings with which it rejected the appeals. Considering its arguments still open, ADR filed an appeal before the Regional Tax Commission. For the year 2010, the Regional Tax Commission accepted the appeal lodged by ADR against the sentence submitted in first instance. The Revenue Agency has appealed to the Supreme Court.

ICI / IMU (PROPERTY TAXES)

- 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 contested the mentioned deeds and appealed before the Provincial Tax Commission. For the year 2007, the Commission accepted the appeal filed by the company, while the appeals for the other two years were rejected. ADR appealed against the rulings of first instance regarding the years 2008 and 2009. The Regional Tax Commission rejected the appeal for the years 2008 and 2009. The Company has already appealed to the Supreme Court for 2008 and will file a similar appeal for 2009. With regard to 2007, the Municipality of Fiumicino has not appealed and, therefore, the ruling in favor of the Company has become final.

Check of ADR fiscal position

In order to check the fiscal position of ADR, on October 24, 2017 the Revenue Agency started a tax audit for the purposes of IRES, IRAP, VAT and withholdings for the tax period 2014. The audit was extended to the 2013 tax year, limited to the review of the tax regime applicable to financial charges.

On July 26, 2018, the Revenue Agency served ADR with a Tax Audit Report following the conclusion of the tax audit for 2014 and part of 2013. In this document, the Revenue Agency formulated certain findings in relation to IRES, IRAP and withholding taxes, which resulted in 1.2 million euros of higher taxes due plus interest and sanctions. The Company disagreed with the conclusions reached by the inspectors both de facto and de jure and on November 16, 2018, submitted a pleading setting out its counterarguments, comments, and requests regarding the findings contained in the aforementioned Tax Audit Report. On December 7, 2018 the Revenue Agency sent the notice of tax assessment for the 2013 tax period. On January 28, 2019, the Tax settlement proposal was submitted in relation to the Notice of tax assessment for 2013.

Tax indemnity

In 2002, when IRI obtained the consent to sell 44.74% of ADR to the Macquarie Group, the entities Gemina, Impregilo S.p.A. and Falck S.p.A. replaced IRI and directly assumed the indemnity commitment towards ADR (with a 50%, 13.1% and 36.9% share, respectively) 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 these 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. The hearing for final judgment, already scheduled for November 14, 2018, was postponed to September 25, 2019.

Administrative, civil and labor litigation

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

Airport fees and regulated tariffs

- In April 2014, EasyJet Switzerland SA summoned ADR to return 1 million euros, plus interest, equaling the excess amount paid, as claimed by the applicant, from 2009 to 2013 for the landing and take-off fees and passenger boarding fees (non-EU fees rather than EU fees for flights from/to the Swiss Confederation). The hearing for final judgment, initially scheduled for December 20, 2017, was postponed to February 6, 2019 and at that hearing, the parties asked for a further postponement which was granted and scheduled for October 16, 2019.
- In February 2013, an appeal to the Lazio Regional Administrative Court was filed 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 preceding, related, and consequent deeds with a claim for damages, which to date is pending with no set hearing. Giving additional grounds on February 22, 2016, the Municipality also filed an appeal against Presidential Decree no. 201 of September 17, 2015 published on the Official Gazette of December 18, 2015, which had issued a "Regulation identifying the airports of national interest in accordance with article 698 of the Navigation Code".
- 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 of the passenger boarding fees effective March 1, 2014, 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 preceding deeds, to the extent to which they restructure the passenger boarding fees at Fiumicino airport). The plaintiffs deem this restructuring - resulting from the application of a 65% discount on the above-mentioned 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.

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 as 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 above-mentioned issue. With sentence filed on April 12, 2017, the Court of Rome declared the lack of jurisdiction of the Ordinary Judge. In November 2017, Alitalia SAI under special administration lodged an appeal before the Appeal Court of Rome to reform the ruling mentioned above. With ruling no. 4601/2018, the Court, in upholding the main appeal, confirmed the jurisdiction of the Ordinary Judge and referred the case to the Court of Rome, where the action was reinstated. The hearing is scheduled for March 4, 2019.

- AirOne S.p.A. has begun 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 a preliminary sentence in 2012, the Judge appointed an expert to examine the case. With the order of February 21, 2015, the Judge, having determined a need for an additional technical assessment, appointed an expert to examine the case. At the hearing of September 14, 2016 scheduled for examining the expert’s report, the examining magistrate postponed the judgment to the hearing of May 16, 2018 for final judgment. Following this hearing, a decision on the case was not taken.
- Alitalia LAI under special administration has begun 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 and other airport operators as third parties, in consideration of the fact that the royalties on fuel were requested by these companies. 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 transaction for the aforementioned consideration towards its passengers".* Within the framework of these expert assessments, which were started in April 2016 and are planned to end in December 2017 for all the proceedings, ADR appointed its own technical consultant. At the end of December 2017, the expert forwarded a draft report to the parties and the relevant technical consultants. The technical consultants, in turn, filed memoranda in reply. The final report was filed by the expert in January 2018. At the hearing held on February 13, 2018, the Parties made some observations on the report and requested that it be supplemented with regard to certain matters. The Judge has given the parties until February 28, 2018 for the notes and for the formulation of specific questions to be asked to the expert, and until March 26, 2018 for the responses. The ruling was postponed to the hearing of April 13, 2018. On this occasion, the Judge reserved the right to rule on the requests for integration formulated by the parties. The Judge ordered the expert to provide clarifications and any insights into the observations made by the third parties involved SEA and ADR at the hearing

held on September 28, 2018. The Judge then ordered the investigation to begin on October 16, 2018 and informed the expert that a report on the clarifications would have to be filed by January 31, 2019. The action was then adjourned for hearing on February 12, 2019. At that hearing, the action was adjourned to April 17, 2019 for final judgement.

- Within the framework of the appeal filed by Wind Jet against the sentence issued by the Court of Milan, regarding the claimed return, by some oil companies, of the jet fuel fees paid in the period 2004-2009 - which, in turn, invoked SEA and ADR - the Court, 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……; having accepted the need to require, in the same manner as regulated for these disputes, an appraisal aimed at determining the amount paid by Wind Jet as airport fees 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. Upon the outcome of the applications for revocation of the aforementioned procedure requested by the parties involved, the Court confirmed the expert assessment, scheduling the operations to start on October 3, 2017, with the deadline to file the report set to June 30, 2018. Recently, the expert filed a request for an extension to November 30, 2018 with the Court. ADR appointed its own technical consultant. The ruling was adjourned to the hearing of January 30, 2019. At the time, the Judge postponed the hearing to November 20, 2019 for final judgment.

Noise abatement measures

ADR appealed to the Lazio Regional Administrative Court requesting cancellation of the proceedings of July 1, 2010 by which the Service Conference, convened to define and approve acoustic zoning for said airport, with which the 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. On January 25, 2018, the Lazio Regional Administrative Court sent ADR's attorney a time-limit notice for the appeal that had extended beyond five years. If, within 180 days from that date, neither of the parties presents a new request for a hearing, the appeal will be declared extinguished due to lack of interest. In a letter dated May 31, 2018, ADR informed its attorney that it had no interest in continuing the appeal. The decision was filed on September 7, 2018 declaring that the appeal had been quashed.

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

- The Fiumicino Sud Completion Project (which completed its approval procedure before the competent authorities) includes the creation of the new interconnecting junction between "Autostrada A91 Roma – Fiumicino" and the "East Area – Cargo City" of Fiumicino airport. To proceed with the works, regardless of 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 was provided certain directives. On October 26, 2016, the Company sent the Ministry of Transport a note highlighting the directives adopted in the project and those not adopted, with the relevant explanation. The Ministry of Transport replied to ADR on November 22, 2016, requesting the project to be aligned with the directives contained in the Reports. ADR challenged the ruling of the Ministry of Transport with an 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 relevant to the junction will expire). The appeal was communicated to the counterparties on January 7, 2017 (the Ministry and Anas, which will be in charge of managing the infrastructure after its creation) and registered on February 2, 2017. At the judges' chambers meeting regarding the application for interim relief, ADR withdrew its application and asked for a prompt date to be set for a ruling on the merits. The hearing for discussion was held on March 28, 2018 when the parties asked the judge for an adjournment, following the resumption of negotiations to close the matter through an administrative solution, rather than a judicial one. Following negotiations, the Minister of Transport implemented the final measure of the procedure pursuant to Legislative Decree no. 35/2011, agreeing with all the grounds for the claim, therefore the claim was barred from proceeding further following ADR's request by Order dated October 15, 2018.

Redrawing the borders of the Roman Coastline State Reserve

With Ministerial Decree of October 24, 2013 ("Decree") the Minister of the Environment and Protection of the Territory and the Sea approved the "New borders of the Roman Coastline Natural State Reserve" replacing the one that had previously been identified with Ministerial Decree of March 29, 1996. The new border expands the "type 1" areas, preventing construction of most of the works provided for under the 2030 M.P.

ENAC, made an appeal to the President of the Republic against Ministerial Decree of October 24, 2013 (while ADR filed an independent appeal with the Lazio Regional Administrative Court). Within the scope of the appeal to the President of the Republic, the Council of State (asked to issue an opinion concluding the preliminary inquiry stage) asked the MIT, the Italian Prime Minister, and the Lazio Region (Entities involved in the matter) to send their decisions regarding the issue to be decided and ENAC's interest in appealing.

Since an article published on the daily newspapers summarized the decisions of the Italian Prime Minister and Regions went against ENAC, ADR acquired the above-mentioned opinions and in order to support the Entity in the ruling, decided to intervene to support it, filing its motion on July 25, 2018. On January 22, 2019 ADR received a communication in which the Council of State ordered a stay in the appeal to the President of the Republic made by ENAC, pending the decision of the ordinary ruling submitted by ADR and currently pending before the Lazio Regional Administrative Court.

Ryanair - Access to Records

With an application to access the records dated June 15, 2018 - with additional specifications made on August 8 - the air carrier Ryanair asked ADR if it could review: (i) all the commercial contracts between Alitalia and ADR entered into before January 1, 2015 and still in effect on the date the application was made; (ii) all the commercial contracts between Alitalia and ADR entered into after January 1, 2015 and still in effect on the date of the application, and (iii) all the charge documents that ADR issued Alitalia between January 1, 2015 and June 15, 2018 for the collection of additional airport fees and IRESA (regional airport noise tax).

On July 16, 2018, ADR denied that application for access, confirming its decisions on August 30, 2018 following the counter-arguments submitted by Ryanair.

Ryanair, on September 14, 2018, filed a claim with the Lazio Regional Administrative Court to obtain the cancellation of ADR's refusal and subsequent confirmation of it. The Lazio Regional Administrative Court, with a ruling dated December 7, 2018, rejected Ryanair's claim, considering its application, on the one hand, to be a mere fishing expedition which did not deserve to be upheld, and on the other, to be generic and vague with respect to the alleged purpose pursued. Ryanair appealed that ruling to the Council of state with notice of the appeal sent to ADR on February 11, 2019.

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, and Alitalia Airport S.p.A. under special administration. Between the end of 2011 and 2013, insolvency claims were initially filed, followed by distribution plans. Subsequently, on March 20, 2014, 10.3 million euros were collected as "insolvency claim" secured by a lien. On March 19, 2014, 0.1 million euros were collected in accordance with the distribution plan for Alitalia Express under special administration.

- In 2009, Volare Airlines S.p.A. under special administration and Air Europe S.p.A. under 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 under special administration, with sentence filed on July 2012, the Appeals Court of Milan rejected ADR's appeal. In order to avoid the enforceable proceeding, ADR paid 7.4 million euros (including interest and expenses). Regarding the ruling for Air Europe under special administration, with sentence filed on July 18, 2014, the Appeals Court of Milan rejected ADR's appeal. In order to avoid the enforceable proceeding, ADR paid about 2 million euros (including interest and expenses). ADR has submitted an appeal to the Supreme Court in both cases. For the judgment on Volare Airlines S.p.A. under special administration, with order no. 10117/2018, published April 24, 2018, the Supreme Court rejected the appeal proposed by ADR. Regarding the ruling on Air Europe S.p.A. under special administration, the hearing has not been scheduled yet.

Sub-concession of retail outlets

- The technical consultant 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 (from which they were excluded due to not meeting the requirements) aimed at the sub-concession of stands in front of the terminal for NCC to exercise its business. As a result, the plaintiffs demand ADR be ordered 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 the hearing on November 23, 2017 to discuss the appeal, the case was adjourned until February 14, 2019 for final judgment. The issue of the sentence is awaited.
- ADR has entered into civil proceedings against Moccia Conglomerati S.r.l. in order to ascertain that the sub-concession agreement of December 19, 2007 regarding an area to be allocated to a system for the production and marketing of asphalt concrete was terminated as a result of serious breach by the counterparty. In ADR's opinion, the aforementioned company was unable to obtain the permits from the competent authorities, which are needed to practice the business for which the use of the area had been granted. Therefore, ADR requested the immediate release of the area and to obtain compensation for damages and/or the payment of a sanction for the delayed release and/or an indemnity for unlawful seizure. Within the framework of the ruling, Moccia filed a counterclaim towards ADR for 38.4 million euros, 33.6 million euros of which for loss of earnings. At the hearing on May 10, 2018, the case was adjourned until May 15, 2019 for final judgment.

Tenders

- ATI Alpine Bau, which was awarded the contract for works relating to the upgrading of Runway 3 at Fiumicino airport, appealed the 2006 sentence 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 Appeals Court of Rome substantially rejected the appeal on the proposals of the ATI Alpine Bau, accepting the arguments put forward by ADR and declared that the contract stipulated on December 30, 1997 was 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 Appeals Court. The date of a hearing to discuss the matter is yet to be announced.

- 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 the sentence of June 2014, the Appeals 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. With an order published on January 14, 2019, the Supreme Court rejected the appeal filed by Fondedile Costruzioni.
- Consorzio Stabile Imprese Padovane Società Consortile a r.l. and Sertech s.r.l., with regard to the contract for the execution of restructuring works at the office building in Fiumicino that will host the new ADR HQ, entered into civil proceedings in order to obtain from ADR, among other claims, compensation in favor of Sertech for 2.4 million euros (plus interest) for the reasons specified in the brief filed in the accounting register and, subordinately, charge ADR for undue profit and have it compensate Sertech for 0.5 million euros for damage due to the loss of opportunity. At the hearing of February 20, 2018, both parties argued for the acceptance of all their claims and exceptions; the Judge subsequently set the deadlines for filing the briefs and postponed the case to June 26, 2018. On that occasion, the Judge reserved the right to rule on the preliminary petitions from the parties. By order dated September 27, 2018, the Judge held that the evidence given by the opposite part was inadmissible and ordered an expert report. The expert operations are scheduled to begin on April 9, 2019. The hearing was adjourned to April 7, 2020 for the final judgement. In the meantime, Sertech filed an application for an arrangement with creditors with the Court of Venice, obtaining the terms within which to submit the definitive application for the arrangement with creditors. On February 21, 2019, Consip and ADR signed an agreement pursuant to article 239 of Legislative Decree 163/2006 following which Consip will drop the pending proceedings. On the other hand, Sertech will only drop proceedings if it is duly authorized by the Court.
- The Insolvency Administrator Gozzo (previously in ATI with Cimolai to build Pier E) recently proposed a civil ruling aimed at obtaining the following payments from ADR: i) 0.8 million euros for unpaid invoices; ii) 0.4 million euros for work done up to expulsion from the worksite by Cimolai; iii) 0.1 million euros for the guaranteed withholdings; iv) 0.8 million euros for the supply of systems and materials. Checks are currently being made to determine if there will be any amounts involved and to what extent in view of the proceedings taken. The first hearing, scheduled for February 12, 2019 was postponed to December 3, 2019 to permit the third-party notice.
- Cimolai S.p.A. (in ATI with Sertech S.p.A., RPA S.r.l. and Tecnica Y Projectos S.A.), by summons served on November 28, 2018, brought proceedings against ADR in relation to certain reservations (from no. 30 to no. 41) registered as part of the contract to build Pier C. The total statement of claim amounts to 64.4 million euros plus interest and monetary revaluation. The first hearing is scheduled for June 19, 2019.

Labor disputes

A group of 12 plaintiffs, previously employed by ADR and transferred to the company Ligabue Air Catering S.p.A. (subsequently Ligabue Gate Gourmet Roma S.p.A.) at the time of the sale of the West catering business unit, filed a case against ADR and Lazio Regional Authority. The plaintiffs claim compensation for not having been hired by other companies at the same economic conditions applied by Ligabue Gate Gourmet Roma S.p.A., based on a ministerial award signed by ADR together with other companies and local bodies, including the Lazio Regional Authority, when the company went bankrupt. The compensation claimed by the plaintiffs amounts to about 9.1 million euros. ADR won the case in first instance, with the sentence of September 14, 2016. A group of 11 of the 12 original plaintiffs appealed against the aforementioned ruling, requesting compensation totaling 8.3 million euros. The lawsuit was discussed at the hearing on January 7, 2019, after which the Court rejected the adverse party’s appeal and ordered the appellants to pay costs.

Fire

Regarding the fire that, on the night between May 6 and 7, 2015, affected a large area of Terminal 3 (hereafter also "T3"), a proceeding 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) and personal injury, 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 for 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).

In 2017, the preliminary hearing was held, which continued for several days, at the end of which, on February 15, 2018, the judge sent the defendants to trial for the crimes of participation in arson and personal injury.

The hearing before the Court of Civitavecchia started on October 15, 2018. Certain preliminary procedural inspections were made at that time, including acknowledgement of the lateness of the summons served on October 4, 2018 by one of the civil parties (the sub-concessionare Punto nel Mondo S.r.l..) to the employers of the defendants.

At the subsequent hearing held on January 21, 2019, there was substantial recognition of the Parties to the proceedings and the preliminary motions made by each were admitted, mainly entailing the call to hear the named witnesses and technical consultants.

At the same time, due to adjournment of the previous hearing, the Punto nel Mondo summons of the civilly liable parties was considered to be within the prescribed time limits.

The proceedings were adjourned to a hearing scheduled for March 25, 2019 when the Public Prosecutor would begin questioning the witnesses.

Claims for damages

- In 2011, ADR received a claim for damages for 27 million dollars for direct damages (indirect damages 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 investigation 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 170 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 29 million euros). A prudent valuation was included in the provisions against these claims for compensation, based on the best current information, of the liabilities the Company is likely to assume.

Reserves on works posted by the contractors

Reserves posted by the contractors amount to about 96 million euros as of December 31, 2018 (77 million euros as of December 31, 2017) 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 allowances 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 year 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)	12.31.2018		2018		12.31.2017		2017	
	ASSETS	LIABILITIES	REVENUES	COSTS	ASSETS	LIABILITIES	REVENUES	COSTS
PARENT COMPANIES								
Atlantia S.p.A.	7,871	19,670	293	(1,648)	18,218	1,788	122	(1,254)
TOTAL RELATIONS WITH PARENT COMPANIES	7,871	19,670	293	(1,648)	18,218	1,788	122	(1,254)
ASSOCIATED UNDERTAKINGS								
Pavimental S.p.A.	1,200	26,385	610	(55,930)	1,237	12,563	650	(45,330)
Spea Engineering S.p.A.	39	22,406	656	(17,807)	36	28,554	576	(17,878)
Ligabue Gate Gourmet S.p.A. (insolvent)	482	968	0	0	482	968	0	0
TOTAL RELATIONS WITH ASSOCIATED UNDERTAKINGS	1,721	49,759	1,266	(73,737)	1,755	42,085	1,226	(63,208)
RELATED PARTIES								
Leonardo Energia S.c.ar.l.	62	3,562	163	(19,713)	62	3,346	296	(19,878)
Fiumicino Energia S.r.l.	57	0	174	0	34	0	172	0
Infoblu S.p.A.	0	26	0	(39)	0	26	0	(39)
Telepass S.p.A.	220	82	146	(185)	172	121	50	(182)
Autogrill S.p.A.	0	0	0	0	1,048	198	12,774	(553)
Autogrill Italia S.p.A.	1,760	1,188	12,836	(865)	0	0	0	0
Autostrade per l'Italia S.p.A.	398	662	120	(1,089)	704	1,074	548	(1,155)
Autostrade Tech S.p.A.	0	98	0	(215)	0	270	0	(357)
Consorzio Autostrade Italiane Energia	0	0	0	(16)	0	0	0	(10)
Edizione S.r.l.	0	0	0	(25)	0	27	0	(27)
Retail Italia Network S.r.l.	63	0	604	0	55	0	597	0
Telepass Pay S.p.A.	3	0	0	0	2	0	0	0
Essediesse S.p.A.	25	0	48	0	0	0	0	0
Società Tirrenica Highway for shares	11	0	28	0	0	0	0	0
Key Management Personnel	0	2,113	0	(3,221)	0	2,745	0	(4,489)
TOTAL RELATIONS WITH RELATED PARTIES	2,599	7,731	14,119	(25,368)	2,077	7,807	14,437	(26,690)
TOTAL	**12,191**	**77,160**	**15,678**	**(100,753)**	**22,050**	**51,680**	**15,785**	**(91,152)**

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 that carries out maintenance and modernization work of the airport paving for the ADR Group;

- Spea Engineering: A company owned by Atlantia, carrying 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 S.p.A. (a subsidiary undertaking of Atlantia): Costs related to the Telepass system used in the car parks managed by ADR Mobility;
- Autogrill Italia S.p.A. (company to which, effective January 1, 2018, Autogrill S.p.A. transferred all of its assets relative to Italian points of sale; the company is an indirect subsidiary undertaking of Edizione S.r.l. which, indirectly, holds a majority interest in Atlantia): revenues from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Autostrade per l'Italia S.p.A. (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 December 31, 2018 amount to 3,221 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)	12.31.2018		2018		12.31.2017		2017	
	ASSETS	LIABILITIES	INCOME	EXPENSE	ASSETS	LIABILITIES	INCOME	EXPENSE
PARENT COMPANIES								
Atlantia S.p.A.	0	240,781	0	(13,160)	0	242,763	0	(13,269)
TOTAL RELATIONS WITH PARENT COMPANIES	0	240,781	0	(13,160)	0	242,763	0	(13,269)
Spea Engineering S.p.A.	1,350	0	00	0	0	0	0	0
Azzurra Aeroporti S.p.A.	0	0	1,873	0	0	0	**0**	**0**
TOTAL RELATIONS WITH RELATED PARTIES	1,350	0	1,873	0	0	0	0	0
TOTAL	**1,350**	**240,781**	**1,873**	**(13,160)**	**0**	**242,763**	**0**	**(13,269)**

The financial assets from Spea Engineering S.p.A. comprise the receivable for the dividends resolved by the company in the year and not paid.
The financial income from Azzurra Aeroporti S.p.A. comprises the dividends approved and paid by the company to ADR in the year under consideration.

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 share-based remuneration plans

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 enhancement of the Group's value, in addition to the managerial efficiency of management, Atlantia Group has incentive plans in place that imply the commitment of assigning rights on Atlantia shares, subject to achieving pre-set 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 to include 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 December 31, 2018, 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 specifically appointed 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 12.31.2018	vesting expiry	expiry ex./ assignment	exercise price (euro)	unit fair value on the assign. date	rev. unit fair value as of 12.31.2018	expected expiry on the assign. date (years)	risk-free interest rate	exp. volatility (=historical)	dividends expected on the assign. date
2011 stock option plans of Atlantia extended to ADR	516,905	(99,339)	0	(383,301)	34,265	11.8.2016	11.9.2016	16.02	2.65	0	6	0.86%	29.5%	5.62%
2011 stock grant plans of Atlantia extended to ADR	56,105	(15,007)	0	(41,098)	0	11.8.2016	11.9.2018	n.a.	11.87	0	4 -5	0.69%	28.5%	5.62%
2014 phantom stock option plans of Atlantia extended to ADR	766,032	(432,957)	(73,301)	(250,960)	8,814	5.9.2017	5.9.2020	n.a.	2.88	6.01	3 -6	1.10%	28.9%	5.47%
2014 phantom stock option plans of Atlantia extended to ADR	758,751	(256,467)	(62,742)	(166,373)	273,169	5.8.2018	5.8.2021	n.a.	2.59	1.2	3 -6	1.01%	25.8%	5.32%
2014 phantom stock option plans of Atlantia extended to ADR	611,682	(32,599)	(99,886)	0	479,197	6.10.2019	6.10.2022	n.a.	1.89	1.34	3 -6	0.61%	25.3%	4.94%
2017 phantom stock option plans I cycle	428,074	(15,333)	(64,329)	0	348,412	7.1.2020	7.1.2023	n.a.	2.37	1.83	3.13-6.13	1.31%	25.6%	4.40%
2017 phantom stock option plans II cycle	364,701	0	(60,607)	0	304,094	6.15.2021	7.1.2024	n.a.	2.91	1.67	5.9	2.35%	21.9%	4.12%
2017 phantom stock grant plans I cycle	42,619	(1,526)	(6,405)	0	34,688	7.1.2020	7.1.2023	n.a.	23.18	19.29	3.13-6.13	1.31%	25.6%	4.40%
2017 phantom stock grant plans II cycle	40,330	0	(6,703)	0	33,627	6.15.2021	7.1.2024	n.a.	24.5	18.06	5.9	2.35%	21.9%	4.12%

In accordance with IFRS 2, as a result of the incentive plans in place, in 2018, a charge was recorded on the income statement for 255 thousand euros, corresponding to the amount of the fair value of the attributed fees that accrued in the period; this charge was net of the income resulting from the adjustment to the fair value of the share-based Plans, amounting to 197 thousand euros recorded as a decrease to the shareholders' equity reserves, while the payables relating to the fair value of the "phantom" options existing as of December 31, 2018 are posted under other current and non-current liabilities, in relation to the presumed exercise date.

11.2 Remuneration of independent auditors

In accordance with art. 149-*duodecies* of the Issuers' Regulations, which apply to ADR as it is a Company controlled by a listed company (Atlantia), a breakdown of the fees paid to the ADR Group's principal independent auditors is shown in the table below (in thousands of euros):

TYPE OF SERVICE	SERVICE PROVIDER	RECIPIENT	REMUNERATION 2018
Auditing	EY S.p.A.	ADR S.p.A.	315
Certification services	EY S.p.A.	ADR S.p.A.	45
Other Services (*)	EY S.p.A.	ADR S.p.A.	2
Auditing	EY S.p.A.	ADR Tel S.p.A.	24
Auditing	EY S.p.A.	ADR Assistance S.r.l.	17
Auditing	EY S.p.A.	ADR Security S.r.l.	23
Auditing	EY S.p.A.	ADR Mobility S.r.l.	20
Auditing	EY S.p.A.	Airport Cleaning S.r.l.	17
Other Services	EY S.p.A.	ADR Tel S.p.A.	1
Other Services	EY S.p.A.	ADR Assistance S.r.l.	1
Other Services	EY S.p.A.	ADR Security S.r.l.	1
Other Services	EY S.p.A.	ADR Mobility S.r.l.	2
Other Services	EY S.p.A.	Airport Cleaning S.r.l.	1
TOTAL			**469**

(*) Subscription of Income Tax Return and 770 forms.

11.3 Disclosure of public grants pursuant to article 125 of Law 124/2017

With reference to the transparency obligations required under article 125 of Law 124/2017, no public grants were collected by the ADR Group in 2018.

11.4 Events and non-recurring, atypical or unusual transactions

During the year 2018, no non-recurring, atypical or unusual transactions were performed with third parties or related parties. No significant non-recurrent events occurred in the year under review.

12. Subsequent events

- Decree of January 10, 2019 issued by the State Property Office defines the methods for the determination of the airport management fees for the three-year period 2019-2021. The Office, continuing with the previous provisions, confirmed, also for the next three-year period, the methodology identified with Inter-ministerial decree of June 30, 2003 and based on the WLU (Work Load Unit, corresponding to 1 passenger or 100Kg of goods or mail). The validity of this calculation methodology was confirmed by both ENAC and the Ministry of Infrastructure and Transport, and is in line with the provisions of art. 2, paragraph 4 of the Single Deed - Planning Agreement, in case of ADR's obligations to pay the annual concession fee to ENAC.

- On January 28 the rating agency Moody's intervened on the rating of Atlantia and the subsidiary undertakings ASPI and ADR. The agency confirmed the rating of the three companies and in particular the Baa2 level assigned to ADR. However, the "review for downgrade" condition was removed, which the three companies had been subject to since August 22, 2018, after the tragic event in Genoa, with a negative outlook being assigned.

- At around 07:30 on February 19, 2019 the onset of a fire concerned the basement of Ciampino airport, spreading inside a room under sub-concession by ADR to a contractor specialized in scheduled and unscheduled maintenance. Direct material damage proved quite negligible. However, because of the spreading smoke and soot, the airport remained partially closed on the day of the event (only a few arriving and departing flights remained in operation) and was entirely banned to air traffic throughout February 20, 2019. Following the successful conclusion of the checks carried out by the competent Authorities, the airport reopened on the next day, February 21, 2019, resuming full operation at the same time. The necessary assessments and suitable checks are still being carried out to ascertain the cause of the fire and to appraise the direct and indirect damage caused to ADR.

The Board of Directors

ANNEXES

Annex 1 - List of equity investments

NAME	REGISTERED OFFICE	ASSETS	CURRENCY	SHARE CAPITAL (EUROS) (*)	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
ASSOCIATED UNDERTAKINGS								
Pavimental S.p.A.	Rome	Construction	Euros	10,116,452	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	Office for European transport rules	Euros	(5,010)	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		Measured at fair value
S.A.CAL. S.p.A.	Lamezia Terme (Catanzaro)	Airport management	Euros	13,920,225	Aeroporti di Roma S.p.A.	9.229		Measured at fair value
Azzurra Aeroporti S.p.A.	Rome	Real estate, financial investments, etc.	Euros	3,221,234	Aeroporti di Roma S.p.A.	7.77		Measured at fair value
Leonardo Energia - Società Consortile a r.l.	Fiumicino (Rome)	Electricity production	Euros	10,000	Aeroporti di Roma S.p.A.	10		Measured at fair value
Consorzio Autostrade Italiane Energia	Rome	Supply on the electricity market	Euros	113,949	Aeroporti di Roma S.p.A.	1		Measured at fair value

(*) The amount stated for Consorzio E.T.L. – European Transport Law (in liquidation) refers to the net liquidation capital

REPORT
OF THE INDEPENDENT AUDITORS

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aeroporti di Roma Group (the Group), which comprise the statement of financial position as at 31 December 2018, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Aeroporti di Roma S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

Key Audit Matter	Audit Response
Valuation of the Provision for renovation of airport infrastructure	The audit procedures performed in response to this Key Audit Matter included, among others: • analysis of the concession agreement that

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Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 3.100.000,00 i.v.
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Building a better working world

The provision for renovation of airport infrastructure as of December 31, 2018 amounts to 181 Euro millions and includes accruals for non-recurring maintenance expenses, as well as estimated future costs for restoration and replacement of assets under concession that the Group plans to incur in accordance with the current concession agreements. The amount of the provision recognized in the consolidated financial statements represents the Director's best estimate of the nature, timing and amount of the maintenance costs, including the relevant financial component applied to account for the timing of such maintenance services. Considering the judgment required by Management in order to evaluate the nature, timing and the amount of such maintenance services, we believe that the valuation of the provision for renovation of airport infrastructure represents a key audit matter. The disclosures related to the accounting principles adopted for the provision for renovation of airport infrastructure are included in Note 4 "Accounting standards applied - Provisions for renovation of airport infrastructure" and in Note 6.13 "Provisions for renovation of airport infrastructure" of the Consolidated Financial Statements.	gives rise to the obligation; • assessment of the process and key internal controls implemented by the Group surrounding the valuation process of the provision for renovation of airport infrastructure; • test of details on a sample of provision utilizations accounted for during the fiscal year; • analytical procedures on changes in the provision compared to the preceding fiscal year; • analysis of the consistency of the assumptions used in estimating the provision for renovation of airport infrastructure against the Investment Plan approved by the Directors; • testing of the discount rate assumed and the mathematical accuracy of the provision calculation. Lastly, we reviewed the adequacy of the disclosures provided in the Notes to the Consolidated Financial Statements related to the Key Audit Matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Aeroporti di Roma S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Building a better working world

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Aeroporti di Roma S.p.A., in the general meeting held on 9 April 2013, engaged us to perform the audits of the consolidated financial statements for each of the years ending 31 December 2013 to 31 December 2021.

We declare that we have not provided prohibited non-audit services, referred to in article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Aeroporti di Roma S.p.A. are responsible for the preparation of the Management Report on Operations and of the specific section on Corporate Governance and Ownership Structure of Group Aeroporti di Roma as at 31 December 2018, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Management Report on Operations and of the specific information included in the section on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Aeroporti di Roma Group as at 31 December 2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above-mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Aeroporti di Roma Group as at 31 December 2018 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

As described on the Management Report on Operations the Directors of Aeroporti di Roma S.p.A. they availed themselves of the exemption to prepare the non-financial information pursuant to article 6, paragraph 1, of Italian Legislative Decree n. 254.

Rome, 22 March 2019

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.

SEPARATE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018

SEPARATE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018

FINANCIAL STATEMENTS OF AEROPORTI DI ROMA S.P.A.

Statement of Financial Position

ASSETS (EURO)	NOTES	12.31.2018	OF WHICH TOWARDS RELATED PARTIES	12.31.2017	OF WHICH TOWARDS RELATED PARTIES
NON-CURRENT ASSETS					
Tangible assets	5.1	42,491,890		50,267,379	
Concession fees		2,337,323,114		2,312,204,314	
Other intangible assets		39,117,805		40,624,185	
Intangible assets	5.2	2,376,440,919		2,352,828,499	
Equity investments	5.3	83,025,493		83,936,493	
Other non-current financial assets	5.4	4,517,359		12,949,910	
Deferred tax assets	5.5	43,456,084		64,162,530	
Other non-current assets	5.6	407,572		443,079	
TOTAL NON-CURRENT ASSETS		**2,550,339,317**		**2,564,587,890**	
CURRENT ASSETS					
Inventories		3,328,561		2,930,352	
Trade receivables		314,995,710	*10,224,186*	316,436,375	*9,503,022*
Trade assets	5.7	318,324,271	*10,224,186*	319,366,727	*9,503,022*
Other current financial assets	5.4	1,350,000	*1,350,000*	64,027	
Current tax assets	5.8	7,117,504	*7,081,338*	17,965,008	*17,388,457*
Other current assets	5.9	12,186,507	*482,029*	11,978,939	*482,332*
Cash and cash equivalents	5.10	318,071,871		291,332,413	
TOTAL CURRENT ASSETS		**657,050,153**	***19,137,553***	**640,707,114**	***27,373,811***
TOTAL ASSETS		**3,207,389,470**	***19,137,553***	**3,205,295,004**	***27,373,811***

SHAREHOLDERS' EQUITY AND LIABILITIES (EURO)	NOTES	12.31.2018	OF WHICH TOWARDS RELATED PARTIES	12.31.2017	OF WHICH TOWARDS RELATED PARTIES
SHAREHOLDERS' EQUITY					
Share capital		62,224,743		62,224,743	
Reserves and retained earnings		904,941,601		903,247,098	
Net income for the year, net of the advance on dividends		131,292,276		135,367,978	
TOTAL SHAREHOLDERS' EQUITY	5.11	**1,098,458,620**		**1,100,839,819**	
LIABILITIES					
NON-CURRENT LIABILITIES					
Provisions for employee benefits	5.12	12,550,086		13,178,041	
Provisions for renovation of airport infrastructure	5.13	111,065,494		108,470,846	
Other allowances for risks and charges	5.14	17,030,754		16,140,962	
Allowances for non-current provisions		140,646,334		137,789,849	
Bonds		1,097,075,696	*240,349,682*	1,101,515,780	*242,327,244*
Medium/long-term loans		249,558,672		249,463,908	
Financial instruments - derivatives		139,329,535		137,429,899	
Non-current financial liabilities	5.15	1,485,963,903	*240,349,682*	1,488,409,587	*242,327,244*
Other non-current liabilities	5.16	3,805,118	*881,509*	4,083,169	*1,083,929*
TOTAL NON-CURRENT LIABILITIES		1,630,415,355	*241,231,191*	1,630,282,605	*243,411,173*
CURRENT LIABILITIES					
Provisions for employee benefits	5.12	483,121		830,273	
Provisions for renovation of airport infrastructure	5.13	64,525,768		67,999,000	
Other allowances for risks and charges	5.14	7,187,000		13,655,000	
Allowances for current provisions		72,195,889		82,484,273	
Trade payables	5.17	181,756,575	*82,696,909*	200,885,916	*75,369,840*
Trade liabilities		181,756,575	*82,696,909*	200,885,916	*75,369,840*
Current share of medium/long-term financial liabilities		16,023,664	*431,124*	16,018,989	*434,671*
Financial instruments - derivatives		262,250		258,702	
Other current financial liabilities		26,115,004	*26,115,004*	14,142,481	*14,142,481*
Current financial liabilities	5.15	42,400,918	*26,546,128*	30,420,172	*14,577,152*
Current tax liabilities	5.8	20,080,502	*16,579,706*	0	
Other current liabilities	5.18	162,081,611	*1,230,854*	160,382,219	*1,696,985*
TOTAL CURRENT LIABILITIES		478,515,495	127,053,597	474,172,580	*91,643,977*
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,207,389,470**	***368,284,788***	**3,205,295,004**	***335,055,150***

Income Statement

(EURO)	NOTES	2018	OF WHICH TOWARDS RELATED PARTIES	2017 (*)	OF WHICH TOWARDS RELATED PARTIES
REVENUES	6.1				
Revenues from airport management		905,377,727	*41,497,016*	861,731,547	*41,311,003*
Revenues from construction services		109,057,677		114,709,553	
Other operating income		12,054,852	*4,766,848*	16,452,800	*5,784,936*
TOTAL REVENUES		**1,026,490,256**	***46,263,864***	**992,893,900**	***47,095,939***
COSTS					
Consumption of raw materials and consumables	6.2	(29,380,280)	*(19,712,789)*	(30,072,384)	*(19,878,383)*
Service costs	6.3	(361,295,284)	*(204,064,596)*	(374,344,797)	*(192,157,136)*
Payroll costs	6.4	(93,045,952)	*(2,491,734)*	(93,074,834)	*(3,639,551)*
Concession fees		(36,239,359)		(33,460,915)	
Expenses for leased assets		(2,773,394)		(2,938,847)	
(Allocation to) use of the provisions for renovation of airport infrastructure		2,431,520		27,209,437	
(Allocation to) re-absorption of allowances for risks and charges		(1,348,458)		(450,114)	
Other costs		(10,000,805)		(14,310,449)	*(813,716)*
Other operating costs	6.5	(47,930,496)	*(683,543)*	(23,950,888)	*(813,716)*
Depreciation of tangible assets	5.1	(13,732,275)		(11,740,538)	
Amortization of intangible concession fees	5.2	(83,938,877)		(74,941,966)	
Amortization of other intangible assets	5.2	(4,872,097)		(4,022,391)	
Amortization and depreciation		(102,543,249)		(90,704,895)	
TOTAL COSTS		(634,195,261)	(226,952,662)	(612,147,798)	(216,488,786)
OPERATING INCOME (EBIT)		392,294,995		380,746,102	
Financial income	6.6	14,977,342	*14,489,034*	18,018,678	*13,215,145*
Financial expense	6.6	(58,484,825)	*(13,164,673)*	(62,234,030)	*(13,275,750)*
Foreign exchange gains (losses)	6.6	1,975,173		8,796,400	
FINANCIAL INCOME (EXPENSE)		(41,532,310)	*1,324,361*	(35,418,952)	*(60,605)*
INCOME (LOSS) BEFORE TAXES		**350,762,685**		**345,327,150**	
Income taxes	6.7	(105,599,129)		(102,310,366)	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**245,163,556**		**243,016,784**	
Net income (loss) from discontinued operations				0	
NET INCOME FOR THE YEAR		**245,163,556**		**243,016,784**	

(*) figures for 2017 differ from those in the Annual Financial Report as of December 31, 2017 due to the reclassification of air traffic incentive costs from "service costs" to a reduction of "revenues from airport management". This reclassification was necessary following the entry into force of the new IFRS 15 standard from January 1, 2018.

Statement of Comprehensive Income

(THOUSANDS OF EUROS)	NOTES	2018	2017
NET INCOME FOR THE YEAR		**245,164**	**243,017**
Share of cash flow hedge derivative financial instruments	5.15	(8,111)	13,521
Tax effect		1,947	(3,245)
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect		**(6,164)**	**10,276**
Income (loss) from actuarial valuation of employee benefits	5.12	111	(54)
Tax effect		(27)	13
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect		**84**	**(41)**
Reclassifications of the other components of the comprehensive income statement for the year		**1,551**	**1,370**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT		**(4,529)**	**11,605**
COMPREHENSIVE INCOME FOR THE YEAR		**240,635**	**254,622**

Statement of Changes in Equity

(THOUSANDS OF EUROS)	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	OTHER RESERVES AND RETAINED EARNINGS	NET INCOME FOR THE YEAR (net of advance on dividends)	TOTAL SHAREHOLDERS' EQUITY
BALANCE AS OF DECEMBER 31, 2016	**62,225**	**12,462**	**667,389**	**(58,641)**	**269,067**	**148,540**	**1,101,042**
Net income for the year						243,017	243,017
Other components of comprehensive income:							
Effective portion of cash flow hedge derivative financial instruments, net of tax effect				11,646			11,646
Income (loss) from actuarial valuation of employee benefits, net of the tax effect					(41)		(41)
Comprehensive income for the year				11,646	(41)	243,017	254,622
Dividend distribution (balance)						(148,095)	(148,095)
Allocation of residual profit of the previous year					445	(445)	0
Distribution of advance on dividends						(107,649)	(107,649)
Other changes					920		920
BALANCE AS OF DECEMBER 31, 2017	**62,225**	**12,462**	**667,389**	**(46,995)**	**270,391**	**135,368**	**1,100,840**
Changes in IFRS standards				(46)	6,128		6,082
BALANCE AS OF JANUARY 1, 2018	**62,225**	**12,462**	**667,389**	**(47,041)**	**276,519**	**135,368**	**1,106,922**
Net income for the year						245,164	245,164
Other components of comprehensive income:				(4,613)	84		(4,529)
Effective portion of cash flow hedge derivative financial instruments, net of tax effect				(4,613)			(4,613)
Income (loss) from actuarial valuation of employee benefits, net of the tax effect					84		84
Comprehensive income for the year				(4,613)	84	245,164	240,635
Dividend distribution (balance)						(135,028)	(135,028)
Allocation of residual profit of the previous year					340	(340)	0
Distribution of advance on dividends						(113,871)	(113,871)
Other changes					(199)	0	(199)
BALANCE AS OF DECEMBER 31, 2018	**62,225**	**12,462**	**667,389**	**(51,654)**	**276,744**	**131,293**	**1,098,459**

Statement of Cash Flows

(THOUSANDS OF EUROS)	NOTES	2018	2017
Net income for the year		**245,164**	**243,017**
Adjusted by:			
Amortization and depreciation	5.1/5.2	102,543	90,705
Allocation to the provisions for renovation of airport infrastructure		54,982	41,837
Financial expense from discounting provisions		1,700	1,865
Changes in other provisions		(6,589)	(48,536)
Write-down (revaluation) of non-current financial assets and equity investments		911	(4,247)
Net change in deferred tax (assets) liabilities		20,216	32,750
Other non-monetary costs (revenues)		8,328	7,165
Changes in working capital and other changes		13,620	(86,968)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**440,875**	**277,588**
Investments in tangible assets	5.1	(6,214)	(10,987)
Investments in intangible assets (*)	5.2	(117,379)	(151,151)
Works for renovation of airport infrastructure		(57,414)	(69,047)
Gains from disinvestment and other changes in tangible and intangible assets and equity investments and divisions		5,212	1,128
Net change in other non-current assets		35	(14)
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)		**(175,760)**	**(230,071)**
Dividends paid		(248,900)	(255,743)
Issue of bonds		0	272,101
Raising of medium/long-term loans	5.15	0	180,000
Net change in other current and non-current financial liabilities		8	(19,800)
Net change in current and non-current financial assets		(1,456)	(181)
NET CASH FLOW FROM FUNDING ACTIVITIES (C)		**(250,348)**	**176,377**
NET CASH FLOW FOR THE YEAR (A+B+C)		**14,767**	**223,894**
Net cash and cash equivalents at the start of the year	5.10	277,190	53,295
Net cash and cash equivalents at the end of the year	5.10	291,957	277,189

(*) including advances to suppliers for 1,348 thousand euros in 2018 and 29,704 thousand euros in 2017.

Reconciliation of cash and cash equivalents

(THOUSANDS OF EUROS)	2018	2017
Net cash and cash equivalents at the start of the year	**277,190**	**53,295**
Cash and cash equivalents	291,332	66,570
Current accounts with subsidiary undertakings	(14,142)	(13,275)
Net cash and cash equivalents at the end of the year	**291,957**	**277,189**
Cash and cash equivalents	318,072	291,331
Current accounts with subsidiary undertakings	(26,115)	(14,142)

Additional information to the statement of cash flows

(THOUSANDS OF EUROS)	2018	2017
Net income taxes paid (reimbursed)	54,454	102,269
Interest income collected	216	271
Interest payable and commissions paid	45,096	64,856
Dividends received	13,139	13,214

NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF AEROPORTI DI ROMA S.P.A.

1. General information

Aeroporti di Roma S.p.A. (hereafter the "Company" or "ADR") 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, to which specific activities are assigned.

The registered office of the Company is in Fiumicino, Via Pier Paolo Racchetti 1, while the secondary office is in Ciampino, Via Appia Nuova 1651. The duration is currently set until December 31, 2050.

On the date of these Separate Financial Statements, Atlantia S.p.A. ("Atlantia") is the shareholder that holds the majority of the shares of ADR (61,841,539, equal to 99.38% of the capital) and exercises the management and coordination towards the Company.

These Financial Statements were approved by the Board of Directors of the Company during the meeting of March 5, 2019 and subject to audit by EY S.p.A.

The Financial Statements were prepared in the assumption of going-concern.

2. Form and content of the Financial statements

The financial statements for the year ended December 31, 2018 were prepared pursuant to articles 2 and 4 of Italian Legislative Decree no. 38/2005, in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and endorsed by the European Commission, in force on the balance sheet date.

Consideration was also given to the measures issued by Consob (Commissione Nazionale per le Società e la Borsa) in implementing paragraph 3 of Article 9 of Italian Legislative Decree No. 38/2005 on the preparation of the accounting statements.

The Financial statements comprise the accounting statements (statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows) and these 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. The statement of financial position is presented on the basis of the statement that provides for a distinction between current and non-current assets and liabilities, while these are classified on the basis of their nature in the income statement. The statement of cash flows was prepared by applying the indirect method. IFRS were applied consistently with the indications of the "Framework for the Preparation and Presentation of Financial Statements" and no issues emerged that required derogations pursuant to IAS 1.

All the values are expressed in thousands of euros, unless otherwise stated. The euro is both the ADR's functional currency and the currency of presentation of the financial statements.

For each item in the accounting statements, the corresponding value of the previous year is reported for comparison purposes.

3. Accounting standards applied

The accounting standards and valuation criteria applied in preparing the Financial statements for the year ended December 31, 2018 are the same as those adopted for the preparation of the Consolidated financial statements, to which reference is made, except for the recognition and measurement of Equity investments.

Equity investments in subsidiary undertakings, associated undertakings and joint ventures are valued at purchase cost, inclusive of directly attributable accessory charges, rectified in the presence of any losses in value identified as described in the section regarding "Impairment of assets (impairment test)", which are recorded in the income statement. The same are restored if the reasons for the write-downs made cease to apply.

The term subsidiary undertakings means all companies over which ADR has the power to determine, either directly or indirectly, the financial and operating policies in order to obtain benefits from their activities.

Investments in associated undertakings are those in which ADR is capable of exercising a significant influence, but not control or joint control, by contributing to the financial and operating decision-making policies of the investee.

Equity investments in other companies, which can be classified in the category of equity financial assets as defined in IFRS 9, are initially recorded at cost, as determined on the settlement date as they represent the fair value, inclusive of the directly attributable transaction costs.

Following initial recognition, these equity investments are measured at fair value, recognizing the effects in the income statement, with the exception of those that are not held for trading purposes and where, as permitted by IFRS 9, the option was exercised, upon acquisition, to designate them at fair value with recognition of the subsequent changes under the other components of the comprehensive income statement, and therefore in a specific shareholders' equity reserve. Minority interests can be measured at cost in limited cases where the cost represents an adequate estimate of the fair value.

The transactions for the acquisition or sale of companies and/or branches between companies under common control are treated, in accordance with IAS 1 and IAS 8, on the basis of their economic substance, making reference to both the (i) methods to determine the amount of the sale and the (ii) check of the added value generated for all the parties concerned, resulting in significant changes that can be measured in the cash flows before and after the transaction of the transferred assets. In this context:

- if both requirements being checked are met, these transactions for the purchase of companies and/or company branches are recorded according to IFRS 3, following the same criteria illustrated previously for similar transactions with third parties. In these cases, the transferor company posts in the income statement the possible difference between these carrying values of the assets and liabilities and the related amount;
- in the other cases, the transferred assets and liabilities are posted by the transferee with the same values these were recorded in the financial statements of the transferor company before the transactions, with the recognition in the shareholders' equity of any difference compared to the acquisition cost. Consistently with this, the transferor company records in the shareholders' equity the difference between the carrying value of the assets and liabilities sold and the amount agreed.

In relation to the changes introduced by application, which took effect from January 1, 2018, of the new accounting standards IFRS 9 - Financial Instruments, and IFRS 15 - Revenue from Contracts with Customers, please refer to the Notes to the Consolidated Financial Statements as of December 31, 2018, which analytically illustrate the differences from the criteria applied previously, and the effects (identical for the Company and the ADR Group) of recalculating the outstanding balances in the statement of financial position in place as of December 31, 2017, in relation to adoption of IFRS 9, as an adjustment to the shareholders' equity as of January 1, 2018.

4. Concession Agreement

Concessionary Relationship

ADR's corporate purpose is the construction and management of airports or 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 ENAC Regulations that govern the operation of airports open to civil traffic.

The original Concession Management Agreement 2820/74 was in force until December 21, 2012. After that date, a new Single Deed - Planning Agreement was approved with a specific Council of Ministers Presidential Decree. The single document 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 guided by financial and organizational criteria pursuant to Italian Law no. 755 of November 10, 1973 and subsequent amendments.

For more details on the Concession Agreement reference is made to the Consolidated Financial Statements.

5. Information on the items of the statement of financial position

5.1 Tangible assets

	12.31.2017			CHANGE				12.31.2018		
(THOUSANDS OF EUROS)	COST	ACC. DEPR.	NET VALUE	INVESTMENTS	DEPRECIATION	OTHER CHANGES	DISPOSALS	COST	ACC. DEPR.	NET VALUE
Plant and machinery	89,050	(51,433)	37,617	1,352	(9,688)	1,260	(20)	89,510	(58,989)	30,521
Industrial and commercial equipment	13,953	(11,378)	2,575	343	(653)	29	0	14,029	(11,735)	2,294
Other assets	29,576	(21,382)	8,194	3,913	(3,391)	351	0	33,766	(24,699)	9,067
Work in progress and advances	1,881	0	1,881	606	0	(1,877)	0	610	0	610
TOTAL TANGIBLE ASSETS	**134,460**	**(84,193)**	**50,267**	**6,214**	**(13,732)**	**(237)**	**(20)**	**137,915**	**(95,423)**	**42,492**

	12.31.2016			CHANGE				12.31.2017		
(THOUSANDS OF EUROS)	COST	ACC. DEPR.	NET VALUE	INVESTMENTS	DEPRECIATION	OTHER CHANGES	DISPOSALS	COST	ACC. DEPR.	NET VALUE
Plant and machinery	81,498	(44,569)	36,929	6,538	(8,698)	2,860	(12)	89,050	(51,433)	37,617
Industrial and commercial equipment	13,303	(10,646)	2,657	452	(761)	227	0	13,953	(11,378)	2,575
Other assets	25,413	(20,618)	4,795	2,359	(2,282)	3,324	(2)	29,576	(21,382)	8,194
Work in progress and advances	6,652	0	6,652	1,638		(6,409)	0	1,881	0	1,881
TOTAL TANGIBLE ASSETS	**126,866**	**(75,833)**	**51,033**	**10,987**	**(11,741)**	**2**	**(14)**	**134,460**	**(84,193)**	**50,267**

Tangible assets, equaling 42,492 thousand euros (50,267 thousand euros as of December 31, 2017), are down in the year by 7,775 thousand euros, mainly due to depreciation (13,732 thousand euros), partly offset by the investments.

Investments of 6,214 thousand euros mainly refer to:

- within the category Plant and machinery (1,352 thousand euros), mainly advertising systems for 1,034 thousand euros;
- within the category Other assets (3,913 thousand euros), to electronic machinery (1,460 thousand euros) and furniture/furnishings (2,286 thousand euros).

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

5.2 Intangible assets

	12.31.2017			CHANGE			12.31.2018		
(THOUSANDS OF EUROS)	COST	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	COST	ACC. AMORT.	NET VALUE
Concession fees									
Airport management concession - rights acquired	2,179,164	(851,628)	1,327,536	0	(50,096)	0	2,179,164	(901,724)	1,277,440
Airport management concession - investments in infrastructure	1,156,439	(171,771)	984,668	109,058	(33,843)	0	1,265,497	(205,614)	1,059,883
TOTAL CONCESSION FEES	**3,335,603**	**(1,023,399)**	**2,312,204**	**109,058**	**(83,939)**	**0**	**3,444,661**	**(1,107,338)**	**2,337,323**
Other intangible assets	60,143	(49,223)	10,920	6,973	(4,872)	313	67,429	(54,095)	13,334
Advances to suppliers	29,704	0	29,704	1,348	0	(5,268)	25,784	0	25,784
TOTAL OTHER INTANGIBLE ASSETS	**89,847**	**(49,223)**	**40,624**	**8,321**	**(4,872)**	**(4,955)**	**93,213**	**(54,095)**	**39,118**
TOTAL INTANGIBLE ASSETS	**3,425,450**	**(1,072,622)**	**2,352,828**	**117,379**	**(88,811)**	**(4,955)**	**3,537,874**	**(1,161,433)**	**2,376,441**

	12.31.2016			CHANGE			12.31.2017		
(THOUSANDS OF EUROS)	COST	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	COST	ACC. AMORT.	NET VALUE
Concession fees									
Airport management concession - rights acquired	2,179,164	(801,532)	1,377,632	0	(50,096)	0	2,179,164	(851,628)	1,327,536
Airport management concession - investments in infrastructure	1,041,757	(146,925)	894,832	114,710	(24,846)	(28)	1,156,439	(171,771)	984,668
TOTAL CONCESSION FEES	3,220,921	(948,457)	2,272,464	114,710	(74,942)	(28)	3,335,603	(1,023,399)	2,312,204
Other assets	53,395	(45,201)	8,194	6,737	(4,022)	11	60,143	(49,223)	10,920
Advances to suppliers	1,100	0	1,100	29,704	0	(1,100)	29,704	0	29,704
TOTAL OTHER INTANGIBLE ASSETS	54,495	(45,201)	9,294	36,441	(4,022)	(1,089)	89,847	(49,223)	40,624
TOTAL INTANGIBLE ASSETS	**3,275,416**	**(993,658)**	**2,281,758**	**151,151**	**(78,964)**	**(1,117)**	**3,425,450**	**(1,072,622)**	**2,352,828**

Intangible assets, equal to 2,376,441 thousand euros (2,352,828 thousand euros as of December 31, 2017) rose by 23,613 thousand euros mainly due to the investments in the year, equal to 117,379 thousand euros, partly offset by the amortization equal to 88,811 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 4. In detail:

- Airport management concession - rights acquired: represents the value of the airport management concession, acquired at a charge; this value was accounted for at the time of the merger of ADR into Leonardo S.p.A. (now ADR) and expresses the higher price paid by Leonardo S.p.A. for ADR shares compared to the pro-rata value of shareholders' equity of the Company;
- 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 ADR.

The investments in the Airport management concession - investments in infrastructure equal 109,058 thousand euros and relate to construction services provided in the year 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:

- work relating to the East Terminal System for 43.6 million euros;
- urbanization works in the West area/Aprons W for 16.3 million euros;
- works on runways and aprons for 11.9 million euros;
- terminal optimization works for 6.9 million euros;
- restructuring of Terminal 3 for 5.7 million euros;
- works on the new ADR headquarters for 4.6 million euros;
- works to create departure area E/F (formerly Pier C) for 1.5 million euros.

In the absence of specific indicators regarding the risk of failed recovery of the book value of intangible assets, these did not undergo an impairment test.

Other intangible assets, equal to 13,334 thousand euros (10,920 thousand euros as of December 31, 2017), include the rights to use the property rights, concessions, licenses, trademarks and similar rights. The investments for the year, equal to 6,973 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 amounted to 25,784 thousand euros as of December 31, 2018, a decrease of 3,920 thousand euros compared to December 31, 2017, attributable to the recovery of advances paid to suppliers for 5,268 thousand euros, partially offset by the payment of advances to suppliers for 1,348 thousand euros.

5.3 Equity investments

The item Equity investments has a balance of 83,025 thousand euros (83,936 thousand euros at the end of the previous year).

	12.31.2017			CHANGE			12.31.2018		
(THOUSANDS OF EUROS)	GROSS VALUE	ACCUMULATED WRITE-DOWN	NET VALUE	INCR.	DECR.	WRITE-DOWN/ REV.	GROSS VALUE	ACCUMULATED WRITE-DOWN	NET VALUE
SUBSIDIARY UNDERTAKINGS									
ADR Assistance S.r.l.	4,000	0	4,000	0	0	0	4,000	0	4,000
ADR Tel S.p.A.	594	0	594	0	0	0	594	0	594
ADR Mobility S.r.l.	1,756	0	1,756	0	0	0	1,756	0	1,756
ADR Security S.r.l.	500	0	500	0	0	0	500	0	500
Airport Cleaning S.r.l.	2,000	0	2,000	0	0	0	2,000	0	2,000
ADR Sviluppo S.r.l.	100	0	100	0	0	0	100	0	100
	8,950	**0**	**8,950**	**0**	**0**	**0**	**8,950**	**0**	**8,950**
ASSOCIATED UNDERTAKINGS									
Consorzio E.T.L. (in liquidation)	10	(10)	0	0	0	0	10	(10)	0
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	3,883	(3,883)	0	0	0	0	3,883	(3,883)	0
Pavimental S.p.A.	9,768	(2,959)	6,809	0	0	(911)	9,768	(3,870)	5,898
Spea Engineering S.p.A.	14,324	0	14,324	0	0	0	14,324	0	14,324
	27,985	**(6,852)**	**21,133**	**0**	**0**	**(911)**	**27,985**	**(7,763)**	**20,222**
OTHER COMPANIES									
Azzurra Aeroporti S.p.A.	52,000	0	52,000	0	0	0	52,000	0	52,000
Aeroporto di Genova S.p.A.	1,394	(500)	894	0	0	0	1,394	(500)	894
S.A.CAL. S.p.A.	1,307	(350)	957	0	0	0	1,307	(350)	957
Consorzio Autostrade Italiane Energia	1	0	1	0	0	0	1	0	1
Leonardo Energia - Società Consortile a r.l.	1	0	1	0	0	0	1	0	1
	54,703	**(850)**	**53,853**	**0**	**0**	**0**	**54,703**	**(850)**	**53,853**
TOTAL EQUITY INVESTMENTS	**91,638**	**(7,702)**	**83,936**	**0**	**0**	**(911)**	**91,638**	**(8,613)**	**83,025**

The amount of Equity investments fell by 911 thousand euros compared to December 31, 2017 due to the write-down of the equity investment in Pavimental S.p.A. (with 20% of the capital held). The company, operating in the building, maintenance, modernization of road, motorway and airport paving sectors, recorded losses of 16.2 million euros during the year.

Below are the details of the Equity investments held as of December 31, 2018 with indication of the share held and the relevant book value:

NAME	REGISTERED OFFICE	CURRENCY	NUMBER OF SHARES/ STAKES	CAPITAL (EUROS) (*)	NUMBER OF SHARES/STAKES HELD	% HELD	SHAREHOLDERS' EQUITY AS OF 12.31.2018 (THOUSANDS OF EUROS) (**)	NET INCOME (LOSS) FOR THE YEAR 2018 (THOUSANDS OF EUROS) (**)	BOOK VALUE (THOUSANDS OF EUROS)
SUBSIDIARY UNDERTAKINGS									
ADR Assistance S.r.l.	Fiumicino (Rome)	euros	1	4,000,000	1	100%	5,422	692	4,000
ADR Tel S.p.A.	Fiumicino (Rome)	euros	600,000	600,000	600,000	99%	8,894	3,571	594
ADR Mobility S.r.l.	Fiumicino (Rome)	euros	1	1,500,000	1	100%	17,971	7,740	1,756
ADR Security S.r.l.	Fiumicino (Rome)	euros	1	400,000	1	100%	3,327	1,717	500
Airport Cleaning S.r.l.	Fiumicino (Rome)	euros	1	1,500,000	1	100%	4,454	1,546	2,000
ADR Sviluppo S.r.l.	Fiumicino (Rome)	euros	1	100,000	1	100%	206	32	100
TOTAL SUBSIDIARY UNDERTAKINGS									**8,950**
ASSOCIATED UNDERTAKINGS									
Consorzio E.T.L. (in liquidation)	Rome	euros	1	(5,010)	1	25%	(5)	(6)	0
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	Tessera (Venice)	euros	20,000	103,200	4,000	20%	0	0	0
Pavimental S.p.A.	Rome	euros	77,818,865	10,116,452	15,563,773	20%	15,011	(16,205)	5,898
Spea Engineering S.p.A.	Milan	euros	1,350,000	6,966,000	270,000	20%	78,211	(3,388)	14,324
TOTAL ASSOCIATED UNDERTAKINGS									**20,222**
OTHER COMPANIES									
Azzurra Aeroporti S.p.A.	Rome	euros	3,783,734	3,221,234	250,000	7.77%	706,579	43,790	52,000
Aeroporto di Genova S.p.A.	Genova Sestri	euros	15,000	7,746,900	2,250	15%	6,616	11	894
S.A.CAL. S.p.A.	Lamezia Terme (Catanzaro)	euros	26,925	13,920,225	2,485	9.23%	10,692	49	957
Consorzio Autostrade Italiane Energia	Rome	euros	1	113,949	1	1%			1
Leonardo Energia - Società Consortile a r.l.	Fiumicino (Rome)	euros	1	10,000	1	10%	268	0	1
TOTAL OTHER COMPANIES									**53,853**
TOTAL EQUITY INVESTMENTS									**83,025**

(*) The amounted stated for Consorzio E.T.L. – European Transport Law (in liquidation) refers to the net liquidation capital.

(**) The data relating to the shareholders' equity and the profit for the year of Aeroporto di Genova S.p.A. and S.A.CAL. S.p.A. refers to the year 2017 (last year approved).

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. On June 27, 2018, following the transformation of Azzurra into a joint stock company, the above-mentioned pledge on the shares became effective. Furthermore, following the free share capital increase for shareholders with specific rights, resolved by the Azzurra Shareholders' Meeting on the same date, the percentage of ownership of ADR decreased to 7.77%. This guarantee is limited to a maximum amount of 130.6 million euros.

The measurement of the fair value of the main unlisted minority investments, which fall under level 3 of the fair value hierarchy, was determined using an approach that takes account of expected future cash flows (discounted cash flows) as the measurement technique.

5.4 Other current and non-current financial assets

(THOUSANDS OF EUROS)	12.31.2018			12.31.2017		
	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE
OTHER FINANCIAL ASSETS						
Derivatives with positive fair value	2,342	0	2,342	10,440	0	10,440
Other financial assets	3,525	1,350	2,175	2,574	64	2,510
TOTAL OTHER FINANCIAL ASSETS	**5,867**	**1,350**	**4,517**	**13,014**	**64**	**12,950**

Derivatives with positive fair value

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Interest rate hedging derivatives	2,342	10,440	(8,098)
Interest accrual	0	0	0
TOTAL DERIVATIVES WITH POSITIVE FAIR VALUE	**2,342**	**10,440**	**(8,098)**
non-current share	2,342	10,440	(8,098)
current share	0	0	0

Interest rate hedging derivatives

ADR 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.

In October 2016, ADR signed three forward-starting interest rate swap contracts, with activation in February 2020, with the purpose of hedging the interest rate risk on loans aimed at refinancing the bond loan to be paid back in February 2021. Below is a table summarizing the main characteristics of the three contracts mentioned, which have a positive fair value as of December 31, 2018.

									FAIR VALUE OF THE DERIVATIVE		CHANGE IN FAIR VALUE	
COUNTERPARTY	COMPANY	INSTRUM.	TYPE	RISK HEDGED	SUBSCR. DATE	EXP.	NOTIONAL VALUE HEDGED	RATE APPLIED	AS OF 12.31.2018	AS OF 12.31.2017	TO 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 the 6-month Euribor	2,342	10,440	14	(8,112)
						TOTAL			**2,342**	**10,440**	**14**	**(8,112)**
						of which:						
						Exchange rate hedging derivatives			0	0		
						Interest rate hedging derivatives			2,342	10,440		

(*) forward-starting IRS: activation date February 20, 2020. The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year equal the fair value listed in the table.

(**) 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 please refer to Note 8.4 Information on fair value measurement.

The impact of the hedging instruments on the underlying assets hedged within the scope of the Statement of financial position is shown as follows:

			12.31.2018			12.31.2017
(THOUSANDS OF EUROS)	CHANGES IN FAIR VALUE USED TO MEASURE THE LACK OF EFFECTIVENESS	CASH FLOW HEDGE RESERVE (INCLUDING THE COST OF HEDGING)	OF WHICH COST OF HEDGING RESERVE	CHANGES IN FAIR VALUE USED TO MEASURE THE LACK OF EFFECTIVENESS	CASH FLOW HEDGE RESERVE (INCLUDING THE COST OF HEDGING)	OF WHICH COST OF HEDGING RESERVE
Debt highly probable	2,342	(2,328)	0	10,440	(10,440)	0
TOTAL	**2,342**	**(2,328)**	**0**	**10,440**	**(10,440)**	**0**

The effect of the cash flow hedge reserve on the statement of comprehensive income is as follows:

(THOUSANDS OF EUROS)	TOTAL GAINS / (LOSS) FROM HEDGING RECOGNIZED IN THE INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT	INEFFECTIVENESS RECOGNIZED IN THE INCOME STATEMENT	ITEM IN THE INCOME STATEMENT	CHANGE IN THE CASH FLOW HEDGE RESERVE RECOGNIZED IN THE COMPREHENSIVE INCOME STATEMENT	OF WHICH: COST OF HEDGING RECOGNIZED IN THE COMPREHENSIVE INCOME STATEMENT	AMOUNT RECLASSIFIED FROM THE COMPREHENSIVE INCOME STATEMENT TO THE INCOME STATEMENT	ITEM IN THE INCOME STATEMENT
12.31.2018							
Debt highly probable	2,342	14	Financial income (expense)	2,328	0	0	Financial income (expense)
TOTAL	**2,342**	**14**		**2,328**	**0**	**0**	
12.31.2017							
Debt highly probable	10,440	0	Financial income (expense)	10,440	0	0	Financial income (expense)
TOTAL	**10,440**	**0**		**10,440**	**0**	**0**	

Other financial assets

Other non-current financial assets, equal to 2,175 thousand euros (2,510 thousand euros as of December 31, 2017), essentially (2,130 thousand euros) refer to the ancillary charges incurred to subscribe the unused revolving facility as of December 31, 2018. For details reference is made to Note 5.15.

Other current financial assets, equal to 1,350 thousand euros (64 thousand euros as of December 31, 2017), include the recognition of the receivable from the associate Spea Engineering S.p.A. for the dividends resolved for the year but not yet paid.

5.5 Deferred tax assets

Deferred tax assets, equal to 43,456 thousand euros (64,163 thousand euros as of December 31, 2017), are shown net of deferred tax liabilities that can be offset. The nature of the temporary differences is illustrated in the table below.

	12.31.2017	CHANGE				12.31.2018
(THOUSANDS OF EUROS)		PROVISIONS	RELEASES	DEFERRED TAX ASSETS/LIABILITIES ON INCOME AND CHARGES RECORDED IN THE SHAREHOLDERS' EQUITY	IFRS 9 EFFECT	
DEFERRED TAX ASSETS						
Allocation to (use of) the provisions for renovation of airport infrastructure	70,380	2,895	(19,165)	0	0	54,110
Allocations to allowance for obsolete and slow-moving goods	60	45	(49)	0	0	56
Allocations to provisions for doubtful accounts	7,421	58	(289)	0	105	7,295
Amortized cost and derivative instruments	15,068	0	(64)	1,457	0	16,461
Allowances for risks and charges	4,889	294	(2,233)	0	0	2,950
Other	1,594	554	(449)	(27)	0	1,672
TOTAL DEFERRED TAX ASSETS	**99,412**	**3,846**	**(22,249)**	**1,430**	**105**	**82,544**
DEFERRED TAX LIABILITIES THAT CAN BE OFFSET						
Amortized cost and derivative instruments	0	0	(186)	0	2,025	1,839
Application of IFRIC 12	35,249	3,953	(1,953)	0	0	37,249
TOTAL DEFERRED TAX LIABILITIES	**35,249**	**3,953**	**(2,139)**	**0**	**2,025**	**39,088**
TOTAL NET DEFERRED TAX ASSETS	**64,163**	**(107)**	**(20,110)**	**1,430**	**(1,920)**	**43,456**

The changes in 2018 mainly refer to the changes in the provisions for renovation of airport infrastructure and the allowances for risks and charges, and the effects of applying IFRIC 12 on fixed assets.

5.6 Other non-current assets

Other non-current assets, equal to 408 thousand euros (443 thousand euros as of December 31, 2017), refer to guarantee deposits.

5.7 Trade assets

Trade assets, equal to 318,324 thousand euros (319,367 thousand euros as of December 31, 2017), include:

- inventories, equal to 3,328 thousand euros (2,930 thousand euros as of December 31, 2017) comprising consumable materials, clothing, spare parts, cleaning material, fuel, etc.;
- trade receivables (equal to 314,996 thousand euros, 316,436 thousand euros as of December 31, 2017) are broken down in the table below:

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Due from clients	337,921	341,339	(3,418)
Due from subsidiary undertakings	6,296	6,120	176
Due from parent companies	316	146	170
Receivables for construction services	8,051	8,051	0
Other trade receivables	1,230	643	587
TOTAL TRADE RECEIVABLES, GROSS OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	353,814	356,299	(2,485)
Provisions for doubtful accounts	(31,225)	(32,178)	953
Provisions for overdue interest	(7,593)	(7,685)	92
TOTAL PROVISIONS FOR DOUBTFUL ACCOUNTS	(38,818)	(39,863)	1,045
TOTAL TRADE RECEIVABLES	**314,996**	**316,436**	**(1,440)**

Due from clients (gross of provisions for doubtful loans) totals 337,921 thousand euros and is essentially in line with 2017 (-3,418 thousand euros) despite the increase in the volumes of activity.

Due from clients includes all receivables from Alitalia SAI under special administration accrued prior to the airline's admission to the extraordinary administration procedure and will be settled according to 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 an event outside the concessionaire's responsibility, would 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 change in the regulatory framework.

It is worth remembering that ADR's receivables from the companies belonging to the Alitalia LAI group under special administration since 2008, equal 10,878 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 other current liabilities.

Due from subsidiary undertakings, equal to 6,296 thousand euros, are essentially in line with the figure at the end of 2017 (-176 thousand euros). For more details about these receivables, reference is made to Note 9 Transactions with related parties.

Other trade receivables (1,230 thousand euros and 643 thousand euros as of December 31, 2017) mainly refer to prepaid expenses of a commercial nature.

(THOUSANDS OF EUROS)	RECEIVABLES NET OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	RECEIVABLES NOT YET DUE	OVERDUE RECEIVABLES		
			FROM 0 TO 90 DAYS	BETWEEN 90 AND 365 DAYS	> 1 YEAR
12.31.2018	**314,996**	67,588	44,550	21,509	181,349
12.31.2017	**316,436**	58,233	58,812	172,277	27,114

The increase in overdue receivables for more than a year mostly related to receivables from Alitalia SAI under special administration.

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

(THOUSANDS OF EUROS)	12.31.2017	INCREASES	DECREASES	12.31.2018
Provisions for doubtful accounts	32,178	1,068	(2,021)	31,225
Provisions for overdue interest	7,685	0	(92)	7,593
TOTAL PROVISIONS FOR DOUBTFUL ACCOUNTS	**39,863**	**1,068**	**(2,113)**	**38,818**

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

5.8 Current tax assets and liabilities

The table below shows the assets and liabilities for current taxes at the start and end of the year:

	ASSETS			LIABILITIES		
(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE	12.31.2018	12.31.2017	CHANGE
Due from/to parent companies for tax consolidation	7,081	17,388	(10,307)	16,580	0	16,580
IRES	37	37	0	0	0	0
IRAP	0	540	(540)	3,501	0	3,501
TOTAL	**7,118**	**17,965**	**(10,847)**	**20,081**	**0**	**20,081**

Current tax assets amount to 7,118 thousand euros (-10,847 thousand euros compared to December 31, 2017) and mainly include the receivable from the parent company Atlantia (as consolidating company for tax purposes) of 7,081 thousand euros for the rebate application regarding the higher IRES paid in the taxation periods 2007-2011 due to IRAP on staff costs not being deducted; the reduction of 10,307 thousand euros compared to December 31, 2017 is due to the reclassification of the 2017 balance as a reduction of liabilities incurred during the year. For further information on the tax consolidation reference should be made to Note 6.7 Income taxes.

The IRAP receivable is 0 (540 thousand euros as of December 31, 2017) due to the tax accrued in the year.

Current tax liabilities equal 20,081 thousand euros, and mainly comprise:

- the payable to the parent company Atlantia due to the tax consolidation for 16,580 thousand euros (0 as of December 31, 2017), attributable to the estimated taxes for the year, partially offset by the first pre-payment for 2018 and the credit balance for 2017;
- the IRAP payable of 3,501 thousand euros due to the tax accrued during the year.

5.9 Other current assets

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Due from associated undertakings	482	482	0
Due from tax authorities	8,614	8,739	(125)
Due from others	3,091	2,758	333
TOTAL OTHER CURRENT ASSETS	**12,187**	**11,979**	**208**

Due from tax authorities, equal to 8,614 thousand euros (8,739 thousand euros as of December 31, 2017), mainly includes:

- VAT credit of 3,184 thousand euros (3,066 thousand euros as of December 31, 2017);
- other amounts 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 (for more information, see Note 8.5 Litigation).

The table below shows the seniority of the Other current assets.

(THOUSANDS OF EUROS)	RECEIVABLES NET OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	RECEIVABLES NOT YET DUE	OVERDUE RECEIVABLES		
			FROM 0 TO 90 DAYS	BETWEEN 90 AND 365 DAYS	> 1 YEAR
12.31.2018	**12,187**	11,572	0	0	615
12.31.2017	**11,979**	11,364	0	0	615

5.10 Cash and cash equivalents

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Bank and post office deposits	318,045	291,308	26,737
Cash and notes in hand	27	24	3
TOTAL CASH AND CASH EQUIVALENTS	**318,072**	**291,332**	**26,740**

Cash and cash equivalents, amounting to 318,072 thousand euros, increased by 26,740 thousand euros compared to December 31, 2017 due to the liquid assets generated during operations, after having discounted, during the year, the investments and also payment of the 2017 dividend balance of 135.0 million euros, and the advance on the 2018 dividend of 113.9 million euros.

5.11 Shareholders' equity

The shareholders' equity of ADR as of December 31, 2018 amounts to 1,098,459 thousand euros (1,100,840 thousand euros as of December 31, 2017), broken down as follows:

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Share capital	62,225	62,225	0
Legal reserve	12,462	12,462	0
Share premium reserve	667,389	667,389	0
Cash flow hedge reserve	(51,654)	(46,995)	(4,659)
Other reserves and retained earnings	276,744	270,391	6,353
Net income for the year, net of the advance on dividends	131,293	135,368	(4,075)
TOTAL SHAREHOLDERS' EQUITY	**1,098,459**	**1,100,840**	**(2,381)**

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

- income for the year for 245,164 thousand euros;
- the negative result of the other components of the comprehensive income statement for -4,529 thousand euros deriving mainly from the positive change in fair value of the cash flow hedge derivatives (4,613 thousand euros net of the tax effect);
- the distribution of the 2017 dividend balance equal to 135,028 thousand euros (2.17 euros per share);
- the distribution of the advance on dividends for 2018 equal to 113,871 thousand euros (1.83 euros per share).

As of December 31, 2018, 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 5.4 and Note 5.15.

Other reserves and retained earnings, equal to 276,744 thousand euros include: i) the losses deriving from the actuarial write-down of the provisions for employee benefits, net of the tax effect, for -2,986 thousand euros, ii) the transition reserve net of the relevant tax effect, for -155,163 thousand euros, iii) retained earnings for 409,984 thousand euros; vi) the reserve relating to the effects of the transactions for the sale of equity investments and divisions under common control, equal to 17,981 thousand euros; vii) the reserve regarding the remuneration plans based on shares for 87 thousand euros.

Furthermore, pursuant to IFRS 2, the value accrued in the half-year 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 199 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 10.1.

Below is the statement analyzing the capital and the Shareholders' equity reserves with indication of the related possibility of use, in compliance with the provisions of art. 2427 of the Italian Civil Code and IAS 1 paragraph 76.

	AMOUNT	POSSIBILITY OF USE	AVAILABLE PORTION	SUMMARY OF THE USES MADE IN THE THREE PREVIOUS YEARS	
(THOUSANDS OF EUROS)				TO COVER LOSSES	FOR OTHER REASONS
SHARE CAPITAL	**62,225**	**B**	**0**		
RESERVES					
Legal reserve (1)	12,462	A, B	17		
Share premium reserve (2)	667,389	A, B, C	667,389		
Financial instruments - derivatives cash flow hedge reserve, net of the tax effects	(51,654)	B	0		
Other reserves and retained earnings	276,744	A, B, C	276,744		
TOTAL RESERVES	**904,941**		**944,150**		
TOTAL CAPITAL AND RESERVES	**967,166**		**944,150**		
Non-distributable amount			0		
Distributable amount (3)			944,150		

(1) of which available the share exceeding one fifth of the capital.
(2) distributable for the entire amount, given that the legal reserve has reached the limit as defined by art. 2430 of the Italian Civil Code.
(3) it must be considered that the Cash flow hedge reserve, net of the tax effects, has a negative balance of 51,654 thousand euros.
Legend: A: for capital increase; B: to cover losses C: for distribution to shareholders.

5.12 Provisions for employee benefits (current and non-current share)

Provisions for employee benefits are 13,033 thousand euros (14,008 thousand euros as of December 31, 2017), of which 12,550 thousand euros non-current (13,178 thousand euros as of December 31, 2017), 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)		12.31.2018
INITIAL VALUE OF THE EMPLOYEE SEVERANCE INDEMNITY PROVISION		**14,008**
Current cost	0	
Interest payable	147	
Total costs recorded in the income statement		147
Payments / Uses		(1,151)
Actuarial gains/losses from changes in the demographic assumptions	(6)	
Actuarial gains/losses from changes in the financial assumptions	(260)	
Effect of past experience	155	
Total actuarial gains/losses recognized in the comprehensive income statement		(111)
Other changes		140
FINAL VALUE OF THE EMPLOYEE SEVERANCE INDEMNITY PROVISION		**13,033**
of which:		
non-current share		12,550
current share		483

Summarized below are the main assumptions made for the actuarial estimation process regarding the employee severance indemnities as of December 31, 2018:

FINANCIAL ASSUMPTIONS	12.31.2018	12.31.2017
Discount rate	1.13%	0.88%
Inflation rate	1.5%	1.5%
Annual rate of increase in employee severance indemnities	2.2%	2.2%
Annual rate of pay increase	2.9%	0.4%
Annual turnover rate	1.0%	2.3%
Annual rate of disbursement of advances	1.0%	1.4%

The discount 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 seniority of the group under consideration.

DEMOGRAPHIC ASSUMPTIONS	2018/2017
Mortality	2016 ISTAT mortality tables broken down by gender, reduced to 85%
Disability	INPS tables broken down by age and gender, reduced to 70%
Retirement	Reaching the minimum foreseen by the regulations in force

The effects of the obligation for the employee severance indemnities deriving from a reasonably possible change in the main actuarial assumptions at year end are indicated below:

(THOUSANDS OF EUROS)	1.0% INCREASE	1.0% DECREASE	0.25% INCREASE	0.25% DECREASE
Annual turnover rate	12,993	13,064		
Inflation rate			13,166	12,902
Discount rate			12,809	13,264

The weighted average duration of the obligations for the defined benefit plans for the employees at year end is 8 years and the service costs predicted for 2019 are equal to zero.

The disbursements predicted for the next five years are as follows:

(THOUSANDS OF EUROS)	
1st year	352
2nd year	804
3rd year	1,114
4th year	1,348
5th year	1,237

The amount of the contributions expected to be allocated to the defined benefit plans in the subsequent year is equal to zero.

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

Provisions for renovation of airport infrastructure, equal to 175,591 thousand euros (176,470 thousand euros as of December 31, 2017), of which 64,526 thousand euros for the current share (67,999 thousand euros as of December 31, 2017), include the current value of the updated estimate of charges to be incurred for extraordinary maintenance, repairs and replacements of goods and plants for the contractual obligation of the concession manager to ensure the due functionality and safety of the airport infrastructure.

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

(THOUSANDS OF EUROS)	12.31.2017	PROVISIONS	DISCOUNTING EFFECT	OPERATING USES	12.31.2018
Provisions for renovation of airport infrastructure	**176,470**	54,982	1,553	(57,414)	**175,591**
of which:					
current share	67,999				64,526
non-current share	108,471				111,065

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

The Other allowances for risks and charges are equal to 24,218 thousand euros (29,796 thousand euros as of December 31, 2017), of which 7,187 thousand euros for the current share (13,655 thousand euros as of December 31, 2017). Reported below is the analysis of the breakdown of the item and the changes during the year.

(THOUSANDS OF EUROS)	12.31.2017	PROVISIONS	DECREASES FOR THE REVERSAL OF FUNDS IN EXCESS	OPERATING USES	12.31.2018
Tax provisions	12,672	1,208		(153)	13,727
Provisions for current and potential disputes	15,996	330		(6,773)	9,553
Provisions for internal insurance	1,115		(190)		925
To cover investee companies' losses	13				13
TOTAL OTHER ALLOWANCES FOR RISKS AND CHARGES	**29,796**	**1,538**	**(190)**	**(6,926)**	**24,218**
of which:					
current share	13,655				7,187
non-current share	16,141				17,031

Tax provisions, equal to 13,727 thousand euros, reflect the risk of negative outcomes of the pending disputes with UTF (now the Customs Office) concerning import taxes and additional provincial taxes on electricity disbursed in the period 2002-2012 and regarding ICI/IMU (property taxes). The provision also includes the estimate of the probable liabilities related to the outcome of the assessment that the Revenue Authorities carried out during the year for the 2013 and 2014 tax years.

The provisions for current and potential disputes of 9,553 thousand euros (15,996 thousand euros as of December 31, 2017) include the estimated charges that are expected to be incurred in connection with the disputes in progress at year end. This provision decreased during the year by 6,443 thousand euros, essentially reflecting utilizations for 6,773 thousand euros mainly for the settlement of disputes with customers.

This provision includes a prudent valuation, made on the basis of the best current information, of the liabilities the Company is likely to pay for the claims for compensation of third parties referring to the fire in T3 on May 7, 2015. On this point, so far 170 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 29 million euros.

For further information on the current disputes, reference should be made to Note 8.5 Litigation.

5.15 Financial liabilities (current and non-current share)

	12.31.2018					12.31.2017		
(THOUSANDS OF EUROS)	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	1,097,076	0	1,097,076	629,975	467,101	1,101,516	0	1,101,516
Medium/long-term loans	249,559	0	249,559	149,906	99,653	249,464	0	249,464
Accrued expenses medium/long-term financial liabilities	16,024	16,024	0	0	0	16,019	16,019	0
TOTAL MEDIUM-LONG-TERM FINANCIAL LIABILITIES	1,362,659	16,024	1,346,635	779,881	566,754	1,366,999	16,019	1,350,980
FINANCIAL INSTRUMENTS - DERIVATIVES	139,592	262	139,330	139,330	0	137,689	259	137,430
OTHER CURRENT FINANCIAL LIABILITIES	26,115	26,115	0	0	0	14,142	14,142	0
TOTAL FINANCIAL LIABILITIES	**1,528,366**	**42,401**	**1,485,965**	**919,211**	**566,754**	**1,518,830**	**30,420**	**1,488,410**

Bonds

	12.31.2017	CHANGES					12.31.2018
(THOUSANDS OF EUROS)	BOOK VALUE	IFRS 9 EFFECT	NEW LOANS RAISED	REPAYMENTS	EXCHANGE RATE DIFFERENCES	AMORTIZED COST EFFECT	BOOK VALUE
Bonds	**1,101,516**	**(8,437)**	**0**	**0**	**(1,978)**	**5,975**	**1,097,076**
current share	0						0
non-current share	1,101,516						1,097,076

As of December 31, 2018, bonds are equal to 1,097,076 thousand euros (1,101,516 thousand euros as of December 31, 2017). The decrease of 4,440 thousand euros is primarily due (-8.4 million euros) to application, from January 1, 2018, of the new IFRS 9 standard on the intermediated tender offer by the EMTN 2021 bond issued, finalized in June 2017. As an effect of said transaction, adoption of the new standard led to recognition of the difference between the pre-transaction and the post-transaction amortized cost of the bond in shareholders' equity at the beginning of the year. The pre-transaction and post-transaction amounts were both calculated by using the original internal return rate. Additionally, the change during the year was affected by the effects on the debt measurement of application of the amortized cost method (+5,975 thousand euros) and the adjustment of A4 bond to the exchange rate at the end of the year (-1,978 thousand euros).

Reported below is the main information regarding the bond issues in place as of December 31, 2018.

(THOUSANDS OF EUROS)

NAME	ISSUER	OUTSTANDING PAR VALUE	CURRENCY	BOOK VALUE	INTEREST RATE	COUPON	REPAYMENT	TOTAL DURATION	EXPIRY
Class A4 (*)	ADR (**)	215,000	GBP	231,750	5.441%	every six months	bullet	20 years	02.2023
€600,000,000 3.250% EMTN 02/2021	ADR	400,001	EUR	398,225	3.25%	yearly	bullet	7 years and 2 months	02.2021
€500,000,000 1.625% EMTN 06/2027	ADR	500,000	EUR	467,101	1.625%	yearly	bullet	10 years	06.2027
TOTAL BONDS				**1,097,076**					

(*) the book value recorded in the financial statements (231.8 million euros) is affected by the adoption of the amortized cost method and the adjustment to the exchange rate at the end of the year.
(**) originally issued by the vehicle Romulus Finance, subsequently "replaced" by ADR following the Issuer Substitution operation in 2016.

Note that 99.87% of the A4 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 7.

In addition to the above-mentioned A4 bonds, the last of the tranches issued in 2003 by the Romulus Finance "vehicle" to fund the securitization of the previous bank loan taken on after the privatization of the company, the issues related to the bond issue program known as EMTN (Euro Medium Term Notes) launched by the company in 2013 is still in effect. In addition to the senior unsecured issue on December 10, 2013 for a total par value of 600 million euros - of which to date 400 million euros remain following the buyback transaction in 2017, the subsequent issue completed on June 8, 2017 is on the market, 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 at issue with investment grades of “BBB+”, “Baa1” and “BBB+” by Standard & Poor’s (“S&P”), Moody's and Fitch Ratings respectively. Moody’s was the only agency to give a “negative” outlook due to its appraisal of the prospects with reference to the sovereign rating of the Republic of Italy.

In the second half of August 2018, the two agencies Moody’s and Standard & Poor’s changed their ratings on the Atlantia Group and the subsidiary undertakings Autostrade per l’Italia and ADR due to the increased risk profile of the Atlantia Group as a result of the still uncertain effects of the Genoa bridge event of August 14, 2018. The rating of the three companies was changed to “negative watch” by Standard & Poor’s on August 16 and “under review for downgrade” by Moody’s on August 22. Standard & Poor’s reconfirmed the “negative watch” in a note dated October 4, 2018.

On October 25, 2018, Moody’s lowered the rating of the Atlantia Group and ADR from Baa1 to Baa2, confirming the outlook of “under review for downgrade”. This action followed the downgrade made to the Italian sovereign rating on October 19, 2018.

On October 31, 2018, Fitch changed the approach used in assessing ADR, which, up to then had been separate from the developments in the rating on the Parent Company, to align the ADR rating to the rating of the Atlantia Group, therefore confirming BBB+, but changing the outlook from stable to negative.

On November 5, Standard & Poor’s found that the requirements to confirm a “partial separation” of the creditworthiness rating given to ADR from the Parent Company had been met, and confirmed the BBB+ rating despite the downgrade assigned to the parent company Atlantia. At the same time, the agency changed the outlook for ADR from stable to negative, and therefore decided on the “negative watch” that it had previously assigned to it (August 16, 2018).

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

		12.31.2018		12.31.2017
(THOUSANDS OF EUROS)	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Fixed rate	1,097,076	1,158,365	1,101,516	1,242,897
TOTAL BOND ISSUES	**1,097,076**	**1,158,365**	**1,101,516**	**1,242,897**

The fair value of the bond issues was determined on the basis of the market values available at December 31, 2018; 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, 2017, there was a reduction in the fair value of both the pound sterling bond, only partly due to the exchange rate, and the euro bond. The overall reduction in the fair value of the bonds therefore amounted to 84.5 million euros compared to December 31, 2017.

Medium/long-term loans

	12.31.2017				12.31.2018
(THOUSANDS OF EUROS)	BOOK VALUE	NEW LOANS RAISED	REPAYMENTS	AMORTIZED COST EFFECT	BOOK VALUE
Medium/long-term loans	**249,464**	0	0	95	**249,559**
current share	0				0
non-current share	249,464				249,559

Medium/long-term loans equal 249,559 thousand euros (249,464 at the end of the previous year) and include the bank loans granted by BNL (99,905 thousand euros), EIB (109,811 thousand euros) and CDP (39,843 thousand euros).

The main information regarding medium/long-term loans in place as of December 31, 2018 is set out below.

(THOUSANDS OF EUROS)

LENDER	NAME	AMOUNT GRANTED	AMOUNT USED (PAR VALUE)	BOOK VALUE	CURRENCY	RATE	INTEREST PAYMENT FREQUENCY	REPAYMENT	TOTAL DURATION	EXPIRY
Syndicate of banks	Revolving Credit Facility (“RCF”)	250,000	0	0	EUR	variable rate indexed to the Euribor + margin	quarterly	revolving	5 years (*)	07.2023
Banca Nazionale del Lavoro (“BNL”)	BNL Loan	100,000	100,000	99,905	EUR	0.18%	every six months	at maturity	4 years	11.2020
European Investment Bank (“EIB”)	EIB Loan	150,000	110,000	109,811	EUR	1.341%	yearly	amortizing from 2020	14 years	09.2031 (**)
Cassa Depositi e Prestiti (“CDP”)	CDP Loan	150,000	40,000	39,843	EUR	1.629%	yearly	amortizing from 2020	14 years	09.2031 (**)
European Investment Bank (“EIB”)	2018 EIB Loan	200,000	0	0	EUR	n.a.	n.a.	amortizing	up to 15 years	03.2021
Total medium/long-term loans		**850,000**	**250,000**	**249,559**						

(*) the contract originally provided the option of extending the initial deadline of July 2021 by an additional 2 years; this option was exercised by ADR, postponing the original deadline to July 2023.
(**) on the other hand, the final date the amount granted and not drawn on the loan is available is December 13, 2019.

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 Group, Crédit Agricole Group, Mediobanca, Natixis, Société Générale, NatWest and UniCredit. The interest rates applied to the RCF vary in relation to the level of ADR's rating. On May 18, 2018, the revolving facility (“RCF”) banks approved the second extension of one year (to July 2023) of the contract’s duration on the basis of ADR’s specific request. From the beginning, the contract in force assigned the Company the right to request a one-year extension of the contractual duration at the time of the first two anniversaries following the signing, which took place in July 2016.

The line of credit granted by BNL (BNP Paribas Group) was signed by ADR in November 2016. This line of credit, amounting to 100 million euros, is completely utilized as of December 31, 2018 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 line with "investment grade" companies. 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 at the time of agreement.

In December 2016 two contracts had been signed with regard to the line for 300 million euros resolved by the European Investment Bank ("EIB") in favor of ADR in 2014: the first contract totaled 150 million euros was agreed directly with the EIB, and the latter, for the residual 150 million euros, brokered by Cassa Depositi e Prestiti ("CDP"). The EIB/CDP loans were subscribed as financial support of the "Aeroporti di Roma – Fiumicino Sud" project to carry out 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. On April 4, 2018, CDP granted an extension of the available period for an additional 18 months, until December 13, 2019. As of December 31, 2018, these new funding lines granted by the EIB and CDP are used for 110 and 40 million euros, respectively. The utilized lines expire in 2031, with an amortizing repayment and a fixed rate. The financial contracts that govern them are characterized by terms and conditions that are more oriented to a "project" type loan structure consisting of their disbursement.
In December 2017, EIB approved an update of the aforementioned infrastructure project, which resulted in an extension of the line of credit granted to ADR for an additional 200 million euros to be granted directly by the bank. On March 23, 2018, the related loan contract was signed with contractual terms essentially in line with the previous contract and that may be used through the first quarter of 2021.
At the same time, a 6-month extension was obtained from EIB and CDP for the period in which the commitment fees on the unused portion of the loans subscribed in December 2016 does not accrue for payment (this period was originally defined as 12 months in the contracts).

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

(THOUSANDS OF EUROS)		12.31.2018		12.31.2017
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Fixed rate	249,559	239,438	249,464	250,723
Floating rate	0	0	0	0
TOTAL BOND ISSUES	**249,559**	**239,438**	**249,464**	**250,723**

The fair value of the medium/long-term loans was determined based on market values available at December 31, 2018; in particular, the future cash flows were discounted according to the standard discount curves used by the market (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)	12.31.2018	12.31.2017	CHANGE
Exchange rate hedging derivatives	84,670	82,692	1,978
Interest rate hedging derivatives	54,660	54,738	(78)
Interest accrual	262	259	3
TOTAL DERIVATIVES WITH NEGATIVE FAIR VALUE	**139,592**	**137,689**	1,903
non-current share	139,330	137,430	1,900
current share	262	259	3

Exchange rate and interest rate hedging derivatives

ADR 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 December 31, 2018, ADR had 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.

ADR had also signed forward-starting interest rate swap contracts in June 2015 (subsequently restructured in June 2016) and in February 2016, activated 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 line with the new debt taken on through the 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 and the corresponding negative cash flow hedge reserve is reclassified in the income statement based on the residual life of the new bond issue. The amount of the cash flow hedge reserve charged to the income statement in 2018 amounted to 2,041 thousand euros.

As of December 31, 2018, ADR also has other forward starting interest rate swap contracts in place from September 2017 and August 2018, for a total notional amount of 400 million. The aim of these contracts, with activation in February 2020 and February 2022, is to hedge interest rate risk for part of the new funding lines that will need to be signed to guarantee the repayment of the bond loans expiring in February 2021 and February 2023 respectively.

Below is a table summarizing the outstanding derivative contracts with negative fair value of ADR at December 31, 2018.

COUNTERPARTY	COMPANY	INSTRUM.	TYPE	RISK HEDGED	SUBSCR. DATE	EXP.	NOTIONAL VALUE HEDGED	RATE APPLIED	FAIR VALUE OF THE DERIVATIVE AS OF 12.31.2018	AS OF 12.31.2017	CHANGE IN FAIR VALUE TO INCOME STATEMENT	TO OCI (*)
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%	(45,641)	(53,639)	267	7,731
				C					(84,670)	(82,692)	(1,978)	0
									(130,311)	(136,331)	(1,711)	7,731
Société Générale	ADR	IRS FWD (***)	CF	I	09.2017	02.2030	100,000	It pays a fixed rate of 1.458% and receives 6-month Euribor	(3,868)	(1,099)	0	(2,769)
UniCredit, NATWEST, Société Générale	ADR	IRS FWD (****)	CF	I	08.2018	02.2032	300,000	They pay an average fixed rate of 1.618% and receive the 6-month Euribor	(5,151)	0	(190)	(4,961)
					Total				**(139,330)**	**(137,430)**	**(1,901)**	**1**
					of which:							
					Exchange rate hedging derivatives				(84,670)	(82,692)		
					Interest rate hedging derivatives				(54,660)	(54,738)		

(*) the change in fair value is posted in the OCI net of the tax effect
(**) The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year amount to -126,860 thousand euros as of December 31, 2018 and -136,331 thousand euros as of December 31, 2017.
(***) forward-starting IRS: activation date February 2020. The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year equal the fair value listed in the table.
(****) forward-starting IRS: activation date February 2022. The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year equal the fair value listed in the table.
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.

The impact of the hedging instruments on the underlying assets hedged within the scope of the Statement of financial position is shown as follows:

	12.31.2018			12.31.2017		
(THOUSANDS OF EUROS)	CHANGES IN FAIR VALUE USED TO MEASURE THE LACK OF EFFECTIVENESS	CASH FLOW HEDGE RESERVE (INCLUDING THE COST OF HEDGING)	OF WHICH COST OF HEDGING RESERVE	CHANGES IN FAIR VALUE USED TO MEASURE THE LACK OF EFFECTIVENESS	CASH FLOW HEDGE RESERVE (INCLUDING THE COST OF HEDGING)	OF WHICH COST OF HEDGING RESERVE
Debt highly probable	(9,019)	8,829	0	(1,099)	1,099	0
Bond in foreign currency	(126,860)	45,431	3,450	(136,331)	53,101	0
TOTAL	**(135,879)**	**54,260**	**3,450**	**(137,430)**	**54,199**	**0**

The effect of the cash flow hedge reserve on the statement of comprehensive income is as follows:

(THOUSANDS OF EUROS)	TOTAL GAINS / (LOSS) FROM HEDGING RECOGNIZED IN THE INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT	INEFFECTIVENESS RECOGNIZED IN THE INCOME STATEMENT	ITEM IN THE INCOME STATEMENT	CHANGE IN THE CASH FLOW HEDGE RESERVE RECOGNIZED IN THE COMPREHENSIVE INCOME STATEMENT	OF WHICH: COST OF HEDGING RECOGNIZED IN THE COMPREHENSIVE INCOME STATEMENT	AMOUNT RECLASSIFIED FROM THE COMPREHENSIVE INCOME STATEMENT TO THE INCOME STATEMENT	ITEM IN THE INCOME STATEMENT
12.31.2018							
Debt highly probable	(9,019)	(190)	Financial income (expense)	8,829	0	0	Financial income (expense)
Debt hedged by pre-hedging	0	0	Financial income (expense)	16,035	0	(2,041)	Financial income (expense)
Bond in foreign currency	(126,860)	267	Financial income (expense)	45,431	3,450	(7,930)	Financial income (expense)
TOTAL	**(135,869)**	**77**		**70,295**	**3,450**	**(9,970)**	
12.31.2017							
Debt highly probable	(1,099)	0	Financial income (expense)	1,099	0	0	Financial income (expense)
Debt hedged by pre-hedging	0	0	Financial income (expense)	18,076	0	(3,324)	Financial income (expense)
Bond in foreign currency	(136,331)	236	Financial income (expense)	53,101	0	(7,829)	Financial income (expense)
TOTAL	**(137,430)**	**236**		**72,275**	**0**	**(11,153)**	

Other current financial liabilities

The Other current liabilities are equal to 26,115 thousand euros (14,142 thousand euros as of December 31, 2017) and refer to the payables to the subsidiary undertaking for the use of the centralized cash management system.

5.16 Other non-current liabilities

Other non-current liabilities are equal to 3,805 thousand euros (4,083 thousand euros as of December 31, 2017) and consist, for 3,057 thousand euros, of amounts due to personnel and 748 thousand euros of amounts due to social security agencies. The decrease of 278 thousand euros is essentially attributable to the reduction of the medium-long term payables. For information on the remuneration plans based on shares reference is made to Note 10.1.

5.17 Trade payables

Trade payables are equal to 181,757 thousand euros (200,886 thousand euros as of December 31, 2017).

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Due to suppliers	143,676	160,156	(16,480)
Due to subsidiary undertakings	26,152	26,472	(320)
Due to parent companies	1,844	1,788	56
Deferred income	1,300	1,200	100
Advances received	8,785	11,270	(2,485)
TOTAL TRADE PAYABLES	**181,757**	**200,886**	**(19,129)**

Payables due to suppliers (excluding subsidiary undertakings and parent companies), equal to 143,676 thousand euros, are down 16,480 thousand euros. This is attributable to the decrease in the volume of investments made in the year compared to the previous year.

Advances received, equal to 8,785 thousand euros, rose by 2,485 thousand euros compared to December 31, 2017 reflecting the reduction in advances from customers.

5.18 Other current liabilities

Other current liabilities are equal to 162,082 thousand euros (160,382 thousand euros as of December 31, 2017). The item is analyzed in the table below.

(THOUSANDS OF EUROS)	12.31.2018	12.31.2017	CHANGE
Payables for taxes other than income taxes	108,851	112,175	(3,324)
Payables to personnel	11,007	9,963	1,044
Due to social security agencies	5,850	5,884	(34)
Payables for security deposits	14,828	11,950	2,878
Other payables	21,546	20,409	1,137
TOTAL OTHER CURRENT LIABILITIES	**162,082**	**160,381**	**1,701**

Payables for taxes other than income taxes are equal to 108,851 thousand euros (112,175 thousand euros as of December 31, 2017) and mainly include:

- payable for the passenger surcharges for 87,463 thousand euros (94,044 thousand euros as of December 31, 2017). 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 7.5 euros per passenger, of which 5.0 euros allocated to INPS and one euro (commission surcharge) for the commission management of the Municipality of Rome. The trend of the payable for the surcharge, down by 6,581 thousand euros compared to the end of 2017, reflects the correlated effect of the trend, in the year, of the corresponding fees from the carriers;
- payable of 18,459 thousand euros to the Lazio Regional Authority for IRESA (14,441 thousand euros as of December 31, 2017). 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, in relation to the agreement for tax management signed on January 30, 2014 with the Lazio Regional Authority. The 4,018 thousand euro increase in IRESA charges compared to December 31, 2017 reflects the correlated effect of the performance in the year of this type of collections from carriers.

Payables to personnel increased by 1,044 thousand euros due to the increase in short-term payables.

Payables for security deposits amount to 14,828 thousand euros, up 2,828 thousand euros compared to December 31, 2017 due to the higher security deposits given by customers to guarantee the ADR receivables.

Other payables, equal to 21,546 thousand euros, (20,409 thousand euros as of December 31, 2017), include the payable to ENAC for the concession fee of 18,328 thousand euros, up by 1,574 thousand euros compared to the end of 2017, in relation to the portion which accrued during the year, net of payment of the 2017 balance and the first 2018 instalment.

6. Information on the items of the income statement

6.1 Revenues

Revenues for 2018 equal 1,026,490 thousand euros (992,894 thousand euros in 2017) and are broken down as follows, in application of the new IFRS 15 standard:

(THOUSANDS OF EUROS)			2018			2017 [1]
	REVENUES FROM CONTRACTS IFRS 15	OTHER REVENUES	TOTAL	REVENUES FROM CONTRACTS IFRS 15	OTHER REVENUES	TOTAL
AERONAUTICAL						
Airport fees	510,234	0	510,234	484,753	0	484,753
Centralized infrastructures	19,460	0	19,460	19,985	0	19,985
Security services	108,973	0	108,973	101,599	0	101,599
Other	28,263	0	28,263	27,420	0	27,420
	666,930	*0*	*666,930*	*633,757*	*0*	*633,757*
NON-AERONAUTICAL						
Sub-concessions and utilities:						
Properties and utilities	10,242	41,899	52,141	17,878	29,667	47,545
Shops	0	138,788	138,788	0	130,112	130,112
Car parks	0	16,153	16,153	0	15,201	15,201
Advertising	12,645	0	12,645	5,980	7,374	13,354
Car parks	1,748	0	1,748	1,644	0	1,644
Other	16,287	685	16,972	18,988	1,130	20,118
	40,922	197,525	*238,447*	44,490	183,484	227,974
REVENUES FROM AIRPORT MANAGEMENT	707,852	197,525	*905,377*	678,247	183,484	861,731
REVENUES FROM CONSTRUCTION SERVICES	109,058	0	*109,058*	114,710	0	114,710
OTHER OPERATING INCOME	1,589	10,466	*12,055*	1,491	14,962	16,453
TOTAL REVENUES	**818,499**	**207,991**	**1,026,490**	**794,448**	**198,446**	**992,894**
Timing of goods/services transfer:						
Over time	154,459			161,990		
At a point in time	664,040			632,458		

Revenues from airport management, equal to 905,377 thousand euros, rose in total by 5.1% compared to the year being compared, essentially due to the increase in aeronautical activities (+5.2%), attributable to the overall positive trend in traffic volumes (passengers +4.2%) and the relative mix of its components. The performance of the non-aeronautical sector also improved (4.6%), driven by the positive performance of the property sub-concessions that posted a positive performance (+9.7%), and the commercial sub-concessions on all business lines (+6.7%),

[1] Figures for 2017 differ from those in the Financial Statements as of December 31, 2017 due to the reclassification of air traffic incentive costs from “service costs” to a reduction of “revenues from airport management”. This reclassification was necessary to provide a consistent comparison with 2018 following the entry into force of the new IFRS 15 standard from January 1, 2018.

attributable to both the increase in volume and the improvement in the passenger mix compared to the previous year, as well as Commercial Area "E" becoming fully operational (inaugurated on December 21, 2016); this growth was partially offset by the reduction in advertising revenue (-5.3%).

Revenues from construction services equal to 109,058 thousand euros (114,710 thousand euros in 2017) refer to revenues from construction services for self-funded works. Consistent with the accounting model adopted, based on 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 (mainly external costs).

Other operating income equal to 12,055 thousand euros (16,453 thousand euros in the comparative period) is broken down as follows:

(THOUSANDS OF EUROS)	2018	2017
Grants and subsidies	257	214
Gains on disposals	39	0
Re-absorption of provisions:		
Provisions for overdue interest	20	0
Other allowances for risks and charges	0	4,146
Expense recoveries	6,729	7,445
Damages and compensation from third parties	1,065	102
Other income	3,945	4,546
TOTAL OTHER OPERATING INCOME	**12,055**	**16,453**

The decrease, totaling 4,398 thousand euros, is primarily due to the reduction of the "re-absorption of other allowances for risks and charges", which amounted to 4,146 thousand euros in 2017. In addition, the re-absorption of provisions for risks and charges, amounting to 190 thousand in 2018, was reclassified among other operating costs under (Allocation to) re-absorption of allowances for risks and charges. This classification was made necessary in order to ensure the uniformity of the accounting treatment of the Atlantia Group following the activities resulting from the acquisition of the Abertis Group by the parent company Atlantia.

6.2 Consumption of raw materials and consumables

The item Consumption of raw materials and consumables is equal to 29,380 thousand euros (30,072 thousand euros in 2017). The details are reported in the table below.

(THOUSANDS OF EUROS)	2018	2017
Fuel and lubricants	1,419	2,772
Electricity, gas and water	23,203	22,852
Consumables, spare parts and various materials	4,758	4,448
TOTAL CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**29,380**	**30,072**

6.3 Service costs

Service costs equal 361,295 thousand euros (374,345 thousand euros in 2017). The details are reported in the table below.

(THOUSANDS OF EUROS)	2018	2017 [2]
Costs for maintenance	43,415	41,113
Costs for renovation of airport infrastructure	57,414	69,047
External service costs	84,857	82,228
Costs for construction services	101,072	107,078
Cleaning and disinfestations	28,014	29,245
Professional services	8,158	7,988
Firefighting services	7,813	7,904
Other costs	29,409	28,775
Remuneration of Directors and Statutory Auditors	1,143	967
TOTAL SERVICE COSTS	**361,295**	**374,345**

The decrease in service costs is essentially attributable to lower costs for construction services (-6.0 million euros) and for renovation of airport infrastructure (-11.6 million euros).

These trends were partially offset by the increase in maintenance costs (+2.3 million euros), due mainly to the increase in costs for maintenance activities on the BHS plant in T3, which became fully operational in 2017, as well as costs for external services (+2.6 million euros).

6.4 Payroll costs

Payroll costs equal 93,046 thousand euros and is essentially in line with the year being compared (93,075 thousand euros). The details are reported in the table below.

(THOUSANDS OF EUROS)	2018	2017
Salaries and wages	69,078	65,810
Social security charges	18,876	17,415
Post-employment benefits	3,593	8,456
Previous years payroll costs adjustments	0	8
Other costs	1,499	1,386
TOTAL PAYROLL COSTS	**93,046**	**93,075**

[2] Figures for 2017 differ from those in the Financial Statements as of December 31, 2017 due to the reclassification of air traffic incentive costs from “service costs” to a reduction of “revenues from airport management”. This reclassification was necessary to provide a consistent comparison with 2018 following the entry into force of the new IFRS 15 standard from January 1, 2018.

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

AVERAGE HEADCOUNT	2018	2017	CHANGE
Managers	47.5	48.1	(0.6)
Administrative staff	214.1	202.4	11.7
White-collar	799.6	775.8	23.8
Blue-collar	304.7	293.6	11.1
TOTAL AVERAGE HEADCOUNT	**1,365.9**	**1,319.9**	**46.0**

6.5 Other operating costs

The other operating costs equal 47,930 thousand euros (23,951 thousand euros in 2017). The details are reported in the table below.

(THOUSANDS OF EUROS)	2018	2017
Concession fees	36,239	33,461
Expenses for leased assets	2,773	2,939
Allocation to (use of) the provisions for renovation of airport infrastructure	(2,432)	(27,209)
(Allocation to) re-absorption of allowances for risks and charges	1,348	450
Other costs:		
Allocations to provisions for doubtful accounts	1,068	5,539
Indirect taxes and levies	6,516	6,082
Other expenses	2,418	2,689
TOTAL OTHER OPERATING COSTS	**47,930**	**23,951**

Concession fees, equal to 36,239 thousand euros, increased by 2,778 thousand euros compared to the year being compared due to both inflationary dynamics and the increase in traffic.

The item (Allocation to) uses of 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 year, classified in the corresponding item of the income statement by nature.

The (Allocation to) re-absorption of allowances for risks and charges is equal to 1,348 thousand euros compared to the 450 thousand of the year being compared, and includes both the allocations for the year, of 1,538 thousand euros, and the re-absorption of -190 thousand euros. For more details, see Note 5.14.

Provisions for doubtful accounts, equal to 1,068 thousand euros, reflect an updated assessment of the recoverability of the ADR Group's trade receivables and shows a decrease of 4,471 thousand euros compared to 2017, which includes the effects of the entrance of Alitalia SAI in the extraordinary administration procedure.

6.6 Financial income (expense)

The item financial income (expenses) equals -41,532 thousand euros (-35,419 thousand euros in 2017). The details are reported in the tables below.

Financial income

(THOUSANDS OF EUROS)	2018	2017
Interest income		
Interest on bank deposits and loans	196	297
Interest from subsidiary undertakings	0	1
Other income		
Interest on overdue current receivables	0	6
Interest from clients and others	9	1
Dividends from subsidiary undertakings	14,489	13,214
Value recoveries of financial assets	283	4,247
Other income	0	253
TOTAL FINANCIAL INCOME	**14,977**	**18,019**

The Dividends from equity investments, attributed to the year when these are resolved according to international accounting standards, equaling 14,489 thousand euros, relate to:

- ADR Mobility S.r.l. for 5,000 thousand euros as per 2017 profit allocation approved by the General Meeting of March 13, 2018;
- ADR Security S.r.l. for 1,400 thousand euros as per 2017 profit allocation approved by the General Meeting of March 8, 2018;
- ADR Tel S.p.A. for 3,366 thousand euros as per 2017 profit allocation approved by the General Meeting of March 12, 2018;
- Airport Cleaning S.r.l. for 1,500 thousand euros as per 2017 profit allocation approved by the General Meeting of March 7, 2018;
- Spea Engineering S.p.A. for 1,350 thousand euros as per 2017 profit allocation approved by the General Meeting of March 21, 2018;
- Azzurra Aeroporti S.p.A. for 1,873 thousand euros as per 2017 profit allocation approved by the General Meeting of March 27, 2018.

Financial expense

(THOUSANDS OF EUROS)	2018	2017
FINANCIAL EXPENSE FROM DISCOUNTING PROVISIONS FOR RENOVATION OF AIRPORT INFRASTRUCTURE	1,553	1,736
FINANCIAL INTEREST EXPENSE		
Interest on outstanding bonds	34,286	33,690
Interest on medium/long-term loans	2,869	2,043
Interest paid to subsidiary undertakings	4	7
Effects of applying the amortized cost method	6,575	4,688
Other financial interest expenses	2	2
	43,736	40,430
EXPENSE ON DERIVATIVES		
IRS differentials	9,970	11,153
Measurement charges	2,168	8,787
	12,138	19,940
OTHER EXPENSES		
Financial expense from discounting employee benefits	147	128
Devaluation of investments valued at cost	911	0
	1,058	128
TOTAL FINANCIAL EXPENSE	**58,485**	**62,234**

The Financial expense from discounting provisions for renovation of airport infrastructure, equal to 1,553 thousand euros, includes the financial component for the discounting of the provisions and dropped by 185 thousand euros consequently to the change in the rate applied.

The Interest on outstanding bonds amounts to 34,286 thousand euros; the increase of 596 thousand euros compared to 2017 is mainly attributable to the bond issue of 500 million euros, on June 8, 2017 and the simultaneous repurchase of 200 million euros in nominal value for the 2013 issue.

Interest on medium/long-term loans, amounting to 2,869 thousand euros, increased by 826 thousand euros compared to 2017 due to the amounts drawn on the EIB and CDP loans in 2017 and the commitment fees which had to be paid on the portion that was not drawn down.

The effects of applying the amortized cost method increased by 1,887 thousand euros mainly due to ancillary costs associated with the issue transaction and the simultaneous repurchase of the bonds described above.

The Charges from valuation of derivatives, equal to 2,168 thousand euros (8,787 thousand euros in 2017) reflect the change in the year 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 5.15).

This change is offset by a component of the same amount recorded under foreign exchange gains, which refers to the decrease in the par value of the bonds in pound sterling.

Other expenses rose compared to the comparative period due to the devaluation of the equity investments in Pavimental S.p.A. (911 thousand euros).

Foreign exchange gains (losses)

(THOUSANDS OF EUROS)	2018	2017
Foreign exchange gains	1,990	8,812
Foreign exchange losses	(14)	(16)
TOTAL FOREIGN EXCHANGE GAINS (LOSSES)	**1,976**	**8,796**

For comments, refer to the paragraph on Financial expense.

6.7 Income taxes

The income taxes equal 105,599 thousand euros (102,310 thousand euros in the year being compared). The item is analyzed in the table below.

(THOUSANDS OF EUROS)	2018	2017
CURRENT TAXES		
IRES	64,546	53,063
IRAP	21,026	17,518
	85,572	**70,581**
DIFFERENCES ON CURRENT TAXES OF PREVIOUS YEARS		
Income taxes of previous years	(190)	(1,021)
	(190)	**(1,021)**
DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets	18,403	29,250
Deferred tax liabilities	1,814	3,500
	20,217	**32,750**
TOTAL INCOME TAXES	**105,599**	**102,310**

With reference to IRES, please note that in June 2017 ADR, together with the companies of the Group, ADR Tel, ADR Assistance, 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.

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 deferred tax assets, reference should be made to Note 5.5.

The incidence of the taxes for the year on the pre-tax result equals 18.4% (15.4% in 2017). The analysis of the difference between the theoretical and the actual tax rate for IRES is reported below:

(THOUSANDS OF EUROS)	2018 TAXABLE AMOUNT	2018 TAX	2017 TAXABLE AMOUNT	2017 TAX
NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	**350,763**		**345,327**	
THEORETICAL RATE		24.0%		24.0%
Theoretical IRES		**84,183**		**82,878**
Permanent differences	(793)	(190)	(5,096)	(1,223)
Temporary differences	(81,029)	(19,447)	(119,134)	(28,592)
Actual IRES		**64,546**		**53,063**
EFFECTIVE RATE		18.4%		15.4%

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

With the previously mentioned “Issuer Substitution” transaction, the comprehensive security package established in 2003 to support the Romulus debt structure, for which only Class A4 remains, ceased. The only residual, though more limited, guarantee, is a “deed of assignment” under British law in favor of A4 notes on any receivables of ADR related to cross currency swaps in place with the counterparties Mediobanca and Unicredit. In any case, this guarantee is limited to a maximum value of 96.5 million euros. Furthermore, after Atlantia and EDF Invest acquired 64% of the capital of Aéroports de la Côte d’Azur (ACA), ADR committed to constitute a pledge, through the financial acquisition vehicle Azzurra Aeroporti S.r.l., in favor of the company’s lenders on the total equity investment in Azzurra Aeroporti S.r.l., (hereinafter, “Azzurra”), originally 10% of the share capital, once the latter company had been transformed into a joint stock company. On June 27, 2018, following the transformation of Azzurra into a joint stock company, the above-mentioned pledge on the shares became effective. Furthermore, following the increase in share capital resolved by the Azzurra Shareholders' Meeting on the same date, the percentage of ownership decreased to 7.77%. This additional guarantee is also 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 classified as investment grade. It is important to note the presence of a leverage ratio constraint, requiring – in the most stringent contract – a threshold value not exceeding 4.75, which drops to 4.25 in the event of a 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 Group’s reference data (which must exclude any equity investments in companies funded through non-recourse financial debt) in the Consolidated Annual Financial Report as of December 31 and the Consolidated Interim Financial Report as of June 30.

The closing data as of December 31, 2018 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 Financial report as of December 31, 2018.

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

The documentation of the EMTN Program does not envisage limitations on ADR, nor the observance of financial covenants or obligations 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.

8. Other guarantees, commitments and risks

8.1 Guarantees

As of December 31, 2018, ADR has outstanding 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, 2017).

8.2 Commitments

The commitments on purchases of ADR amount to 163.7 million euros regarding investment activities.

8.3 Management of financial risks

Credit risk

As of December 31, 2018, ADR'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 nominal value of the guarantees provided for third parties' debt or commitments.

The greatest exposure to credit risk is from the receivables arising from its transactions with customers. The risk of customers' default is managed by making provisions in a specific allowance for doubtful accounts, whose balance is reviewed from time to time. ADR'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.

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

- cash payment is required in transactions with consumers (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

Liquidity risk is the risk that the available financial resources may be insufficient to cover the maturing obligations. In consideration of ADR'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 December 31, 2018, ADR had a liquidity reserve estimated at 918.1 million euros, comprising:

- 318.1 million euros refer to cash and cash equivalents;
- 600.0 million euros of unused credit facilities (for more details, see Note 5.15).

The tables below represent the payments that are contractually due in relation to the financial assets and liabilities, including interest payments.

					12.31.2018
(THOUSANDS OF EUROS)	TOTAL CONTRACTUAL FLOWS	WITHIN THE YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 5 YEARS	MORE THAN 5 YEARS
Bonds	(1,306,006)	(34,202)	(34,239)	(705,065)	(532,500)
Medium/long-term loans	(266,328)	(2,307)	(114,824)	(42,817)	(106,380)
Derivatives with positive fair value	2,342	0	(227)	(5,674)	8,243
Derivatives with negative fair value	(127,158)	(8,013)	(8,140)	(107,692)	(3,313)
TOTAL	**(1,697,150)**	**(44,522)**	**(157,430)**	**(861,248)**	**(633,950)**

					12.31.2017
(THOUSANDS OF EUROS)	TOTAL CONTRACTUAL FLOWS	WITHIN THE YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 5 YEARS	MORE THAN 5 YEARS
Bonds	(1,342,742)	(34,310)	(34,310)	(488,972)	(785,150)
Medium/long-term loans	(268,634)	(2,307)	(2,307)	(143,545)	(120,475)
Derivatives with positive fair value	11,593	0	0	(1,288)	12,881
Derivatives with negative fair value	(124,635)	(7,905)	(7,905)	(25,180)	(83,645)
TOTAL	**(1,724,418)**	**(44,522)**	**(44,522)**	**(658,985)**	**(976,389)**

Interest rate and exchange rate risk

ADR 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 resolutions of May 14, 2015 and the more recent resolution of July 11, 2018, the Board of Directors of ADR 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. With this type of instrument, which allows 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 December 31, 2018 ADR has:

- cross-currency swap derivatives, originally signed in 2003 and transferred to new counterparties in 2010, to cover the A4 bonds in pound sterling; Class A4, equal to a par value of 215 million pound sterling and included in the series of bond issues originally issued by Romulus Finance, was actually hedged, for the entire duration (until expiration in 2023) by two euro/sterling cross-currency swaps. The characteristics of this derivative instrument are described in Note 5.15;
- four forward-starting interest rate swap contracts signed on October 18, 2016 and September 18, 2017 for a total notional value of 400 million euros, effective starting from February 2020 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 5.4 and Note 5.15;

- three other forward-starting interest rate swaps signed on August 7, 2018 for a total notional value of 300 million euros, effective starting from February 2022 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 6.4 and Note 5.15.

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

Sensitivity analysis

RATE RISK EXPOSURE AND SENSITIVITY ANALYSIS	FAIR VALUE MEASUREMENT		INTEREST RATE RISK				EXCHANGE RATE RISK			
			SHOCK UP +10 BPS IR		SHOCK DOWN -10 BPS IR		SHOCK UP +10% FX		SHOCK DOWN -10% FX	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Non derivative financial liabilities (cash flow sensitivity)	(1,397,803)	(1,493,620)	0	0	0	0	(24,035)	(24,233)	24,035	24,233
Derivative instruments with positive fair value treated in hedge accounting	2,342	10,440	2,807	2,699	(2,844)	(2,740)	0	0	0	0
Derivative instruments with negative fair value treated in hedge accounting	(139,330)	(137,430)	4,258	1,541	(4,320)	(1,559)	24,035	24,233	(24,035)	(24,233)
Derivative instruments not treated in hedge accounting	0	0	0	0	0	0	0	0	0	0
TOTAL	**(1,534,791)**	**(1,620,610)**	**7,065**	**4,240**	**(7,164)**	**(4,299)**	**0**	**0**	**0**	**0**

The main sources of exposure of ADR to the interest rate and exchange rate risk are related to the bonds and the existing derivative instruments. In particular, the potential impacts on the income statement and the balance sheet for the year 2018 (2017 for the comparison) related to the rate risks are:

- potential change of the financial expense and differentials regarding the derivative instruments in place;
- the potential change of the fair value of the derivative instruments in place.

  ADR has estimated the potential consolidated impacts produced by a shock of the interest rates and exchange rates, by using internal assessment models based on generally accepted logics. Hypothesized in particular were:

- for the derivative instruments, a parallel change of +10 basis points (+0.1%) and -10 basis points (-0.1%) of the term rate curve;
- for the bonds issued in foreign currency and the relative derivative financial instruments, a change in the GBP/EUR exchange rate of +/- 10%.

  The effects highlighted in the table in particular report the change, compared to the base scenario, in the hypotheses of Shock Up and Shock Down in the different market data.

In addition to the information shown in the table above, with reference to the sensitivity analysis carried out on the Cross Currency Swap, a 10% change upwards or downwards in the exchange rate that would impact the foreign currency flows exchanged at the payment dates would lead to a reduction of the amounts to classify in the cash flow hedge reserve of 1.0 million euros in the case of shock down and an increase of 7.0 million euros in the case of shock up.

8.4 Information on fair value measurements

Below is the fair value measurement at year 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):

				12.31.2018
(THOUSANDS OF EUROS)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Derivatives with positive fair value	0	2,342	0	2,342
Derivatives with negative fair value	0	(139,330)	0	(139,330)
TOTAL HEDGING DERIVATIVES	**0**	**(136,988)**	**0**	**(136,988)**

The only financial instruments of ADR valued at fair value are the derivative instruments described in Note 5.4. and Note 5.15. These derivative instruments are included in “level 2” of the “fair value hierarchy” defined by IFRS 7, with the fair value measured based on valuation techniques that use parameters that can be observed in the market, other than the price of the financial instrument.

During 2018 no transfer took place between the various fair value hierarchy levels.

With reference to the financial liabilities, where the indication of the fair value is given for those in Note 5.15, this fair value is also included in level 2 of the “fair value hierarchy” defined by IFRS 7.

8.5 Litigation

As regards litigation as a whole, ADR 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. No specific allocations were made for disputes for which a negative outcome was merely possible, given the different legal interpretations. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

For a description of the significant disputes involving ADR, reference is made to the consolidated financial statements.

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

9. Transactions with related parties

The transactions of ADR with related parties are performed in the interest of the Company and are part of the ordinary management. Such transactions are regulated on a basis that is equivalent to those prevailing in transactions between independent parties. During the year no significant transactions or transactions that significantly affected the Company's financial position or results took place.

Trade transactions and other transactions

	12.31.2018		2018		12.31.2017		2017	
(THOUSANDS OF EUROS)	ASSETS	LIABILITIES	REVENUES / INCOME	COSTS / EXPENSE	ASSETS	LIABILITIES	REVENUES / INCOME	COSTS / EXPENSE
PARENT COMPANIES								
Atlantia	7,482	18,423	293	(1,648)	17,666	1,788	122	(1,398)
TOTAL RELATIONS WITH PARENT COMPANIES	**7,482**	**18,423**	**293**	**(1,648)**	**17,666**	**1,788**	**122**	**(1,398)**
SUBSIDIARY UNDERTAKINGS								
ADR Assistance S.r.l.	706	3,305	1,860	(21,221)	795	3,014	1,986	(18,060)
ADR Tel S.p.A.	545	8,699	1,162	(30,042)	130	10,531	1,153	(30,505)
ADR Mobility S.r.l.	3,178	166	22,407	(1,662)	3,247	167	22,238	(1,467)
ADR Security S.r.l.	701	9,636	2,472	(47,927)	604	8,890	2,626	(47,956)
Airport Cleaning S.r.l.	1,166	4,393	3,163	(26,708)	1,345	4,702	3,627	(28,406)
TOTAL RELATIONS WITH SUBSIDIARY UNDERTAKINGS	**6,296**	**26,199**	**31,064**	**(127,560)**	**6,121**	**27,304**	**31,630**	**(126,394)**
ASSOCIATED UNDERTAKINGS								
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	482	968	0	0	482	968	0	0
Pavimental S.p.A.	1,194	26,148	568	(55,586)	1,229	12,363	631	(44,996)
Spea Engineering S.p.A.	18	22,373	564	(17,735)	14	28,426	485	(17,840)
TOTAL RELATIONS WITH ASSOCIATED UNDERTAKINGS	**1,694**	**49,489**	**1,132**	**(73,321)**	**1,725**	**41,757**	**1,116**	**(62,836)**
RELATED PARTIES								
Edizione S.r.l.	0	0	0	(25)	0	27	0	(27)
Romulus Finance S.r.l.	0	0	0	0	0	35	0	(35)
Leonardo Energia S.c.ar.l.	61	3,562	158	(19,713)	61	3,346	291	(19,878)
Fiumicino Energia S.r.l.	55	0	172	0	34	0	172	0
Infoblu S.p.A.	0	26	0	(39)	0	26	0	(39)
Autostrade per l'Italia S.p.A.	398	463	120	(761)	704	814	558	(840)
Autogrill S.p.A.	0	0	0	0	1,008	138	12,609	(386)
Autogrill Italia S.p.A.	1,681	1,098	12,663	(649)	0	0	0	0
Autostrade Tech S.p.A.	0	16	0	0	0	170	0	(157)
Consorzio Autostrade Italiane Energia	0	0	0	(16)	0	0	0	(10)
Retail Italia Network S.r.l.	63	0	604	0	55	0	598	0
Telepass S.p.A.	58	0	58	0	0	0	0	0
KEY MANAGEMENT PERSONNEL	0	2,113	0	(3,221)	0	2,745	**0**	**(4,489)**
TOTAL RELATIONS WITH RELATED PARTIES	**2,316**	**7,278**	**13,775**	**(24,424)**	**1,862**	**7,301**	**14,228**	**(25,861)**
TOTAL	**17,788**	**101,389**	**46,264**	**(226,953)**	**27,374**	**78,150**	**47,096**	**(216,489)**

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

Transactions carried out by ADR with subsidiary undertakings during 2018 refer primarily to the supply of goods and the provision of trade services.

The revenues of ADR Assistance, generated essentially from relations with ADR, refer to the provision of assistance services to passengers with reduced mobility; ADR charged the company royalties, utilities, administrative services, etc.

ADR Tel posted revenues from telephony and IT services provided to ADR and carried out upgrading works on the telephone network; ADR's charges to the company refer to royalties and rentals on the lease of telecommunications assets and premises, and for utilities and staff services.

ADR's revenues from ADR Mobility mainly relate to the royalties on the areas and buildings used as car parks as well as utilities, administrative and general services, etc.

ADR Security's revenues from ADR concern airport security services and on demand services at Fiumicino and Ciampino airports; ADR charged the company royalties, utilities, administrative and general services, etc.

Airport Cleaning posted revenues from cleaning services provided to ADR; ADR charged the company royalties, utilities, administrative and general services, etc.

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

- Pavimental S.p.A.: a company owned by Atlantia, it carries out maintenance and modernization work of the airport paving for ADR;
- Spea Engineering S.p.A.: a company owned by Atlantia, carries out airport engineering services (work design and management) for ADR;
- Fiumicino Energia S.r.l.: a subsidiary undertaking of 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 ADR. 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;
- Autostrade per l'Italia (a subsidiary undertaking of Atlantia): the relations with the company mainly refer to seconded personnel;
- Autogrill Italia S.p.A. (company to which, effective January 1, 2018, Autogrill S.p.A. transferred all of its assets relative to Italian points of sale; the company is an indirect subsidiary undertaking of Edizione S.r.l. which, indirectly, holds a majority interest in Atlantia): ADR posted revenues from the sub-concession of spaces, royalties, utilities, car parks and sundry services; the company provided ADR with the canteen replacement service.

The remuneration due to the parties in charge of planning, managing and controlling the company and thus the executive directors and not and the managers with strategic responsibilities (so-called key management personnel) in office at December 31, 2018 amount to 3,221 thousand euros and include the amount pertaining to fees, remuneration employee payments, non-monetary benefits, bonuses and other incentives for roles in ADR (the remuneration for directors who covered the position for the year, or even a part of the year, is indicated).

Financial relations

	12.31.2018		2018		12.31.2017		2017	
(THOUSANDS OF EUROS)	ASSETS	LIABILITIES	INCOME	EXPENSE	ASSETS	LIABILITIES	INCOME	EXPENSE
PARENT COMPANIES								
Atlantia	0	240,781	0	(13,160)	0	242,762	0	(13,269)
TOTAL RELATIONS WITH PARENT COMPANIES	0	240,781	0	(13,160)	0	242,762	0	(13,269)
SUBSIDIARY UNDERTAKINGS								
ADR Assistance S.r.l.	0	1,994	0	(1)	0	9	1	(0)
ADR Tel S.p.A.	0	6,354	3,366	(1)	0	4,518	2,360	(2)
ADR Security S.r.l.	0	5,971	1,400	(1)	0	4,699	1,000	(2)
ADR Mobility S.r.l.	0	8,254	5,000	(1)	0	1,130	6,824	(2)
Airport Cleaning S.r.l.	0	3,542	1,500	(1)	0	3,786	600	(1)
TOTAL RELATIONS WITH SUBSIDIARY UNDERTAKINGS	0	26,115	11,266	(5)	0	14,142	10,785	(7)
RELATED COMPANIES								
Spea Engineering S.p.A.	1,350	0	1,350	0	0	0	2,430	0
Azzurra Aeroporti S.p.A.	0	0	1,873	0	0	0	0	0
TOTAL RELATIONS WITH RELATED PARTIES	1,350	0	3,223	0	0	0	2,430	0
TOTAL	**1,350**	**266,896**	**14,489**	**(13,165)**	**0**	**256,904**	**13,215**	**(13,276)**

Financial relations with the subsidiary undertakings ADR Tel, ADR Assistance, ADR Security and ADR Mobility and Airport Cleaning regard the use of the centralized treasury system, which is conducted on an arm's length basis. The system has been put into place in order to optimize the management of financial resources and facilitate the settlement of inter-company trading relations. The balance of the item financial income includes the dividends paid by the subsidiary undertakings (ADR Tel, ADR Assistance, ADR Security and ADR Mobility) for a total of 11,266 thousand euros.

The financial assets from Spea Engineering S.p.A. comprise the receivable for the dividends resolved by the company in the year and not paid.

The financial income from Azzurra Aeroporti S.p.A. comprises the dividends approved and paid by the company to ADR in the year.

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.

10. Other information

10.1 Information on share-based remuneration plans

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 enhancement of the Group’s value, in addition to the managerial efficiency of management, Atlantia Group has incentive plans in place that imply the commitment of assigning rights on Atlantia shares, subject to achieving pre-set 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 to include 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 December 31, 2018, highlighting the rights attributed to directors and employees of ADR. In addition, the unitary fair values of the assigned rights are shown, determined by a specifically appointed 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 12.31.2018	vesting expiry	expiry ex./ assignment	exercise price (euro)	unit fair value on the assign. date	rev. unit fair value as of 12.31.2018	expected expiry on the assign. date (years)	risk-free interest rate	exp. volatility (=histori cal)	dividends expected on the assign. date
2011 stock option plans of Atlantia extended to ADR	516,905	(99,339)	0	(383,301)	34,265	11.8.2016	11.9.2016	16.02	2.65	0	6	0.86%	29.5%	5.62%
2011 stock grant plans of Atlantia extended to ADR	56,105	(15,007)	0	(41,098)	0	11.8.2016	11.9.2018	n.a.	11.87	0	4 -5	0.69%	28.5%	5.62%
2014 phantom stock option plans of Atlantia extended to ADR	766,032	(432,957)	(73,301)	(250,960)	8,814	5.9.2017	5.9.2020	n.a.	2.88	6.01	3 -6	1.10%	28.9%	5.47%
2014 phantom stock option plans of Atlantia extended to ADR	758,751	(256,467)	(62,742)	(166,373)	273,169	5.8.2018	5.8.2021	n.a.	2.59	1.2	3 -6	1.01%	25.8%	5.32%
2014 phantom stock option plans of Atlantia extended to ADR	611,682	(32,599)	(99,886)	0	479,197	6.10.2019	6.10.2022	n.a.	1.89	1.34	3 -6	0.61%	25.3%	4.94%
2017 phantom stock option plans I cycle	428,074	(15,333)	(64,329)	0	348,412	7.1.2020	7.1.2023	n.a.	2.37	1.83	3.13-6.13	1.31%	25.6%	4.40%
2017 phantom stock option plans II cycle	364,701	0	(60,607)	0	304,094	6.15.2021	7.1.2024	n.a.	2.91	1.67	5.9	2.35%	21.9%	4.12%
2017 phantom stock grant plans I cycle	42,619	(1,526)	(6,405)	0	34,688	7.1.2020	7.1.2023	n.a.	23.18	19.29	3.13-6.13	1.31%	25.6%	4.40%
2017 phantom stock grant plans II cycle	40,330	0	(6,703)	0	33,627	6.15.2021	7.1.2024	n.a.	24.5	18.06	5.9	2.35%	21.9%	4.12%

10.2 Remuneration of independent auditors

In accordance with art. 149-*duodecies* of the Issuers' Regulations, which apply to ADR as it is a Company controlled by a listed company (Atlantia S.p.A.), a breakdown of the fees paid to the ADR Group's principal independent auditors is shown in the table below (in thousands of euros):

TYPE OF SERVICE	SERVICE PROVIDER	RECIPIENT	REMUNERATION 2018
Auditing	EY S.p.A.	ADR	315
Certification services	EY S.p.A.	ADR	45
Other Services (*)	EY S.p.A.	ADR	2
TOTAL			**362**

(*) Subscription of Income Tax Return and 770 forms.

10.3 Disclosure of public grants pursuant to article 125 Law 124/2017

With reference to the transparency obligations required under article 125 of Law 124/2017, no public grants were collected by the Company in 2018.

10.4 Events and non-recurring, atypical or unusual transactions

During the year 2018, no non-recurring, atypical or unusual transactions were performed with third parties or related parties. No significant non-recurrent events occurred in the year under review.

11. Subsequent events

For a description of the Subsequent events after the end of the year reference is made to the Consolidated financial statements.

The Board of Directors

REPORT OF THE INDEPENDENT AUDITORS

EY S.p.A.
Via Po, 32
00198 Roma

Tel: +39 06 324751
Fax: +39 06 32475504
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aeroporti di Roma S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2018, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

As required by the law, the explanatory notes includes the condensed financial information of the entity that exercises management and coordination over the Company. Such financial information has not been audited by us.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 3.100.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

Key Audit Matter	Audit Response
Valuation of the Provision for renovation of airport infrastructure The provision for renovation of airport infrastructure as of December 31, 2018 amounts to 176 Euro millions and includes accruals for non-recurring maintenance expenses, as well as estimated future costs for restoration and replacement of assets under concession that the Company plans to incur in accordance with the current concession agreements. The amount of the provision recognized in the financial statements represents the Director's best estimate of the nature, timing and amount of the maintenance costs, including the relevant financial component applied to account for the timing of such maintenance services. Considering the judgment required by Management in order to evaluate the nature, timing and the amount of such maintenance services, we believe that the valuation of the provision for renovation of airport infrastructure represents a key audit matter. The disclosures related to the accounting principles adopted for the provision for renovation of airport infrastructure are included in Note 3 "Accounting standards applied" of the Financial Statement, that expressly refers to Note 4 "Accounting standards applied" of the Consolidated Financial Statement and in Note 5.13 "Provisions for renovation of airport infrastructure" of the Financial Statements.	The audit procedures performed in response to this Key Audit Matter included, among others: • analysis of the concession agreement that gives rise to the obligation; • assessment of the process and key internal controls implemented by the Company surrounding the valuation process of the provision for renovation of airport infrastructure; • test of details on a sample of provision utilizations accounted for during the fiscal year; • analytical procedures on changes in the provision compared to the preceding fiscal year; • analysis of the consistency of the assumptions used in estimating the provision for renovation of airport infrastructure against the Investment Plan approved by the Directors; • testing of the discount rate assumed and the mathematical accuracy of the provision calculation. Lastly, we reviewed the adequacy of the disclosures provided in the Notes to the Financial Statements related to the Key Audit Matter.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Aeroporti di Roma S.p.A., in the general meeting held on 9 April 2013, engaged us to perform the audits of the financial statements for each of the years ending 31 December 2013 to 31 December 2021.

We declare that we have not provided prohibited non-audit services, referred to in article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Aeroporti di Roma S.p.A. are responsible for the preparation of the Management Report on Operations and of the specific section on Corporate Governance and Ownership Structure of Aeroporti di Roma S.p.A. as at 31 December 2018, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Management Report on Operations and of the specific information included in the section on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Aeroporti di Roma S.p.A. as at 31 December 2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above-mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Aeroporti di Roma S.p.A. as at 31 December 2018 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Building a better working world

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

As described on the Management Report on Operations the Directors of Aeroporti di Roma S.p.A. they availed themselves of the exemption to prepare the non-financial information pursuant to article 6, paragraph 1, of Italian Legislative Decree n. 254.

Rome, 22 March 2019

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.

REPORT OF THE BOARD OF STATUTORY AUDITORS

Report of the Board of Statutory Auditors to the Ordinary General Meeting of the Shareholders of Aeroporti di Roma S.p.A., pursuant to art. 2429 of the Italian Civil Code

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

During the year ended December 31, 2018 our activity was inspired by the legal provisions and the regulations for statutory auditors issued by the Italian Accounting Profession.

Supervisory Activity

We verified compliance with the law, the articles of association and the principles of good governance.

We took part in the Shareholders' meetings and the meetings of the Board of Directors, in relation to which, based on the information available, we did not find any violation of the law and the articles of association, nor transactions that were manifestly imprudent, risky or such to compromise the value of the Company's assets. The Board of Statutory Auditors is aware that any conflict of interest was declared pursuant to the law.

We acquired information from the Directors and the Governing Bodies as regards the general operating performance and the business outlook as well as on the most significant transactions in terms of size or characteristics, carried out by the Company and, based on the information acquired, we have no special remark to make.

We met with the auditor in charge of the statutory auditing, and no relevant information or data emerged that must be highlighted in this report.

We met with the Internal Audit Manager, and no relevant information or data emerged that must be highlighted in this report.

We met with the Supervisory Body, and no issues emerged as regards the correct implementation of the Organizational and Management Model that must be highlighted in this report.

We met the Board of Statutory Auditors of the Parent Company and exchanged information with the control bodies of the subsidiary undertakings of ADR: these exchanges did not reveal any facts or circumstances that deserve your attention.

We gathered information on and supervised, within our competence, the adequacy and operation of the organizational structure of the Company, also through the acquisition of information from the heads of the departments, and have no remark to report on this point.

We gathered information on and supervised, within our competence, the adequacy and operation of the administration-accounting system as well as its reliability to fairly represent the operations; this was done by obtaining information from the heads of the departments and the auditor in charge of the statutory auditing, and examining the corporate documentation, and have no special remark to make on this point.

No reports were made pursuant to art. 2408 of the Italian Civil Code.

In accordance with the provisions of article 13 of Legislative Decree no. 39/2010, on March 21, 2018, the Board of Statutory Auditors drew up a reasoned proposal regarding the request for additional fees submitted by the auditing firm Ernst & Young due to the additional activities, to be carried each year from December 31, 2017 to December 31, 2021, as a result of regulatory amendments.

On May 10, 2018, the Board of Statutory Auditors issued, in accordance with article 2389 third paragraph of the Civil Code, its approval of the proposal to assign the forms “MBO 2018 - Annual allocation for the Managing Director”.

On July 11, 2018, the Board of Statutory Auditors issued, in accordance with article 2389 third paragraph of the Civil Code, its approval of the calculation of the final balance for the plan “MBO 2017 - Annual allocation for the Managing Director”.

On October 4, 2018, the Board gave prior approval to a “Proposal to carry out a limited review of the accounting statements, comprising the equity, financial and economic position and of the Directors’ report of ADR as of June 30, 2018” prepared by the auditing firm Ernst & Young regarding the distribution of the advance on dividends for 2018.

On October 10, 2018, the Board of Statutory Auditors approved, in accordance with article 2389, third paragraph, of the Civil Code, the “LTI Plans - Assignment II cycle”.

Finally, on November 25, 2018, the Board of Statutory Auditors expressed its opinion on compliance with the maximum annual limit of voluntary assignments that can be assigned to the auditor, in accordance with the law, following the offer that the Parent Company Atlantia received from Ernst & Young Advisory S.p.A.. to carry out a financial and tax due diligence on a potential target currently being analyzed.

During the supervisory activity, as described above, no significant events emerged that are such to require mention in this report.

Consolidated Financial Statements and Separate Financial Statements

We examined the draft consolidated financial statements and the draft separate financial statements for the year ended December 31, 2018, which were made available to us according to art. 2429 of the Italian Civil Code, with regard to which we report the following points.

In this respect, we report that on March 22, 2019 EY S.p.A. issued the reports pursuant to art. 14 of Italian Legislative Decree 39/2010 and art. 10 of Regulation (EU) no. 537/2014. These state that the consolidated financial statements and the separate financial statements give a true and fair view of the financial position of the Company as of December 31, 2018, of the results of operation and of the cash flows of Aeroporti di Roma S.p.A. for the year ended on this date, in compliance with the International Financial Reporting Standards adopted by the European Union and with the measures issued to implement art. 9 of Italian Legislative Decree no. 38 of February 28, 2005. With reference to these reports, the Board of Statutory Auditors states that EY highlighted – in line with the novated reference regulations – the elements underlying the audit opinion, the key aspects of the audit and the procedures implemented as audit response; it also declared that no services were provided other that the audit, which are forbidden pursuant to art. 5, par. 1 of Regulation (EU) no. 537/2014, and that the independence requirement was satisfied in conducting the audit.

As we are not responsible for the statutory audit of the financial statements, we verified their general layout, their overall compliance with the laws relating to form and content and have no particular observations to make in this regard.

We verified the compliance with the legal provisions regarding the preparation of the management report on operations and acknowledged that the Independent Auditors carried out the procedures specified in the audit standard (ISA Italia) no. 720 B and expressed an opinion on the consistency of the management report on operations and the specific section on corporate governance, under par.

2, letter b) of art. 123-bis of Italian Legislative Decree no. 58 of February 24, 1998, with the consolidated financial statements and the separate financial statements of Aeroporti di Roma for the year ended December 31, 2018, and their conformity with the legal provisions. The Independent Auditors also declared they have nothing to report with reference to the statement under art. 14, par 2, letter e) of Italian Legislative Decree no. 39 of January 27, 2010, issued on the basis of the knowledge and understanding of the company and the relevant context, as acquired during the auditing activity. It also stated that, as described in the management report on operations, the directors of the Aeroporti di Roma Group benefitted from the exemption from drawing up the non-financial statement pursuant to art. 6, par. 1 of Italian Legislative Decree no. 254 of December 30, 2016.

Finally, we report that the notes to the financial statements and the management report on operations illustrate in detail the risk linked to the evolution of the Alitalia situation and the impacts, including potential, on the Company's statement of financial position and results of operations. It must also be stated that, until today, the commitments undertaken by ADR, following the moratorium on the payment deadlines, have been respected as agreed. The Board constantly monitors the situation and receives prompt information from the administration body, also in order to report to the Meeting about the developments after the date of this report.

Conclusions

Dear Shareholders,

also considering the outcome of the activity performed by the auditor in charge of statutory auditing contained in the audit report of the Financial Statements, the Board proposes to the Meeting to approve the 2018 Financial statements as drawn up by the Directors.

For the Board of Statutory Auditors,

The Chairperson, Ms Alessandra dal Verme

Mr Alessandro Bonura
Mr Mauro Romano
Mr Mario Tonucci, attorney
Mr Pier Vittorio Vietti

ANNEXES

Annex 1 - Condensed financial statements of Atlantia S.p.A. for the year ended December 31, 2017

From August 2, 2007, ADR qualifies as a company "managed and coordinated" by 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.

Key data from the Financial statements of Atlantia as of December 31, 2017, the latest available financial statements, are shown in the table below:

Financial statements of Atlantia S.p.A. for the year ended December 31, 2017

BALANCE SHEET (THOUSANDS OF EUROS)

ASSETS	12.31.2017
Non-current assets	10,355,333
Current assets	4,234,281
TOTAL ASSETS	**14,589,614**
SHAREHOLDERS' EQUITY AND LIABILITIES	
Shareholders' equity	11,502,862
of which share capital	*825,784*
Non-current liabilities	1,751,666
Current liabilities	1,335,086
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**14,589,614**

INCOME STATEMENT (THOUSANDS OF EUROS)

	2017
Operating income	2,876
Operating costs	(55,038)
Operating income (EBIT)	**(52,162)**
Income (loss) for the year	**2,722,310**

Annex 2 - Financial and operational highlights of subsidiary and associated undertakings

Pursuant to art. 2429, paragraphs 3 and 4 of the Italian Civil Code, reported below are the main financial and operational data for the year 2017 approved by the Board of Directors of ADR's subsidiary and associated undertakings. These companies prepare their financial statements according to the Italian accounting standards.

ADR Assistance S.r.l.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	116	244
Tangible fixed assets	1,367	1,741
A. - Fixed assets	**1,483**	**1,985**
Trade receivables	3,310	3,039
Other assets	645	800
Trade payables	(1,197)	(1,278)
Allowances for risks and charges	(79)	(51)
Other liabilities	(3,153)	(2,465)
B. - Working capital	**(474)**	**45**
C. - Invested capital, minus short-term liabilities (A+B)	**1,009**	**2,030**
D. - Employee severance indemnities	**57**	**9**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**952**	**2,021**
financed by:		
Share capital	4,000	4,000
Reserves and retained earnings	730	440
Net income (loss) for the year	692	290
F. - Shareholders' equity	**5,422**	**4,730**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing (net cash and cash equivalents)	**(4,470)**	**(2,709)**
Short-term borrowing	0	0
Cash and current receivables	(4,470)	(2,709)
(G+H)	**(4,470)**	**(2,709)**
I. - Total as in "E" (F+G+H)	**952**	**2,021**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**21,113**	**18,067**
B.- Revenues from ordinary activities	**21,113**	**18,067**
Cost of materials and external services	(3,927)	(3,564)
C.- Added value	**17,186**	**14,503**
Payroll costs	(15,391)	(13,379)
D.- Gross operating income	**1,795**	**1,124**
Amortization and depreciation	(612)	(624)
Allowances for risks and charges	(29)	(1)
Other income (expense), net	113	65
E.- Operating income	**1,267**	**564**
Financial income and expense	10	(8)
F.- Income (loss) before taxes	**1,277**	**556**
Current taxes for the year	(631)	(288)
Deferred tax assets (liabilities) for the year	46	22
	(585)	**(266)**
G. - Net income (loss) for the year	**692**	**290**

ADR Tel S.p.A.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	2,070	2,001
Tangible fixed assets	977	836
Non-current financial assets	0	0
A. - Fixed assets	**3,047**	**2,837**
Inventories	421	253
Trade receivables	10,034	11,786
Other assets	768	1,114
Trade payables	(13,220)	(12,379)
Other liabilities	(1,260)	(1,405)
B. - Working capital	**(3,257)**	**(631)**
C. - Invested capital, minus short-term liabilities (A+B)	**(210)**	**2,206**
D. - Employee severance indemnities	**1,206**	**1,340**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**(1,416)**	**866**
financed by:		
Share capital	600	600
Reserves and retained earnings	4,723	4,699
Net income (loss) for the year	3,571	3,424
F. - Shareholders' equity	**8,894**	**8,723**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing (net cash and cash equivalents)	**(10,310)**	**(7,857)**
Short-term borrowing	0	0
Cash and current receivables	(10,310)	(7,857)
(G+H)	**(10,310)**	**(7,857)**
I. - Total as in "E" (F+G+H)	**(1,416)**	**866**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**34,084**	**34,615**
Capitalized costs and expenses	69	86
B.- Revenues from ordinary activities	**34,153**	**34,701**
Cost of materials and external services	(23,672)	(24,307)
C.- Added value	**10,481**	**10,394**
Payroll costs	(4,729)	(4,408)
D.- Gross operating income	**5,752**	**5,986**
Amortization and depreciation	(884)	(849)
Other provisions	0	(267)
Allowances for risks and charges	0	0
Other income (expense), net	206	41
E.- Operating income	**5,074**	**4,911**
Financial income and expense	1	2
F.- Income (loss) before taxes	**5,075**	**4,913**
Current taxes for the year	(1,495)	(1,493)
Deferred tax assets (liabilities) for the year	(9)	4
	(1,504)	**(1,489)**
G. - Net income (loss) for the year	**3,571**	**3,424**

ADR Security S.r.l.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	0	0
Tangible fixed assets	0	0
A. - Fixed assets	**0**	**0**
Trade receivables	9,920	9,036
Other assets	268	1,025
Trade payables	(2,873)	(2,536)
Allowances for risks and charges	0	(36)
Other liabilities	(6,860)	(5,879)
B. - Working capital	**455**	**1,610**
C. - Invested capital, minus short-term liabilities (A+B)	**455**	**1,610**
D. - Employee severance indemnities	**3,617**	**3,629**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**(3,162)**	**(2,019)**
financed by:		
Share capital	400	400
Reserves and retained earnings	1,210	1,119
Net income (loss) for the year	1,717	1,491
F. - Shareholders' equity	**3,327**	**3,010**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**(6,489)**	**(5,029)**
Short-term borrowing	0	0
Cash and current receivables	(6,489)	(5,029)
(G+H)	**(6,489)**	**(5,029)**
I. - Total as in "E" (F+G+H)	**(3,162)**	**(2,019)**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**48,377**	**48,449**
B.- Revenues from ordinary activities	**48,377**	**48,449**
Cost of materials and external services	(9,290)	(9,261)
C.- Added value	**39,087**	**39,188**
Payroll costs	(36,637)	(36,823)
D.- Gross operating income	**2,450**	**2,365**
Amortization and depreciation	0	(3)
Other provisions	(9)	0
Allowances for risks and charges	0	(31)
Other income (expense), net	378	251
E.- Operating income	**2,819**	**2,582**
Financial income and expense	1	3
F.- Income (loss) before taxes	**2,820**	**2,585**
Current taxes for the year	(1,094)	(1,101)
Deferred tax assets (liabilities) for the year	(9)	7
	(1,103)	**(1,094)**
G. - Net income (loss) for the year	**1,717**	**1,491**

ADR Mobility S.r.l.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	6,166	7,083
Tangible fixed assets	4,926	4,969
Non-current financial assets	0	0
A. - Fixed assets	**11,092**	**12,052**
Trade receivables	2,700	4,859
Other assets	276	670
Trade payables	(4,576)	(5,000)
Allowances for risks and charges	(4)	(68)
Other liabilities	(1,671)	(1,264)
B. - Working capital	**(3,275)**	**(803)**
C. - Invested capital, minus short-term liabilities (A+B)	**7,817**	**11,249**
D. - Employee severance indemnities	**626**	**641**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**7,191**	**10,608**
financed by:		
Share capital	1,500	1,500
Reserves and retained earnings	8,731	6,791
Net income (loss) for the year	7,740	6,940
F. - Shareholders' equity	**17,971**	**15,231**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**(10,780)**	**(4,623)**
.Short-term borrowing	0	0
.Cash and current receivables	**(10,780)**	**(4,623)**
(G+H)	**(10,780)**	**(4,623)**
I. - Total as in "E" (F+G+H)	**7,191**	**10,608**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**42,167**	**39,535**
B.- Revenues from ordinary activities	**42,167**	**39,535**
Cost of materials and external services	(24,573)	(23,246)
C.- Added value	**17,594**	**16,289**
Payroll costs	(3,470)	(3,144)
D.- Gross operating income	**14,124**	**13,145**
Amortization and depreciation	(2,171)	(1,765)
Other provisions	(11)	(789)
Allowances for risks and charges	0	0
Other income (expense), net	(1,049)	(706)
E.- Operating income	**10,893**	**9,885**
Financial income and expense	2	2
F.- Income (loss) before taxes	**10,895**	**9,887**
Current taxes for the year	(3,132)	(2,845)
Deferred tax assets (liabilities) for the year	(23)	(102)
	(3,155)	**(2,947)**
G. - Net income (loss) for the year	**7,740**	**6,940**

Airport Cleaning S.r.l.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	1	2
Tangible fixed assets	147	161
A. - Fixed assets	**148**	**163**
Trade receivables	4,387	4,703
Other assets	473	636
Trade payables	(3,037)	(3,297)
Allowances for risks and charges	(138)	(218)
Other liabilities	(1,389)	(1,995)
B. - Working capital	**296**	**(171)**
C. - Invested capital, minus short-term liabilities (A+B)	**444**	**(8)**
D. - Employee severance indemnities	**6**	**6**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**438**	**(14)**
financed by:		
Share capital	1,500	1,500
Reserves and retained earnings	1,408	1,244
Net income (loss) for the year	1,546	1,664
F. - Shareholders' equity	**4,454**	**4,408**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**(4,016)**	**(4,422)**
Short-term borrowing	0	0
Cash and current receivables	(4,016)	(4,422)
(G+H)	**(4,016)**	**(4,422)**
I. - Total as in "E" (F+G+H)	**438**	**(14)**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**26,708**	**28,406**
B.- Revenues from ordinary activities	**26,708**	**28,406**
Cost of materials and external services	(9,454)	(9,978)
C.- Added value	**17,254**	**18,428**
Payroll costs	(14,894)	(15,629)
D.- Gross operating income	**2,360**	**2,799**
Amortization and depreciation	(30)	(39)
Allowances for risks and charges	0	(53)
Other income (expense), net	48	1
E.- Operating income	**2,378**	**2,708**
Financial income and expense	1	2
F.- Income (loss) before taxes	**2,379**	**2,710**
Current taxes for the year	(814)	(1,062)
Deferred tax assets (liabilities) for the year	(19)	16
	(833)	**(1,046)**
G. - Net income (loss) for the year	**1,546**	**1,664**

ADR Mobility S.r.l.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	6,166	7,083
Tangible fixed assets	4,926	4,969
Non-current financial assets	0	0
A. - Fixed assets	**11,092**	**12,052**
Trade receivables	2,700	4,859
Other assets	276	670
Trade payables	(4,576)	(5,000)
Allowances for risks and charges	(4)	(68)
Other liabilities	(1,671)	(1,264)
B. - Working capital	**(3,275)**	**(803)**
C. - Invested capital, minus short-term liabilities (A+B)	**7,817**	**11,249**
D. - Employee severance indemnities	**626**	**641**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**7,191**	**10,608**
financed by:		
Share capital	1,500	1,500
Reserves and retained earnings	8,731	6,791
Net income (loss) for the year	7,740	6,940
F. - Shareholders' equity	**17,971**	**15,231**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**(10,780)**	**(4,623)**
.Short-term borrowing	0	0
.Cash and current receivables	**(10,780)**	**(4,623)**
(G+H)	**(10,780)**	**(4,623)**
I. - Total as in "E" (F+G+H)	**7,191**	**10,608**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**42,167**	**39,535**
B.- Revenues from ordinary activities	**42,167**	**39,535**
Cost of materials and external services	(24,573)	(23,246)
C.- Added value	**17,594**	**16,289**
Payroll costs	(3,470)	(3,144)
D.- Gross operating income	**14,124**	**13,145**
Amortization and depreciation	(2,171)	(1,765)
Other provisions	(11)	(789)
Allowances for risks and charges	0	0
Other income (expense), net	(1,049)	(706)
E.- Operating income	**10,893**	**9,885**
Financial income and expense	2	2
F.- Income (loss) before taxes	**10,895**	**9,887**
Current taxes for the year	(3,132)	(2,845)
Deferred tax assets (liabilities) for the year	(23)	(102)
	(3,155)	**(2,947)**
G. - Net income (loss) for the year	**7,740**	**6,940**

Airport Cleaning S.r.l.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	1	2
Tangible fixed assets	147	161
A. - Fixed assets	**148**	**163**
Trade receivables	4,387	4,703
Other assets	473	636
Trade payables	(3,037)	(3,297)
Allowances for risks and charges	(138)	(218)
Other liabilities	(1,389)	(1,995)
B. - Working capital	**296**	**(171)**
C. - Invested capital, minus short-term liabilities (A+B)	**444**	**(8)**
D. - Employee severance indemnities	**6**	**6**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**438**	**(14)**
financed by:		
Share capital	1,500	1,500
Reserves and retained earnings	1,408	1,244
Net income (loss) for the year	1,546	1,664
F. - Shareholders' equity	**4,454**	**4,408**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**(4,016)**	**(4,422)**
Short-term borrowing	0	0
Cash and current receivables	(4,016)	(4,422)
(G+H)	**(4,016)**	**(4,422)**
I. - Total as in "E" (F+G+H)	**438**	**(14)**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**26,708**	**28,406**
B.- Revenues from ordinary activities	**26,708**	**28,406**
Cost of materials and external services	(9,454)	(9,978)
C.- Added value	**17,254**	**18,428**
Payroll costs	(14,894)	(15,629)
D.- Gross operating income	**2,360**	**2,799**
Amortization and depreciation	(30)	(39)
Allowances for risks and charges	0	(53)
Other income (expense), net	48	1
E.- Operating income	**2,378**	**2,708**
Financial income and expense	1	2
F.- Income (loss) before taxes	**2,379**	**2,710**
Current taxes for the year	(814)	(1,062)
Deferred tax assets (liabilities) for the year	(19)	16
	(833)	**(1,046)**
G. - Net income (loss) for the year	**1,546**	**1,664**

ADR Sviluppo S.r.l. Unipersonale

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	4	4
Non-current financial assets	6	6
A. - Fixed assets	**10**	**10**
Trade receivables	0	0
Other assets	1	1
B. - Working capital	**1**	**1**
C. - Invested capital, minus short-term liabilities (A+B)	**11**	**11**
D. - Employee severance indemnities	**0**	**0**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**11**	**11**
financed by:		
Share capital	100	100
Reserves and retained earnings	74	52
Net income (loss) for the year	32	22
F. - Shareholders' equity	**206**	**174**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**(195)**	**(163)**
Short-term borrowing	0	0
Cash and current receivables	(195)	(163)
(G+H)	**(195)**	**(163)**
I. - Total as in "E" (F+G+H)	**11**	**11**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**0**	**0**
B.- Revenues from ordinary activities	**0**	**0**
Cost of materials and external services	(1)	(1)
C.- Added value	**(1)**	**(1)**
Payroll costs	0	0
D.- Gross operating income	**(1)**	**(1)**
Amortization and depreciation	0	0
Other provisions	0	0
Allowances for risks and charges	0	0
Other income (expense), net	(1)	(1)
E.- Operating income	**(2)**	**(2)**
Financial income and expense	34	24
F.- Income (loss) before taxes	**32**	**22**
Current taxes for the year	0	0
Deferred tax assets (liabilities) for the year	0	0
	0	**0**
G. - Net income (loss) for the year	**32**	**22**

Consorzio E.T.L. (in liquidation)

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	0	0
Tangible fixed assets	0	0
Non-current financial assets	0	0
A. - Fixed assets	**0**	**0**
Trade receivables	0	0
Other assets	36	37
Trade payables	(41)	(36)
Other liabilities	0	0
B. - Working capital	**(5)**	**1**
C. - Invested capital, minus short-term liabilities (A+B)	**(5)**	**1**
D. - Employee severance indemnities	**0**	**0**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**(5)**	**1**
financed by:		
Capital	1	9
Reserves and retained earnings	0	0
Net income (loss) for the year	(6)	(8)
F. - Net liquidation capital	**(5)**	**1**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**0**	**0**
Short-term borrowing	0	0
Cash and current receivables	0	0
(G+H)	0	0
I. - Total as in “E” (F+G+H)	**(5)**	**1**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**0**	**0**
B.- Revenues from ordinary activities	**0**	**0**
Cost of materials and external services	(6)	(7)
C.- Added value	**(6)**	**(7)**
Payroll costs	0	0
D.- Gross operating income	**(6)**	**(7)**
Amortization and depreciation	0	0
Other provisions	0	0
Allowances for risks and charges	0	0
Other income (expense), net	0	(1)
E.- Operating income	**(6)**	**(8)**
Financial income and expense	0	0
F.- Income (loss) before taxes	**(6)**	**(8)**
Current taxes for the year	0	0
Deferred tax assets (liabilities) for the year	0	0
G. - Net income (loss) for the year	**(6)**	**(8)**

Pavimental S.p.A.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	119	174
Tangible fixed assets	76,485	92,498
Non-current financial assets	5,392	5,392
A. – Fixed assets	**81,996**	**98,064**
Inventories	130,481	166,937
Trade receivables	28,916	38,987
Other assets	37,510	29,102
Trade payables	(102,191)	(115,640)
Allowances for risks and charges	(9,006)	(8,694)
Other liabilities	(17,741)	(12,465)
B. - Working capital	**67,969**	**98,227**
C. - Invested capital, minus short-term liabilities (A+B)	**149,965**	**196,291**
D. - Employee severance indemnities	**3,602**	**4,127**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**146,363**	**192,164**
financed by:		
Share capital	10,116	10,116
Reserves and retained earnings	21,100	5,567
Net income (loss) for the year	(16,205)	15,794
F. - Shareholders' equity	**15,011**	**31,477**
G. - Medium/long-term borrowing	**26,945**	**34,414**
H. - Short-term net borrowing	**104,407**	**126,273**
Short-term borrowing	128,391	132,417
Cash and current receivables	(23,984)	(6,144)
(G+H)	**131,352**	**160,687**
I. - Total as in "E" (F+G+H)	**146,363**	**192,164**

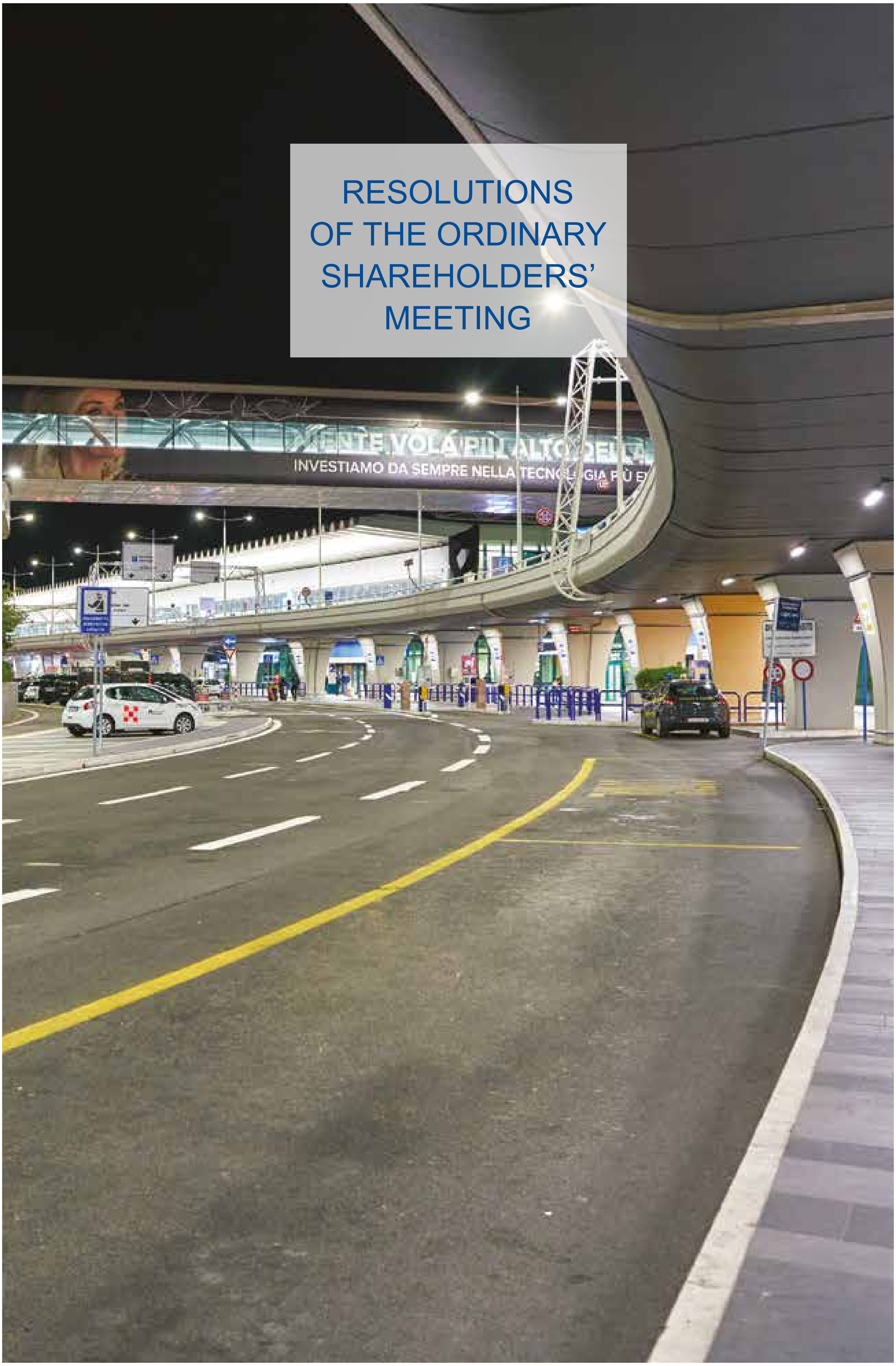
RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**336,535**	**350,029**
B.- Revenues from ordinary activities	**290,968**	**389,157**
Cost of materials and external services	(225,028)	(281,238)
Other costs	(1,904)	(1,967)
C.- Added value	**64,036**	**105,952**
Payroll costs	(60,992)	(59,532)
D.- Gross operating income	**3,044**	**46,420**
Amortization and depreciation	(21,440)	(16,293)
Other provisions	(237)	(627)
Allowances for risks and charges	(1,750)	(3,973)
E.- Operating income	**(20,383)**	**25,527**
Financial income and expense	(1,811)	(2,093)
Foreign exchange gains (losses)	(80)	1
Value adjustments of financial assets	4	143
F.- Income (loss) before taxes	**(22,270)**	**23,578**
Taxes	6,065	(7,784)
G. - Net income (loss) for the year	**(16,205)**	**15,794**

Spea Engineering S.p.A.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2018	12.31.2017
Intangible fixed assets	1,933	1,887
Tangible fixed assets	4,871	5,434
Non-current financial assets	882	168
A. - Fixed assets	**7,686**	**7,489**
Inventories	118,911	121,485
Trade receivables	38,649	39,895
Other assets	13,126	13,005
Trade payables	(69,919)	(67,878)
Allowances for risks and charges	(16,093)	(14,753)
Other liabilities	(21,204)	(14,580)
B. - Working capital	**63,470**	**77,174**
C. - Invested capital, minus short-term liabilities (A+B)	**71,156**	**84,663**
D. - Employee severance indemnities	**5,550**	**5,627**
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**65,606**	**79,036**
financed by:		
Share capital	6,966	6,966
Reserves and retained earnings	65,609	65,488
Merger surplus	9,024	9,024
Net income (loss) for the year	(3,388)	6,870
F. - Shareholders' equity	**78,211**	**88,348**
G. - Medium/long-term borrowing	**(257)**	**(200)**
H. - Short-term net borrowing	**(12,348)**	**(9,112)**
Short-term borrowing	0	0
Cash and current receivables	(12,348)	(9,112)
(G+H)	**(12,605)**	**(9,312)**
I. - Total as in "E" (F+G+H)	**65,606**	**79,036**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2018	2017
A.- Revenues	**108,284**	**110,568**
B.- Revenues from ordinary activities	**108,284**	**110,568**
Cost of materials and external services	(58,275)	(46,286)
C.- Added value	**50,009**	**64,282**
Payroll costs	(48,962)	(48,909)
D.- Gross operating income	**1,047**	**15,373**
Amortization and depreciation	(3,705)	(3,433)
Other provisions	(104)	(165)
Allowances for risks and charges	(1,373)	(1,342)
E.- Operating income	**(4,135)**	**10,433**
Financial income and expense	(103)	(227)
F.- Income (loss) before taxes	**(4,238)**	**10,206**
Income taxes	1,247	(3,695)
Deferred tax assets (liabilities) for the year	(397)	359
	850	**(3,336)**
G. - Net income (loss) for the year	**(3,388)**	**6,870**

RESOLUTIONS OF THE ORDINARY SHAREHOLDERS' MEETING



RESOLUTIONS OF THE ORDINARY SHAREHOLDERS' MEETING OF APRIL 16, 2019

The Ordinary Shareholders' Meeting resolved as follows:

- to approve the Financial Statements for the year ending December 31, 2018 with a profit of 245,163,555.93 euros;

- to allocate 131,292,276.24 euros of profit for the year, remaining after the advance on dividends of 113,871,279.69 euros (amounting to 1.83 euros per share) paid in 2018, as follows:
  - as a dividend payment of 2.10 euros for each of the 62,224,743 shares comprising the share capital for a total of 130,671,960.30 euros;
  - to retained earnings for the remaining portion of the profit for the year, amounting to 620,315.94 euros;

- to set the value date of the dividend payment as May 15, 2019 and the coupon n.15 date as May 13, 2019;

- to appoint 13 members of the Board of Directors of the Company, including the Director who will be appointed by the Territorial Bodies;

- to establish the duration of the term of office of the Board of Directors for the years 2019-2021, and therefore up to the date of the Shareholders' Meeting called to approve the financial statements for 2021;

- to appoint the following Directors:
  - Carla Angela;
  - Tommaso Barracco;
  - Giovanni Castellucci;
  - Antonio Catricalà;
  - Michelangelo Damasco;
  - Elisabetta De Bernardi di Valserra;
  - Ugo de Carolis;
  - Anna Beatrice Ferrino;
  - Francesco Panfilo;
  - Nicola Rossi;
  - Gennarino Tozzi;
  - Marco Troncone,

  appointing Antonio Catricalà as the Chairman of the Board of Directors

- to determine the total annual remuneration pursuant to article 2389, first paragraph of the Civil Code, as 325,000.00 euros, for the Board for it to allocate in accordance with article 25 of the Articles of Association.

Finally, the Shareholders' Meeting:

- appointed the Board of Statutory Auditors - for the 2019-2021 three-year period, to end on the date of the Shareholders' Meeting called to approve the financial statements for 2021 - comprising the following:
  - Alessandra dal Verme, Chairperson,
  - Alessandro Bonura, Statutory Auditor;
  - Pasquale De Falco, Statutory Auditor;
  - Maurizio De Filippo, Statutory Auditor;
  - Pier Vittorio Vietti, Statutory Auditor;
  - Francesco Follina, Alternate Auditor;
  - Carlo Regoliosi, Alternate Auditor.

- established 62,100.00 euros as the gross annual salary of the Chairperson and 41,400.00 euros as the gross annual salary for each Statutory Auditor.

* * *

The Board of Directors, having met at the end of the shareholders' meeting:

- confirmed Antonio Catricalà as the Chairman, with the powers pursuant to article 24 of the Articles of Association, who will be the main signatory for the company and legal representative before third parties and before any legal or administrative authority;
- appointed Ugo de Carolis to act as Managing Director, assigning him the relevant powers.

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