

(page intentionally left blank)



2019 Financial Statements

Milano Serravalle - Milano Tangenziali S.p.A.

Registered Office: Via del Bosco Rinnovato 4/A
20057 Assago (MI)

Taxpayer's ID code, VAT No., Register of Companies No. 00772070157
C.C.I.AA. 412618

There are no Branch offices

General information 5	
Notice of Shareholders' Meeting	6
Shareholders	7
Boards, Management, Auditors	9
Network in operation	10
Main financial statement data	11
Directors' Report on Operations	12
Letter to shareholders	13
1. Operating results at 31 December 2019	16
1.1. Economic performance	17
1.2. Asset performance	19
1.3. Financial performance	21
2. Activities in 2019	23
2.1. Management of collection and tolls, service areas and other commercial activities	24
2.2. Network management	29
2.3. Investments	32
2.4. State of progress of litigation and other legal issues	35
2.5. Corporate bodies	41
2.6. Relations with the Awarding Body: obligations and new regulations	44
3. Investee companies	47
3.1. Investee companies at 31 December 2019	48
3.2. Performance of subsidiaries	48
3.3. Performance of other investee companies	55
4. Staff and Environment	61
4.1. Staff	62
4.2. Prevention and protection	63
4.3. Industrial Relations	65
4.4. Training and development	66
4.5. The organisation	66
4.6. Welfare	66
4.7. Environmental information	67
5. Other disclosures required by current legislation	68
5.1. Research and development	69
5.2. Transactions with subsidiaries, associated companies, parent companies and companies subject to the control of the latter	69
5.3. Treasury shares and shares of parent companies	71
5.4. Branch offices	72
5.5. Management of business risks	72
5.6. Outlook for operations	73

Company Accounts	74
Cash Flow Statement	81
Notes to the Financial Statements	84
Annexes 139	
Overall toll-paying traffic by vehicle category	140
Overall toll-paying traffic by toll category	148
Transits at barriers	151
Type of stripes	151
Ordinary maintenance works annex F	151
Investments in the motorway infrastructure as of 31 December 2019	152
Report of the Board of Statutory Auditors	153
Report of the Independent Auditors	166
Consolidated financial statements for the year 2019	170
Group shareholding structure	171
Report on operations of the Group	172
Consolidated company accounts	182
Consolidated cash flow statement	189
Explanatory Notes to the consolidated financial statements	192
Report of the Board of Statutory Auditors	245
Report of the Independent Auditors	258

General information

Notice of Shareholders' Meeting

Call of the Ordinary Shareholders' Meeting

The Shareholders are convened, as per the resolution of the Board of Directors, which met on 28 May 2020, in the Ordinary Shareholders' Meeting at the registered office, in Assago Via del Bosco Rinnovato n. 4/A, on first call at 9:00 am on 27 June 2020 and on second call at **2:30 pm on 30 June 2020**, with the following

Agenda

- 1. Financial statements as of 31 December 2019. Report of the Board of Directors on operations, report of the Board of Statutory Auditors and report of the Independent Auditors; Report on Corporate Governance. Approval and consequent resolutions. Examination of Consolidated Financial Statements;**
- 2. Report on Corporate Governance.**

Pursuant to Article 8 of the Bylaws, Shareholders are entitled to participate by presenting share certificates in their name or in their possession based on the continuous series of endorsements, or by means of prior deposit, at least three days before the date set for the Shareholders' Meeting, at the registered office or at the banks Carige S.p.A. and Banca Popolare di Sondrio.

In the light of the provisions of the Prime Minister's Decree of 8 March 2020 and without prejudice to further legal provisions that may be issued, the meeting will be held remotely. Instructions for the connection will be communicated promptly.

Yours faithfully,

On behalf of the Board of Directors
The Chairperson
Maura Tina Carta, attorney-at-law

Assago, 29 May 2020

Shareholders at 31 December 2019

Share capital of € 93,600,000, fully subscribed and paid up, with a unit value per share of € 0.52. The Company does not hold any treasury shares.

SHAREHOLDERS	Number of shares	%
LOMBARDY REGION (*)	139.069.517	77,261
ASTM S.p.A. (**)	19.265.940	10,704
AUTOSTRADA DEI FIORI S.p.A.	5.191.861	2,884
SATAP S.p.A.	13.423	0,007
Total	163.540.741	90,856
SHAREHOLDERS CEASED EX LEGE 147/2013	Number of shares	%
MUNICIPALITY OF MILAN	9.259.259	5,144
Total	9.259.259	5,144
REQUESTING LIQUIDATION AS PER LEGISLATIVE DECREE No.	Number of shares	%
PARCAM S.r.l.	7.199.999	4,000
MILAN-MONZA-BRIANZA-LODI CHAMBER OF COMMERCE	1	0,000
Total	7.200.000	4,000
TOTAL	180.000.000	100,000

(*) On 19 December 2019, the shareholder Municipality of Milan sold to the “Lombardy Region” territorial public body, which purchased, No. 24,220,741 shares.

(**) On 22 January 2020, the Shareholder ASTM S.p.A. communicated that with the merger deed stipulated on 17 December 2019 and effective from 31 December 2019, the Company S.I.A.S. S.p.A. merged by incorporation into ASTM S.p.A.. As a result of this deed, ASTM S.p.A. took over all rights, obligations and relationships of S.I.A.S. S.p.A.

Shareholders at the date of approval of the 2019 Financial Statements

Share capital of € 93,600,000, fully subscribed and paid up, with a unit value per share of € 0.52. The Company does not hold any treasury shares.

SHAREHOLDERS	Number of shares	%
LOMBARDY REGION (*)	148.328.776	82,405
ASTM S.p.A.	19.265.940	10,704
AUTOSTRADA DEI FIORI S.p.A.	5.191.861	2,884
SATAP S.p.A.	13.423	0,007
Total	172.800.000	96,000
REQUESTING LIQUIDATION AS PER LEGISLATIVE DECREE No.	Number of shares	%
PARCAM S.r.l.	7.199.999	4,000
MILAN-MONZA-BRIANZA-LODI CHAMBER OF COMMERCE	1	0,000
Total	7.200.000	4,000
TOTAL	180.000.000	100,000

(*) On 28 January 2020, the shareholder Municipality of Milan sold to the “Lombardy Region” territorial public body, which purchased, No. 9,259,259 shares.

Boards, Management, Auditors

Board of Directors

Chairperson	Ms Maura Tina Carta
Chief Executive Officer	Mr. Andrea Mentasti
Directors	Mr. Giovanni Angioni
	Ms Simona Bonomelli
	Mr. Fabio Fedi

Board of Statutory Auditors

Chairperson	Mr. Alessandro Fiore (*)
Statutory Auditors	Mr. Francesco Corso (**)
	Ms Pinuccia Mazza
Alternate Auditors	Mr. Giovanni Giovannini
	Ms Paola Simonelli

Independent Auditors Ria Grant Thornton S.p.A.

(*) Appointed by the Ministry of Economy and Finance

(**) Appointed by the Ministry of Infrastructure and Transport

Duration

The Board of Directors was appointed by the Shareholders' Meeting of 31 July 2018 and will remain in office for three financial years, i.e., until the approval of the 2020 financial statements.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 31 July 2018 and will remain in office for three financial years, i.e. until the approval of the 2020 financial statements.

The assignment of the Independent Auditors was conferred by resolution of the Shareholders' Meeting of 12 December 2019 on the proposal of the Board of Statutory Auditors, following a public tender and will expire with the approval of the 2021 financial statements.

Network in operation

The network in operation at 31 December 2019, with a total length of 179.1 km, is made up as follows:

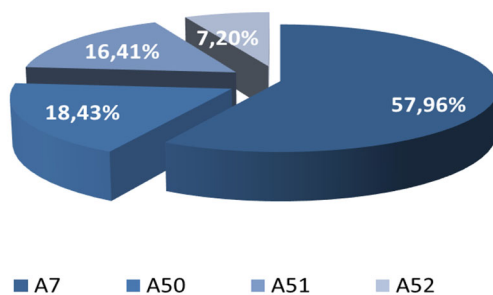
	SECTION	KM
A7	Milan Serravalle Motorway from Milan Piazza Maggi to Serravalle Scrivia	86.3
A53	Bereguardo-Pavia link road	9.1
A54	Pavia bypass	8.4
A50	Milan West bypass Motorway with Fiera Rho-Però link	33.0
A51	Milan East bypass Motorway	29.4
A52	Milan North bypass Motorway	12.9
	TOTAL	179.1

In particular, there are 124.1 km of network with three lanes in each direction:

- ◆ A7 motorway from Milan to the A26 motorway - Predosa junction (73.1 km)
- ◆ A50 bypass for the entire route excluding the Fiera Rho - Però link (31.5 km)
- ◆ A51 bypass from the A1 motorway junction to the Agrate barrier (19.5 km)

For the purposes of assessing motorway quality and adjusting toll rates, the current Agreement with ANAS S.p.A. assigns the Company, in terms of development of the network under concession, the A7 Milano-Serravalle motorway sections and the three Milan bypasses for a total of 161.6 km, since no links returned or to be returned to the competent public agency with the relevant provision are included in this context.

The percentage composition of the network under concession is as follows:



The network is interconnected to the main motorway sections in northern Italy:

- A4 SATAP S.p.A., Turin-Milan
- A4 Autostrade per l'Italia S.p.A. (Area 2 office), Milan-Venice
- A8 Autostrade per l'Italia S.p.A. (Area 2 Office), Milan-Laghi
- A1 Autostrade per l'Italia S.p.A. (Area 2 Office), Milan-Bologna
- A7 Autostrade per l'Italia S.p.A. (Area 1 Office), Serravalle-Genoa
- A21 SATAP S.p.A., Turin-Piacenza
- A26 Autostrade per l'Italia S.p.A. (Area 1 office), A7-A26 link road, Predosa Bettola

Main financial statement data

The historical series of the last three reporting periods relating to the main economic and financial data of the Company is shown below. The figures expressed refer to the reclassified schedules in Chapter 1 of the Financial Statements.

in thousands of euros	2019	2018	2017
Paying traffic (in million vehicles/km)	3.115	3.111	3.133
Economic and financial data			
Reclassified production value	248.895	248.835	230.226
Revenues from tolls net of the surcharge	234.793	234.553	207.612
Income from service areas	4.288	4.259	4.398
Added value	191.087	190.118	173.341
Gross operating margin (EBITDA)	145.823	144.438	126.666
Incidence % of EBITDA on Production Value	58,59	58,05	55,02
Adjusted EBITDA (*)	149.418	148.417	130.523
Operating profit	88.207	85.841	71.091
Incidence % of O.p. on Production Value	35,44	34,50	30,88
Net profit	57.848	57.833	40.228
Net Invested Capital	735.514	736.812	776.287
Net Financial Position (NFP)	-134.847	-195.213	-294.106
Adjusted NFP (**)	152.369	216.959	317.431
Shareholders' Equity	600.666	541.599	482.180
Adjusted SE (***)	591.107	533.259	468.728
ROE (net result / SE)	9,63%	10,68%	8,34%
ROI (operating profit/net invested capital)	11,99%	11,65%	9,16%
Net cash flow	-2.089	-25.150	33.139
Financial covenant - Adj NFP/Adj EBITDA	1,02	1,46	2,43
Financial covenant - Adj NFP/Adj PN	0,26	0,41	0,68
Asset soundness requirement (current agreement)(****)	N/A	9,04	4,47
Average workforce (no. of units)	630,18	652,33	669,76

Some items from 2017 and 2018 could be reclassified to make them consistent and comparable with those of 2019

The financial covenants for the first half of 2017 are not available due to the failure to complete the approval process for the Half-Year Report

(*) indicates the difference between the value of production - letter A items - and the cost of production - letter B items -, excluding costs relating to financial lease payments for leased assets.

(**) indicates the difference between financial debt and the amount deriving from the sum of the items referred to in Assets, letter C number IV, among the cash and cash equivalents, if any, also include government bonds and other temporary liquidity instruments. Financial debt means: any pecuniary obligation relating to the amount deriving from the sum of the liability items, letter D), numbers 1-2-3-4-5 (including leasing payables) 8-9-10 and 11, the latter three items limited to items of a financial nature, increased, if any, by the value of the sureties issued in favour of financial institutions, to guarantee cash loans granted to third parties. Financial Debt deriving from project financing operations is excluded.

(***) indicates the algebraic sum of the items in letter A) of the Liabilities net of the restricted reserve for delayed investments and net of the reserve for hedging operations of expected financial flows.

Directors' Report on Operations

Letter to the Shareholders

Dear Shareholders,

prior to illustrating the positive results of 2019, it should be pointed out that the year ended was an important year for the definition of the Company's shareholding structure. The procedures were initiated on 3 May 2019 with the transfer of the controlling stake in the Company from A.S.A.M. S.p.A. in liquidation to the Lombardy Region; on the following 8 May 2019 the Lombardy Region exercised the option right and requested the 19,625,579 shares of the first public shareholders in pre-emption and finally on 15 December 2019 the Lombardy Region also exercised the option and pre-emption right for the purchase of a total of 33,480,000 ordinary shares of the Company, held by the outgoing shareholder Municipality of Milan.

There is no doubt that these interventions in the Company's share capital have led to the consolidation of the presence of the Lombardy Region and constitute a further contribution to support and underpin the Group's future prospects.

Moving on to the results for the year, the financial statements as at 31 December 2019, which we are submitting for your approval, show a net profit of €57.8 million and shareholders' equity of €600.7 million.

The operating results as of 31 December 2019 showed a slight increase compared to the same period last year: against a value of production substantially in line with 2018 - and since the toll adjustment recognised as from 1 January 2019 on the motorway network for which the Company is responsible was voluntarily suspended - the decrease in operating costs led to an improvement in EBITDA, which stood at €145.8 million, compared to €144.4 million in 2018.

The improvement in EBITDA is reflected in the result for the year, which is in line with that of 2018, corresponding to €57.8 million, despite a higher tax rate following the revision of the IRES rate, increased by 3.5 percentage points for concessionaires for the periods from 2019 to 2021. The lower financial expenses contributed to maintaining the result for the year, due to the gradual reduction in financial debt: in fact, the Company's net financial position went from €195 million at 31 December 2018 to €135 million at the end of 2019.

With regard to relations with the Awarding Body, it should be noted that on 19 June 2019, the Resolution of the Transport Regulatory Authority no. 69/2019 was published: this introduced and consolidated a new tariff system, which in some respects is detrimental to the motorway concessionaires. The Company is determined to challenge this measure. On 2 July 2019, the Awarding Body sent the Company the formal request to proceed with the updating of the Economic - Financial Plan, in accordance with the regulation adopted by ART. The Company, supported by legal counsel, found the request representing that it had already satisfied it by virtue of sending an update of the Economic and Financial Plan at the end of the regulatory period, in June 2018 and in compliance with current regulations. Subsequently, the "*Milleproroghe*" Law Decree of 31 December 2019, in art. 13, introduced the provision according to which the adjustment of motorway tariffs is deferred to the conclusion of the procedure for updating the economic and financial plans, in compliance with current legislation.

In view of this forecast, the proposal to update the Economic and Financial Plan presented in June 2018, as indicated above, is to be considered null and void. The Company is preparing a further

update proposal, in compliance with the Authority's regulations, without this further proposal involving the waiver of the reasons and pending claims.

It should be pointed out that, pending the new update of the economic and financial plan, the Company has in any case paid and gives the utmost attention and priority to implementing those measures aimed at ensuring the safety and quality standards of the motorway network under concession, anticipating, where necessary, its implementation.

With regard to Autostrada Pedemontana Lombarda S.p.A., the Subsidiary still reports positive results from a management point of view: the relevant traffic recorded significant increases compared to the previous year and this confirms the need to complete the infrastructure. During 2019, with the signing of a settlement agreement between the Subsidiary and ATI Strabag (and, as far as it is concerned, also the Company), the long-standing dispute with the Integrated Contractor came to an end. Furthermore, on 26 February 2020, the Additional Agreement no. 2 of Autostrada Pedemontana Lombarda S.p.A. has become effective.

In consideration of the aforementioned events, the Subsidiary - in order to comply with the commitments and deadlines set out in the agreement - has initiated the procedures for the assignment of the executive design and the works for the construction of sections B2 and C of the Pedemontana infrastructure and for the research of the provision (*project financing*) necessary to finance the construction of the infrastructure.

On 28 February 2020, Autostrada Pedemontana Lombarda S.p.A. called the shareholders' meeting to resolve on the proposal for a share capital increase of €350 million, in preparation for the successful outcome of the two above-mentioned procedures. The Company, in its capacity as controlling shareholder, after an internal technical investigation and having heard the opinion of its shareholders - who in turn were called to the Shareholders' Meeting on 27 February 2020 - voted in favour of the request. As you know, based on the outcome of the Shareholders' Meeting of 27 February 2020, the Company will proceed with the subscription of the share capital increase in Autostrada Pedemontana Lombarda S.p.A. only when certain conditions are met, among which the one represented by the availability of financial funding for the Company, consisting partly of debt capital and partly of risk capital, is fundamental. In this regard, it should be noted that the Regional Council of 21 April 2020 approved the Regional Council Law on *“Increase in the share capital of Milano Serravalle - Milano Tangenziali S.p.A. up to the maximum amount of €150 million to be carried out in the five-year period 2020-2024 in order to support the capitalisation of its subsidiary Autostrada Pedemontana Lombarda S.p.A., a company subject to management and coordination, pursuant to Art. 2497 of the Italian Civil Code, by Milano Serravalle - Milano Tangenziali S.p.A.”* .

Finally, we cannot fail to mention the health emergency that appeared in the second half of February 2020, starting with Lombardy, the Covid-19 pandemic. At the moment, the infections are regressing, but the exponential progression of the same recorded in March and April has led the Government to adopt increasingly restrictive regulatory measures - also at regional level - aimed at containing the infection. These drastic measures have progressively reduced mobility, causing a significant drop in traffic volumes also on the Company's motorway network. As of 4 May 2020, with the start of the so-called Phase 2, the Company's traffic performance was down compared to the same period last year, but significantly improved compared to March and April.

In this emergency situation, your Company has ensured the maintenance of operations, using agile work and activating the tools made available by the government to support the work.

In this context, the Board of Directors, in the meeting of 25 March 2020, acknowledged that, pursuant to art. 106 of DL no. 18 of 17 March 2020, published in the Official Gazette no. 70 of 17 March 2020 “*in derogation of the provisions of art. 2364, second paragraph and art. 2478 bis of the Italian Civil Code and the various statutory provisions, the ordinary shareholders' meeting is convened within one hundred and eighty days of the end of the financial year*”. This determination was also necessary following the unavailability, within the ordinary terms, of the draft financial statements of the subsidiary Autostrada Pedemontana Lombarda S.p.A..

In conclusion, also on behalf of the entire Board of Directors, I thank the members of the Board of Statutory Auditors for the support provided; further thanks go to all the member of the Company staff who work with commitment every day even in this emergency situation.

on behalf of the Board of Directors

The Chairperson
Maura Tina Carta, attorney-at-law

1. OPERATING RESULTS AS OF 31 DECEMBER 2019

1.1 Economic performance

RECLASSIFIED INCOME STATEMENT					
	2019	%	2018	%	Change 2019/2018
Toll revenues	234.793.102	94,33	234.552.265	94,26	0,10%
Revenues for concessions	4.287.979	1,72	4.259.156	1,71	0,68%
Other income and revenue	9.814.381	3,94	10.023.475	4,03	-2,09%
PRODUCTION VALUE	248.895.462	100,00	248.834.896	100,00	0,02%
Operating costs	-57.808.348	-23,23	-58.717.343	-23,60	-1,55%
ADDED VALUE	191.087.114	76,77	190.117.553	76,40	0,51%
Labour costs	-45.264.410	-18,19	-45.679.406	-18,36	-0,91%
EBITDA	145.822.704	58,59	144.438.147	58,05	0,96%
Motorway infrastructure depreciation	-48.000.000	-19,29	-48.000.000	-19,28	0,00%
Other depreciations and provisions	-9.615.649	-3,86	-10.597.192	-4,26	-9,26%
EBIT	88.207.055	35,44	85.840.955	34,50	2,76%
Financial income and expenses	-2.449.783	-0,98	-4.910.535	-1,97	-50,11%
Value adjustments of financial assets	-940.671	-0,38	-758.436	-0,30	<100%
EARNINGS BEFORE TAX	84.816.601	34,08	80.171.984	32,22	5,79%
taxes	-26.968.364	-10,84	-22.339.107	-8,98	20,72%
PROFIT FOR THE YEAR	57.848.237	23,24	57.832.877	23,24	0,03%

The **production value** at 31 December 2019 amounted to €248.9 million, slightly higher than in the previous year. Toll revenues, net of the additional concession fee pertaining to the Ministry, showed an increase of 0.10% due to traffic performance. Revenues from concessions increased by 0.68% due to the increase in sales of food products, which more than offset the closure of three service areas following the non-renewal of the sub-concession contract that expired on 31 December 2018. Other revenues recorded a decrease (-2.09% compared to 31 December 2018) mainly due to the recording of lower recoveries for various reasons partly offset by the capital gains realised on the sale of land.

Overall, **operating costs** decreased by 1.55% compared to 2018 due to lower maintenance work on the motorway infrastructure, in particular paving work due to a different schedule.

Added Value increased by 0.51% compared to 31 December 2018 as a result of the trend in operating costs.

The **cost of labour**, equal to €45.3 million, was also down by 0.91% compared to the cost incurred in 2018 substantially due to the reduction in the average FTE staff, partly offset by the dragging of the economic effects of the National Collective Labour Agreement for the period 2016-2018, by the remuneration policies and by the one-off payment to employees for the delayed renewal of the National Collective Labour Agreement for the period 2019-2022.

The **EBITDA** showed further growth (+0.96%) due to the reduction in labour costs to €145.8 million and represents 58.59% of the value of production (58.05% at 31 December 2018).

The financial amortisation charge, unchanged compared to 2018, was equal to 48 million and corresponded to that inferred from the current Economic and Financial Plan attached to the Additional Agreement signed on 16 June 2016 and which became effective on 10 March 2017.

Other depreciation, amortisation and provisions were 9.26%, lower than at 31 December 2018, due to the higher provisions allocated to the provision for risks in the previous year.

The **EBIT** increased further, due to the reduction of the incidence of costs on revenues, settling at €88.2 million (+ 2.76% compared to the result of 31 December 2018).

Financial performance was negative by €2.5 million, but improved by 50.11% compared to the previous year due to the reduction in debt.

Value adjustments of financial assets were negative by €0.9 million and included revaluations of €3.2 million relating to the subsidiaries Milano Serravalle Engineering S.r.l. and Autostrada Pedemontana Lombarda S.p.A. and write-downs of €4.1 million mainly due to the adjustment of the valuation of the investment in Tangenziali Esterne di Milano S.p.A., in line with the valuation of the parent company Lombardy Region.

The **net profit** for the year, after income taxes of €27 million, which incorporate the increase of 3.5 percentage points of the IRES rate, amounted to €57.8 million and corresponded to 23.24% of the production value.

1.2 Asset performance

RECLASSIFIED BALANCE SHEET					
	31/12/2019	%	31/12/2018	%	Change 2019/2018
Intangible assets	4.630.454	0,63	5.595.631	0,76	-965.177
Non-revertible property, plant and equipment	1.912.173	0,26	1.206.123	0,16	706.050
Freely revertible property, plant and equipment	367.584.141	49,98	388.422.288	52,72	-20.838.147
Non-current financial assets	434.543.211	59,08	432.323.432	58,67	2.219.779
Fixed Assets	808.669.979	109,96	827.547.473	112,32	-18.877.495
Trade receivables	55.628.333	7,56	57.024.066	7,74	-1.395.733
Other receivables, prepayments and accrued income	26.317.006	3,58	21.387.114	2,90	4.929.893
Inventories	1.483.359	0,20	1.404.249	0,19	79.110
Trade payables	-39.421.175	-5,36	-52.640.152	-7,14	13.218.977
Other payables, prepayments and accrued income	-27.958.108	-3,80	-33.569.516	-4,57	5.611.408
Net Working Capital	16.049.415	2,17	-6.394.239	-0,88	22.443.655
Invested Capital	824.719.394	112,13	821.153.234	111,45	3.566.160
Renewal provision	-42.768.259	-5,81	-42.768.259	-5,80	0
Provisions for liabilities and charges	-30.379.688	-4,13	-22.825.251	-3,11	-7.554.437
Provision for impairment of equity interests	-258.780	-0,04	-559.986	0,00	301.206
Provision for derivative instruments	-7.401.777	-1,01	-9.005.969	-1,23	1.604.192
Severance indemnities provision	-8.397.310	-1,14	-9.181.274	-1,25	783.964
NET INVESTED CAPITAL	735.513.580	100,00	736.812.496	100,00	-1.298.916
Shareholders' Equity	600.666.474	81,67	541.599.050	73,51	59.067.424
Cash and cash equivalents	-53.158.680	-7,23	-55.247.861	-7,50	2.089.181
Short-term debt	5.786	0,00	461.307	0,06	-455.521
Medium/long-term debt	188.000.000	25,56	250.000.000	33,93	-62.000.000
Net Financial Position	134.847.106	18,33	195.213.446	26,49	-60.366.340
THIRD-PARTY ASSETS AND OWN FUNDS	735.513.580	100,00	736.812.496	100,00	-1.298.916

Intangible assets decreased as a result of the amortisation charged to long-term charges - mostly referring to the costs of loans contracted before 2016 - while **Property, plant and equipment not revertible to the awarding body** increased mainly due to the acquisition of new machinery for winter operations and new vans for the road network.

Property, plant and equipment freely revertible to the awarding body, net of the related financial depreciation fund, amounted to €367.6 million and record a decrease of €20.8 million, compared to 31 December 2018, following the investments made equal to approximately €34.7 million, including capitalised financial charges, after deducting the financial amortisation amount of €48 million and after deducting the contributions received equal to €7.5 million.

The main investments, net of capitalised borrowing costs, concern the following works set out in the current Economic and Financial Plan:

Completion of IC Segrate road network	23.3 million
Redevelopment of Provincial Road (SP) 46 Rho-Monza	6.7 million
Other measures to modernise as per sectoral quality standards	4.0 million

Non-current financial assets amounted to €434.5 million and show an increase of €2.2 million compared to 31 December 2018 essentially attributable to the effects of interest-bearing loans disbursed to subsidiaries.

The loans amounted to a total of €172.2 million including accrued interest and were granted to the subsidiary Autostrada Pedemontana Lombarda S.p.A., to the investees T.E. S.p.A. and S.A.Bro.M. S.p.A.

Equity interests amounted to €255.9 million (€257.1 at 31/12/2018) and changed for the adjustment of the value of the equity interests in subsidiaries (Milano Serravalle Engineering S.r.l. and Autostrada Pedemontana Lombarda S.p.A.) valued with the equity method, for the amortisation of goodwill relating to Autostrada Pedemontana Lombarda S.p.A. and for the write-downs of some equity interests in other companies, in particular Tangenziale Esterna di Milano S.p.A..

Net working capital shows a positive balance of €16 million (- €6.4 million at 31 December 2018), with an increase of €22.4 million. The main changes during the year were as follows:

- ◆ the decrease in trade payables for investments (+ €19.6 million);
- ◆ the increase in payables to suppliers, net of the advances already paid, relating to the maintenance of the motorway infrastructure (- €3.9 million);
- ◆ the decrease in the net positive balance deriving from interconnection relationships (-€2.6 million);
- ◆ the reduction of payables for expropriations mainly related to the upgrading of the Rho-Monza (+ €1.8 million);
- ◆ the change in the net position (current and prepaid taxes) payable in relation to taxes for the year (+ €6.8 million);
- ◆ the increase in tax payables relating to the payment of VAT (-€2.4 million);
- ◆ the recognition of deferrals for the application of the amortised cost in relation to the loan contracted in 2019 used starting from the 2020 financial year (+ €1.4 million).

Shareholders' equity amounted to €600.7 million due to the profit for the period (€57.8 million) and the adjustment of the negative reserve relating to future cash flows deriving from loan agreements, in place with financial institutions, of hedging derivatives (€1.2 million).

The **net financial position** ended with a negative balance of €134.8 million (-€195.2 at 31 December 2018) showing a positive change of €60.4 million following the reduction in debt.

1.3 Financial performance

ABBREVIATED CASH FLOW STATEMENT		
	31/12/2019	31/12/2018
INITIAL LIQUIDITY	55.247.861	80.397.876
Profit (loss) for the financial year	57.848.237	57.832.877
Income taxes	26.968.364	22.339.107
Other financial income elements	1.774.095	4.910.402
1 - Operating result	86.590.696	85.082.386
Depreciation/provisions	79.387.619	80.242.384
Write-downs/revaluations	940.671	758.436
2 - Cash flow before change in the NWC	166.918.986	166.083.206
Change in receivables	-2.271.421	-1.505.130
Change in payables	8.067.116	-4.993.601
3 - Cash flow after the change in the NWC	172.714.681	159.584.475
Use of provisions	-22.709.684	-21.411.988
Payment of taxes	-34.146.892	-14.586.320
Payments/cash-in of financial type	-8.649.964	-10.601.348
Cash flow from operating activities (A)	107.208.141	112.984.819
Motorway investments	-53.645.993	-34.555.778
Investments in other fixed assets	-1.646.955	-716.597
Investments in equities	0	0
Investments in other non-current financial assets	521.683	-2.248.233
Cash flow from investments (B)	-54.771.265	-37.520.608
Loan repayments	-62.000.000	-124.500.000
New loans	0	0
Grants received	7.474.012	23.884.240
Changes in payables to banks	-69	1.534
Dividends paid	0	0
Cash flow from investments (C)	-54.526.057	-100.614.226
FINAL LIQUIDITY	53.158.680	55.247.861
CHANGE IN CASH AND LIQUID ASSETS (A+B+C)	-2.089.181	-25.150.015

Cash and cash equivalents fell by € 2.1 million during the year.

The financing sources include:

- ◆ cash flow from operating activities for approximately €107.2 million;
- ◆ grants received for €7.5 million.

Absorption of liquidity is essentially the result of:

- ◆ the payment of the amount due for the investment activity for €54.7 million;
- ◆ the settlement of the expiring installments of the outstanding loans for a total of €62 million.

The financial debt situation as of 31 December 2019 is shown below and is prospective with the evidence of the residual available and the related approved purpose.

	Amounts in millions of euros				Dates		Purpose
	Agreed	Used at 31/12/2019	Available as of 31/12/2019	Residual debt at 31/12/2019	Signed	Expiration	
Term committed line							
UBI Banca - Banco Popolare	90	90	0	45	13/12/2010	31/12/2025	Investments and equity interests
BNL - MPS	150	150	0	75	13/12/2010	31/12/2025	Investments and equity interests
CARIGE (EIB intermediation)	20	20	0	12	02/03/2012	31/12/2025	investments
UNICREDIT/UNDERSTANDING/UBI	160	160	0	32	08/07/2015	31/12/2020	refinancing, investments and APL support
FINLOMBARDA	40	40	0	24	19/12/2017	19/12/2022	refinancing, investments and cash management
IINTESA - BNL - UNICREDIT - BANCOBPM - UBI	150	0	150	(*)	18/12/2019	31/12/2026	investments and works related to the motorway infrastructure
Total term - committed	610	460	150	188			

(*) In consideration of the prospective exhaustion of the existing credit lines intended for investments in the motorway network, the Company, on 18 December 2019, signed a loan agreement for the amount of €150 million to be allocated to investments and interventions on the motorway. At 31 December 2019 the line was granted and not yet used; use will take place during 2020.

2. ACTIVITIES IN 2019

2.1 The management of collection and tolls, service areas and other commercial activities

Traffic

During the 2019 financial year, paying traffic recorded a total of 3,114,801,805 vehicles / kilometers travelled with a slight decrease of 0.14% compared to the previous year.

	PAYING TRAFFIC (VEHICLE-KM)				
	2019	%	2018	%	Change
A7 Milan - Serravalle	1.577.939.029	50,66	1.571.342.473	50,52	0,42%
West Milan	207.676.760	6,67	206.679.113	6,64	0,48%
Terrazzano	282.696.413	9,08	289.498.197	9,31	-2,35%
Milan Ghisolfa	59.430.521	1,91	56.958.335	1,83	4,34%
Melegnano tollbooth	45.362.585	1,46	45.851.805	1,47	-1,07%
South Milan	256.134.083	8,22	253.009.197	8,13	1,24%
A50 West bypass	851.300.362	27,33	851.996.647	27,39	-0,08%
Venice	174.547.802	5,60	175.197.828	5,63	-0,37%
Vimercate	125.756.592	4,04	127.333.310	4,09	-1,24%
A51 East bypass	300.304.394	9,64	302.531.138	9,73	-0,74%
Sixth St. John	278.932.470	8,96	280.617.660	9,02	-0,60%
Monza	106.325.550	3,41	104.107.170	3,35	2,13%
A52 North bypass	385.258.020	12,37	384.724.830	12,37	0,14%
TOTAL	3.114.801.805	100,00	3.110.595.088	100,00	0,14%

The positive increase recorded on the network under concession is attributable to the traffic recorded on the A7 motorway which offset the negative results recorded on the bypasses.

Traffic on the West bypass was affected by the result connected to the Terrazzano barrier, which was negatively affected by the reduced road network of the Rho viaduct, in order to allow some extraordinary interventions to the building, while at the Milano Sud and Milano Ghisolfa barriers there were increases.

The A7 Milan-Serravalle section consolidates a positive result deriving from the increase in traffic recorded mainly in the first three months of the year due to the good weather conditions of the winter season.

As far as the North bypass is concerned, the positive data found at the barrier of Monza is the result of a valid alternative to the urban stretch of the A4 undergoing redevelopment works for the whole year 2019.

As regards the breakdown between light and heavy vehicles, the figure stands at 2,512 million vehicles/km, a decrease of 0.23% compared to 2018, while heavy vehicles recorded an increase of 1.68%, confirming the positive trend already achieved in 2018.

	2019	2018	Change
Lightweight	2.511.792.861	2.517.571.004	-0,23%
Heavyweight	603.008.944	593.024.084	1,68%
TOTAL	3.114.801.805	3.110.595.088	0,14%

The following is an analysis of light and heavy traffic for each relevant section.

	COMPARISON LIGHT/HEAVY VEHICLES PAYING TRAFFIC					
	2019		2018		Change	
	Lightweight	Heavyweight	Lightweight	Heavyweight	Lightweight	Heavyweight
A7 Milan - Serravalle	1.269.495.248	308.443.781	1.268.916.092	302.426.381	0,05%	1,99%
A50 West bypass	677.653.716	173.646.646	681.692.184	170.304.463	-0,59%	1,96%
A51 East bypass	256.830.652	43.473.742	258.829.428	43.701.710	-0,77%	-0,52%
A52 North bypass	307.813.245	77.444.775	308.133.300	76.591.530	-0,10%	1,11%
TOTAL	2.511.792.861	603.008.944	2.517.571.004	593.024.084	-0,23%	1,68%

Toll rates

On 31 December 2018, the Minister for Infrastructure and Transport and the Minister for the Economy and Finance issued Interministerial Decree no. 579, which provided that the toll rate adjustment granted to the Company applicable from 1 January 2019 would amount to 2.62%.

At the request of the Awarding Body, and having heard the majority shareholder, the Company has decided to suspend the tariff adjustment recognised until 30 June 2019, setting the effective date from 1 July 2019, also reserving the right to undertake a discussion, with the Awarding Body, to identify possible solutions, within the framework of the conventional instruments, such as to allow the recovery of the aforementioned facility to the user without altering the economic and financial effects, in order not to create a serious financial damage to the Company.

Following a further request received by the Awarding Body on 27 June 2019, with regard to the measures to be adopted in favour of motorway users, the Board of Directors' meeting held on the following 4 July decided to further suspend the tariff adjustment recognised for the year 2019 on the whole network under concession until 31 December 2019.

On 30 December 2019, the Company, having consulted the majority Shareholder, informed the Awarding Body, in order to extend the user facilitation measures already adopted previously, to temporarily suspend voluntarily the tariff adjustment authorised by Decree no. 579 of 31 December 2018.

With reference to the application submitted by the Company in accordance with the provisions of the tariff adjustment agreement for the year 2020, on 31 December 2019, the Ministry of Infrastructure and Transport sent a note to the Company in which it stated that *“having examined the outcome of the investigation of component K and in consideration of the provisions of art. 13 of the “Milleproroghe” Decree of 31 December 2019, the tariff adjustment to be applied with effect from 1 January 2020 is 0.00%”*.

Tolls

Toll revenues pertaining to the Company, net of discounts applied and the additional fee paid to Anas, show a slight increase corresponding to 0.10% compared to 31 December 2018, amounting to €234,793,102. The trend is mainly due to traffic performance, which, as mentioned above, recorded

a positive change of 0.14% compared to the previous year, since the toll adjustment recognised as from 1 January 2019 on the relevant motorway network was voluntarily suspended.

During 2019 - in relation to the initiatives in favour of motorway users advocated by the Ministry of Infrastructure and Transport - discounts for motorcyclists with a “motorbike telepass” (electronic toll collection) contract remained active. The amount of these discounts was €62,487.

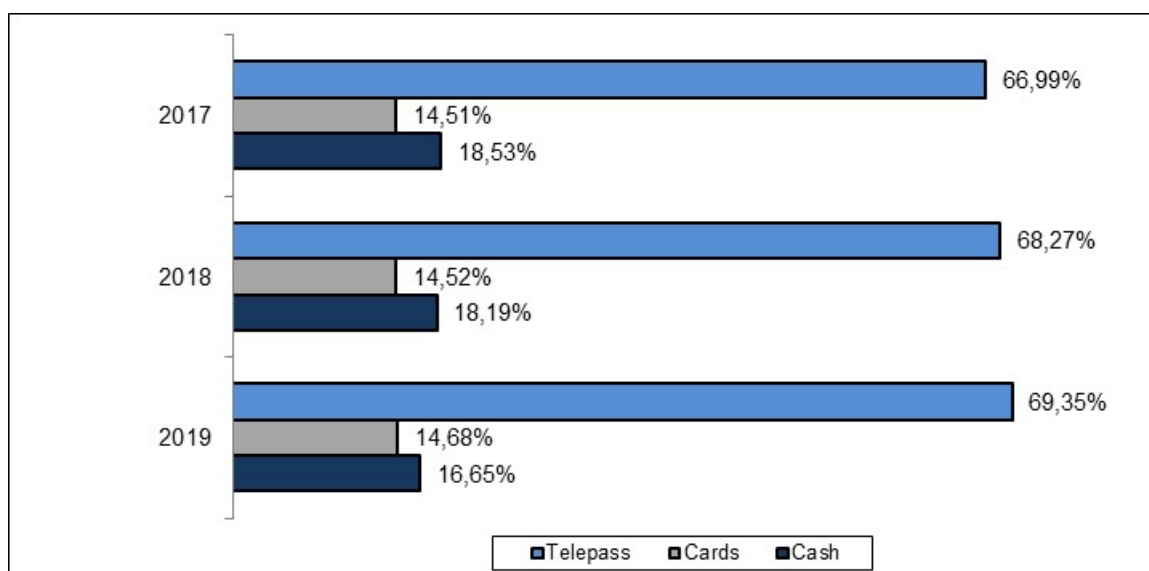
The initiative promoted by the Company in favour of commuters is continuing in relation to the Telepass Family service, which grants 25% discounts on tolls at the Agrate (from and to Vimercate - East bypass), Sesto San Giovanni (North bypass) and Terrazzano (West bypass) tollgates. The amount of discounts relating to the aforementioned initiative was equal to €723,480.

In place of the above initiative, from 1 September 2019, with the aim of making it easier for users, a new initiative has been introduced for holders of telepass contracts (family and ordinary) that provides for a 25% discount on all transits made in a month by users at the Agrate barriers, in the direction of Vimercate, Sesto San Giovanni and Terrazzano. To take advantage of this facility the user must have passed through one of these collection barriers more than 20 times a month. The economic and financial impact of this new initiative amounted to €225,776.

Net Toll Revenues	2019	2018	Change
Toll revenues	257.505.519	257.187.470	0,12%
Surcharge under Law 109/2009 art.19 and subs	-22.712.417	-22.635.205	0,34%
NET ACCRUAL TOLLS	234.793.102	234.552.265	0,10%

of which	2019	2018	Change
A7 Milan - Serravalle	87.682.223	87.247.725	0,50%
A50 West bypass	61.720.775	61.788.191	-0,11%
A51 East bypass	37.332.097	37.615.768	-0,75%
A52 North bypass	48.058.006	47.900.581	0,33%
NET ACCRUAL TOLLS	234.793.101	234.552.265	0,10%

The table below shows the breakdown of the various toll payment methods and shows an increasing use of telepass devices to the detriment of other types of payment.



Service areas

Income from service areas shows an improvement compared to the previous year, recording an increase of 0.68%. This change is due to the positive trend in the royalties of the restaurant and market area which offset the closure, due to expiry at the end of 2018, of three service areas.

INCOME FROM SERVICE AREA CONCESSIONS PER SECTION							
	2019			2018			Change
	Fees	Royalties	Total	Fees	Royalties	Total	Total
A7 Milan - Serravalle	861.160	1.055.930	1.917.090	852.633	1.051.573	1.904.206	0,68%
A50 West bypass	156.000	1.375.207	1.531.207	180.020	1.244.294	1.424.314	7,50%
A51 East bypass	104.000	598.320	702.320	154.303	633.631	787.934	-10,87%
A52 North bypass	32.554	104.808	137.362	32.231	110.471	142.702	-3,74%
Total network	1.153.714	3.134.265	4.287.979	1.219.187	3.039.969	4.259.156	0,68%

In particular, the reduction in fees for €65,473 (-5.4%) refers to the conclusion of the concession of three service areas: Rho Ovest, along the West bypass and Carugate Est and Ovest along the East bypass. The reduction was partially offset by the ISTAT revaluation made on the concession and lease fees of the remaining areas.

On the other hand, royalties paid to the Company by the sub concessionaires who manage the “oil and food” services in the service areas increased by three percentage points; this change is determined by the decrease in royalties deriving from the sales of fuels, a negative trend that has been underway for years also at national level (-1.6%), more than offset by the income deriving from the sales of the catering and market activities (+9.3%).

With regard to the redevelopment interventions envisaged in the Third Additional Agreement of 2011, in 2019 the works on the service areas concerned were fully completed. The testing of the following service areas has not been performed: Cascina Gobba Ovest (only methane plant), Cascina Gobba Est, Muggiano Ovest and Est.

In April and November the inspections planned by the Awarding Body were successfully completed. The sub-concessionaires have made improvements, mainly focused on the arrangement of the paving of the aprons, of the pedestrian paths in the buildings and on the renewal of the vertical signs, in

addition to the structural consolidation of the Assago overpass carried out by Eni S.p.A. in the first half of 2019 and the construction of the extraction well in the Castelnuovo Ovest area started by Eni S.p.A. in November 2019.

With regard to the service areas closed to the public, according to the contractual provisions, pending current regulations, before returning the areas to the Company, the outgoing sub-concessionaire will undertake the investigation and any environmental remediation activities; upon delivery of the areas, the Company intends to set up positions on the grounds used for the control of commercial vehicles by the Traffic Police.

It is known that with a call for tenders published in the Official Gazette of the Italian Republic (GURI) on 23 April 2018, a restricted invitation to tender pursuant to article 61 of Legislative Decree no. 50 of 18 April 2016 was opened for the award of a concession for 32 lots relating to the management of the fuel lubricant product distribution service, of the refreshment service and ancillary activities and of the catering and related activities in service areas located along the sections under concession. The adequacy checks of the offers presented are still in progress, an activity that concerns the 32 lots subject to the tender.

Other commercial activities

Advertising installations

The Company currently has contracts for advertising installations with two operators. One contract relates to the lease of a portion of land, located between the junction branch from the north carriageway of A51 - East bypass and viale Forlanini; the other contract concerns the management of advertising installations in various formats, which the operator has installed in the service areas along the motorway sections for which the Company is responsible.

Revenues from contracts for this commercial activity decreased compared to the previous year, following the removal of advertising systems in the service areas closed due to the end of the activity.

Management of the A58 - T.E.E.M. (Milan East Outer bypass) motorway toll collection service

The toll collection service continued on a regular basis, for consideration, on behalf of the A58 - Milan East Outer bypass. The service was entrusted to the Company until 30 June 2019, subsequently extended until 15 October 2019. In September, the Aurea company - a consortium company to which the concessionaire East Outer bypass entrusted the Operation & Maintenance contract or the complete management and maintenance of the infrastructure under a global service regime - accepted the offer formulated by the Company for the toll collection service at the East Outer bypass. The service runs from 16 October 2019 to 31 December 2022. Compared to the current contract, Aurea requested a reduction in the service, so the amount was reduced directly due to the lower number of resources that will be dedicated to the service.

Management of toll collection services for Autostrada Pedemontana Lombarda S.p.A.

The Company has an agreement for consideration with the subsidiary Autostrada Pedemontana Lombarda S.p.A. to provide certain toll collection services and other activities carried out in service

(technical support for information systems and payroll and contribution services). The agreement runs from January 2018 to 31 December 2020.

2.2 Network management

Maintenance and works related to the motorway infrastructure

During the year, maintenance, particularly on the paving, signs and guardrails, ensured the required service levels as well as the successful completion of the monitoring inspections carried out by the Awarding Body.

As far as the paving is concerned, all functional interventions were carried out in order to maintain the necessary safety and comfort conditions of the circulation, according to conventional standards and as also emerged during the inspections and from the results of the checks and measurements carried out during the year.

As far as the monitoring and maintenance of the works of art are concerned, the periodic legal checks on the state of conservation and stability of the structures under management have continued. None of the structures are so critical, from a structural standpoint, that immediate safety measures are required.

In particular, the main works carried out concerned, along the Est bypass (A51), concrete restoration works in the areas underneath the Parchi viaduct for long stretches, restoration of shoulders and slabs at the Forlanini junctions, the Linate exit and the Via Emilia overpass, and in the West bypass (A50) restoration works on the shoulders and slab of the Lambro Bridge and the underpass of SS 35. The programme to replace expansion joints also continued, especially on some underpasses along the concession network.

Finally, the structural restoration and seismic upgrading works for the bridge over the Po river (north carriageway) and the Binasco viaduct, both on the A7, are currently being planned, while the contract for the seismic upgrading works at the Rho viaduct on the West bypass (A50) have been awarded.

With regard to the interventions aimed at maintaining the efficiency of the protection and signalling systems present on the motorway network, in particular: vertical signs, horizontal signs, safety barriers and fence networks, the Company has carried out all the necessary interventions guaranteeing the maintenance of traffic safety conditions.

In particular, the safety barriers and shock absorbers damaged as a result of the accident were restored, with urgent interventions carried out within 4 hours of the event and minor restorations as scheduled. Work also continued on the restoration and gradual replacement of the deteriorated fencing.

The horizontal signage activities have seen the complete renewal of the lines in thermo-sprayed plastic along the roadway and in paint at the junction ramps. In addition, for the junction of Quinto de Stampi on the A50 motorway, the company has also adopted raised thermo-noise signs on the double continuous line separating the traffic lanes. The continuous checks carried out on road markings in November 2019 gave adequate results.

With regard to the chapter on vertical signage, in addition to the restoration of damaged elements, some plates and portals have been rebuilt in conditions that are no longer optimal. In addition, following the results of the checks carried out by a certified operator, a number of A54 trestles

were replaced; the systems removed were replaced with single trestle elements overhanging the two carriageways, allowing the elimination of singular points in the traffic reservation and guaranteeing better safety conditions, both for the structure and the traffic.

During the year, work was carried out on the systems serving the motorway network to ensure their proper functioning and state of preservation. Ordinary maintenance work continued on the toll booths, in addition to maintenance of the equipment for toll collection through the maintenance of the related equipment for data transmission and processing. The overall upgrading of toll collection systems and the extension/upgrading of the equipment (cameras in progress) for monitoring the sections under concession are underway in order to increase the level of control and safety over them.

Work was completed on the installation of instrumentation to measure the electrical and thermal consumption of systems serving buildings, barriers and toll booths for the future preparation of energy audits aimed at optimising energy consumption.

In addition, the installation of the monitoring and transmission system of data relating to the levels of diesel in the remaining tanks serving the heating systems of barriers and toll booths was completed.

As far as the interventions for the management of the winter emergency are concerned, all the activities planned for the management of the winter season were carried out in order to maintain adequate safety conditions for circulation along the entire concession network, as well as all the “on-call” interventions that were necessary depending on the weather conditions encountered.

Further interventions to maintain the efficiency of the motorway body not included in the previous items, such as, for example, the restoration and cleaning of the platforms, embankments, tiles, the mowing of green areas and emergency intervention in case of accidents, have allowed the maintenance of functional and safety standards appropriate to the characteristics of the infrastructure.

The entire network continued to be affected by unauthorised advertising, with the removal of some installations.

Safety and Accidents

The total number of accidents recorded by the Traffic Police during 2019 on the network under concession decreased by 8.4% compared to the previous year. Although the total number of injured claims recorded in the same period decreased at the same time (-5.9%), there was an increase in fatal claims.

ACCIDENTS ON THE SECTIONS							
	2019			2018			Change %
	Total	with wounded	fatal	Total	with wounded	fatal	Total
A7 Milan Serravalle	327	111	4	334	104	0	-2,10
A50 West bypass	616	259	0	693	272	1	-11,11
A51 East bypass	431	178	2	455	218	2	-5,27
A52 North bypass	239	109	1	279	104	0	-14,34
Total network	1.613	657	7	1.761	698	3	-8,40

The accident rate, calculated as the number of accidents per 100 million vehicle-km, at 31 December 2019, stood at 51.78 against 56.61 in 2018.

ACCIDENT INDEX: ACCIDENTS/VEHICLES-KM							
	2019			2018			Change
	million vehicles-km	accidents	accident index	million vehicles-km	accidents	accident index	
A7 Milan Serravalle	1.578	327	21	1.571	334	21,26	-0,53
A50 West bypass	851	616	72	852	693	81,34	-8,98
A51 East bypass	300	431	143,52	303	455	150,40	-6,88
A52 North bypass	385	239	62,04	385	279	72,52	-10,48
Total network	3.115	1.613	51,78	3.111	1.761	56,61	-4,83

Road conditions, traffic assistance

During 2019, the Traffic Wardens, which are involved in monitoring and interventions on the network, in case of situations requiring the restoration of the motorway network, carried out a total of 13,731 interventions, in line with the previous year.

In detail, the following table shows the interventions divided by type and homogeneous area.

Managed interventions auxiliary to the road sys	2019	2018	Change	%
Accident-related events and reports	2.866	2.945	-79	-2,68%
Queue reports	447	451	-4	-0,89%
Request for rescue and user assistance	6.775	6.771	4	0,06%
Other interventions (*)	3.643	3.563	80	2,25%
Total interventions	13.731	13.730	1	0,01%

(*) recovery of materials, abandoned vehicles, removals, information, miscellaneous.

Radio Information and User Information Centre

The daily management of the road network (traffic, accidents, construction sites, exceptional transport, etc.) as well as the problems connected with the winter season and spring exodus led the Radio Information Centre to manage a total of 51,712 events during 2019, compared to 57,290 in 2018, as better summarised in the table below, which shows the types and areas of intervention.

Interventions managed by Radio Information Cer	2019	2018	Change	%
Accident-related events and reports	10.187	14.902	-4.715	-31,64%
Queue reports	6.504	6.900	-396	-5,74%
Request for assistance and user assistance (*)	15.789	16.918	-1.129	-6,67%
Other interventions (**)	19.232	18.570	662	3,56%
Total interventions	51.712	57.290	-5.578	-9,74%

2.3 Investments

The activities linked to the implementation of the interventions for the adaptation and strengthening of the network under concession continued. The total amount of expenses incurred for investments in 2019 was €33.5 million, net of capitalised borrowing costs.

The progress of work as at 31 December 2019 is summarised in the following table.

Investments are shown in order of value.

Motorway	Investments	Contractor	Status	Investment amount		Work progress
				QE Amount [millions EUR]	of which works [millions EUR]	as of 31/12/2019
A52 North bypass	Redevelopment of SP 46 Rho-Monza: from the North bypass to the built-up area of Baranzate	R. T. I. Grandi Lavori Fincosit S.p.A. / Collini Lavori S.p.A. / Costruzioni Edili Stradali e Fognature S.r.l.	in progress	258,5	169,6	56,5%
A51 East bypass	Access roads to the intermodal centre in Segrate - Completion lot	R. T. I. Collini Lavori S.p.A. / S.G.F. - I.N.C. S.p.A. 7 Construction of Road Buildings and Sewerage S.r.l.	in progress	58,3	47,5	83,5%
A50 West bypass	Adaptation of traffic island and lateral guardrails and lighting of the West bypass	CAR Segnaltica Stradale S.r.l.	in progress	55,6	39,5	66,4%
A53 Pavia-Beregardo junction	Fitting-out of the Pavia-Beregardo motorway link road and extension of the Bereguardo tollbooth	R. T. I. Itinera S.p.A. / Caffù S.r.l. / Strago S.p.A.	in progress	25,0	17,3	99,1%
A50 West bypass	A50 Urgent summa-jobs to secure the Rho viaduct	Mosconi S.r.l.	completed	0,7	0,5	100,0%

A52 - Redevelopment of SP 46 Rho-Monza: from the North bypass to the built-up area of Baranzate

On 5 July 2018, the lead company Grandi Lavori Fincosit filed an application for composition with creditors before the Court of Rome pursuant to Article 161, paragraph 6, of Royal Decree no. 267/1942. The state of business crisis of the lead company has had repercussions on the progress of work, which has slowed down sharply, until the complete cessation of activities, pending the authorisation of the Court's decisions. In addition, the liquidity crisis of the lead company led the Company to suspend the payments of the certificates accrued, for a total of approximately €16 million, due to the lack of receipted invoices from subcontractors.

Considering the resumption of activities as a priority, the Company availed itself of external legal support to identify a possible strategy to reactivate the work, also pending the decisions of the Court.

On 27 March 2019, the Board of Directors approved the solution identified which provided, on the basis of the signing of an irrevocable delegation of payment by the principals, for the direct payment of subcontractors and the consequent release of the remaining receivables of the group. By virtue of the irrevocable delegation of payment of the principals, in September 2019, the Company was able to proceed with the direct payment of the subcontractors for the amounts accrued by them.

The release of payments allowed a progressive operational resumption of the contract; the works alone show, as of 31 December 2019, a production corresponding to 56.5% of the contractual amount, updated to €169.6 million following the approval of the variation report no. 2 by the Board of Directors on 10 May 2018 and by the Superintendency on 4 June 2018.

Finally, it should be noted that the works management, with service order no. 24 dated 21 October 2019, ordered the contractor to proceed with the execution of the activities and in compliance with the key dates assigned, more precisely:

- Lot 1 - opening of both motorway carriageways by 28 August 2021;
- Lot 2 - opening of both motorway carriageways by 14 January 2022;
- Completion of the coplanar works included by 27 July 2022.

As part of expropriation activities, at 31 December 2019, 90 had been reached on a total of 112 cases to settle the expropriation procedure and 59 agreements had been reached on a total of 72 cases to settle the interference resolution procedure.

Contacts continued with the Metropolitan City of Milan for the definition of ownership of the areas headed by the Company, corresponding to the original route of the SP 46 Rho-Monza, now affected by the new motorway infrastructure.

The Company requested and obtained from the Awarding Body, pursuant to Article 13 of Presidential Decree 08.06.2001 no. 327, the extension of the period of validity of the declaration of public utility.

The process already started of releasing temporary occupation areas no longer necessary for the progress of work continued.

A51 - Renovation of the Lambrate junction, link to the Cassanese road and completion of the road network for the intermodal centre in Segrate

In May of 2018 the Company received an inspection visit from two officials of the National Anti-Corruption Authority (ANAC) to acquire documentation and information regarding the works contract for the renovation of the Lambrate junction and the completion of the access road to the Segrate intermodal centre.

The inspection visit went into the merits and details of the entire contract, from the tender procedure to the appraisals, the amicable agreements, the transaction and the reassignment of Lot B (completion of the Segrate road network) following the termination of the first contract.

On 24 September 2019, ANAC received the communication containing the results of the inspection findings and the start of the investigation pursuant to the current Tenders Code. ANAC has raised a number of technical, legal and economic issues. The Company, through the corporate departments involved, has prepared the counter-deductions which, pursuant to law, it submitted within the required period of twenty days, i.e. 11 October. Subsequently, the Company received no further communication.

A51 - Access roads to the intermodal centre in Segrate - Completion lot

The contract was signed on 6 November 2017 and the works were delivered on 21 December 2017. At the same time as signing the contract, the Contractor also signed the Submission document relating to expert's report no. 1 on the technical and supplementary variant, which was necessary to implement the design optimisations necessary for coordination with the project carried out and financed by the operator Westfield Milan S.p.A.

With a note dated 19 December 2019, the Contracting Authority granted, after consulting the construction manager, an extension of 107 days, updating the contractual term to 10 February 2020. This extension takes into account in particular the delay in approving the new plan for the use of excavated earth and rocks.

An extension was granted on 12 December 2019 (68 days) for the environmental remediation of the landfill of buried waste strictly connected with the activities of the completion lot, contracted separately in 2017 and delivered on the same day as the delivery of the main works, updating the contractual term to 19 February 2020.

At 31 December 2019, the progress of the main contract was 83.5% of the contractual amount.

A53 - Fitting-out of the Pavia-Beregardo motorway link road and extension of the Bereguardo tollbooth

The investment involves the redevelopment of the motorway link that connects the A7 motorway to the Pavia bypass (A53), with the modernisation of the road safety devices, the redevelopment of the slow lane and the simultaneous extension of the Bereguardo toll booth, as well as a series of complementary environmental works.

With regard to the motorway link, on 12 March 2018, the Technical and Administrative Inspection Commission drew up an inspection report pursuant to Article 230 of Presidential Decree 207/2010, in which the Company took charge the entire section in advance.

On 27 May 2019, the construction manager issued the certificate of completion of the works, giving the contractor 60 days to complete some residual and marginal work that does not affect the use and functionality of the works.

The company did not comply with what was agreed in the completion certificate and, pursuant to art. 199 paragraph 2 of Presidential Decree 207/2010, such failure to comply resulted in the ineffectiveness of the certificate of completion issued.

A50 - Adaptation of traffic island and lateral guardrails and lighting of the West bypass

The subject-matter of the contract is the replacement of guardrails with a type in line with current regulations, the replacement of lighting poles at the junctions in the central reservation (and therefore in a position interfering with the deformation space of the guardrails) with light towers located in the areas enclosed by the ramps.

In the second half of the year, construction work on the lighting systems for the West bypass was started, although, contrary to the contractor's guarantee, work is still considerably delayed. The company is constantly urged by the Works Management to ensure the resumption of operations for the recovery of accumulated delays.

The procedure following the filing in December 2018 by the contractor, with the Ordinary Court of Milan, of a summons for the recognition of the reserves registered up to SAL no. 15 is still in progress. At 31 December 2019, progress on the main contract was at 66.4%.

A50 - Rho Viaduct. Urgent lifting of the deck, structural reinforcement of the piling of alignments 11, 9 and 8 and of the shoulder work on the south carriageway.

The project consists of extraordinary maintenance work on both decks of the viaduct and is included in the Company's new Economic and Financial Plan, which is currently being approved.

Deeming it necessary to activate every initiative to allow the execution of extraordinary maintenance works even pending the approval of the new economic and financial plan, and having also taken note of the extension of the project approval times by the Awarding Body, the Company's Board of Directors, in the meeting of 10 May 2018, authorised the start of the tender with an open procedure for the award of the works.

The works - which were carried out after the complete closure to traffic of the building on both sides of the road - began on 10 December 2018 and were completed, in line with forecasts, on 7 January 2019.

A50 - Extraordinary redevelopment of the Rho viaduct.

The intervention concerns the works necessary for the upgrading and safety of the Rho viaduct of Milan's West bypass between the km 2+001 and the km 2+337.

The work was awarded on 20 November 2019 and delivery, as a matter of urgency, occurred in the first days of January 2020.

2.4 State of progress of litigation and other legal issues

The disputes pending with judicial authorities are mainly related to issues related to contracts and tenders, expropriations and claims for damages of various kinds.

In 2019, 55 disputes were settled and, at 31 December 2019, 42 disputes were still pending. As a result, 13 were resolved during the 2019 financial year.

The main disputes **resolved** during the year are commented below.

- ◆ **Disputes relating to tender procedures:** during the year, two judicial initiatives were resolved, undertaken by economic operators relating to restricted procedures, launched in 2018, for the sub-concession of no. 32 lots relating to the management of the *oil* and *non-oil* service at the service areas along the concession sections.
- ◆ **Disputes related to contractual execution:** the proceedings initiated by the contractor entrusted with the executive design and execution of the works for the construction of almost the entire infrastructure of the Autostrada Pedemontana Lombarda were terminated in September 2019 following the reaching of a detailed agreement between the contractor and the Subsidiary. Pursuant to this agreement, the Parties have exchanged the related waiver and acceptance declarations; in particular, the Company will purchase the share package of Autostrada Pedemontana Lombarda S.p.A., held by the plaintiff's holding company.
In January 2019, a judgment was handed down partially granting the claims of an economic operator to which penalties for breach of contract had been applied, contested by the operator. The two lawsuits with which the Company defended its arguments in relation to the payment of certain certificates relating to the progress of work in favour of the contractor have been settled jointly.
- ◆ **Litigation concerning environmental issues:** in April 2019, a judgment was published rejecting the appeal by the Municipality of Pavia against the order by which the Province of Pavia had held the Municipality itself responsible for the pollution, detected in some areas now owned by the Company, used in the years 1968-1970 as a landfill site, as well as against the investigation report drawn up by the Forestry Department. The Municipality of Pavia appealed against the unfavourable judgment of the first instance before the Council of State, so the second instance was opened.
In 2019, the two cases pending before the Council of State, brought by the Ministry of the Environment to contest the judgments in favour of the Company regarding the lack of

responsibility of the Company in relation to the conditions of pollution of the areas of the site of national interest of Sesto San Giovanni on which the North bypass is located.

- ◆ **Miscellaneous litigation:** two lawsuits that have been successfully concluded deserve special mention. A first dispute, whose judgment has become final, concerns the release of areas held without title by the deceased concessionaire and the recovery of the employment allowance and the costs of the dispute. The second case rejected the claims of two economic operators claiming compensation for the alleged economic losses resulting from the upgrading of the SP 46 Rho-Monza.

The main **outstanding** disputes are commented on below, grouped by subject matter.

1 - Disputes concerning expropriations

As part of the redevelopment of the Rho-Monza:

- ◆ Two judgments relating to the expropriation indemnity, recognised by the Court of Appeal in favour of two expropriated companies, contested by the Company, are pending in the Court of Cassation.
- ◆ The case brought by a private individual to obtain payment of the expropriation allowance has been suspended. Since the case was also brought against the Ministry, the latter appealed to the Court of Cassation against the order of the Court of Appeal concerning the requirements for the payment of the tenant's indemnity, on the assumption of the order's nature as decision. The Company also appeared in these proceedings and at the hearing of 13 February 2019 the Court of Appeal suspended the proceedings pending a decision by the Court of Cassation.
- ◆ The hearing for the discussion of the dispute relating to the acquisition of land subject to expropriation, land that would be part of a real estate transaction for the construction of a complex for commercial use, has been postponed until 19 February 2020. A new case had been joined to this "main" case, again expropriated by the same, at the beginning of 2019, for the residual question of the employment allowance. At the same time, at the beginning of 2019, the Company filed an appeal against the decision of the municipality of Bollate, which excluded from the strategic environmental audit the area of transformation, submitted by the operator, whose implementation plan has an impact on the areas subject to expropriation for which there is the aforementioned litigation. The Company's complaints concern the inclusion, within the scope of the transformation, of the areas on which the public works are located.

In relation to other work

- ◆ On 19 February 2020, the Council of State issued a ruling in the appeal brought by the Company against the unfavourable first instance ruling, which had sentenced the Company and Anas jointly and severally to pay damages for the illegitimate transformation of the area of a private individual. The area had been occupied and transformed by Anas at the end of the 1960s with an expropriation procedure that was never completed, in relation to the works for the construction of the Pavia Bereguardo motorway link. The judgment, in partially accepting Serravalle's appeal, placed the burden on Anas to initiate and conclude the acquisition procedure in accordance with the provisions of the Consolidated Law on Expropriation.
- ◆ At the end of 2019, an extraordinary appeal was introduced, against the issuance of the expropriation decree by the Metropolitan City, by today's interested party to the relegation of areas expropriated by the Company. The decree concerns some land located in Segrate for

which the local authority interrupted the relegation procedure initiated by the Company through the aforementioned expropriation decree.

2 - Disputes relating to tender procedures

With regard to the ongoing disputes initiated by economic operators regarding the restricted procedure for the sub-concession of 32 lots relating to the management of the *oil* and *non-oil* service at the service areas along the sections under concession, the judicial initiative is still pending to contest the legitimacy of the content of the letter of invitation, with particular reference to the discount on oil products or the social clause. For this dispute, promoted by an oil company, the precautionary hearing of 11 January 2019 rejected the request for suspension of the proceedings and the discussion was scheduled for 4 March.

3 - Disputes related to contractual execution

- ◆ The assessment by the Technical Consultant admitted to the proceedings and filed by a contractor has been submitted in order to obtain a ruling on the alleged illegitimacy of the termination of the contract by the Company with the consequent award of charges and damages. At the hearing on 2 October, the judge's counsel was asked for clarification. In view of the development of the litigation, while being aware of the defences that may be presented, it was deemed prudent to make a provision for risks and the hearing for the clarification of the conclusions will be held on 21 May 2020.
- ◆ The disputes relating to the recognition of reserves entered in the contracts for the work of the company are still pending: *“Upgrading of traffic islands and side guardrails and lighting in West bypass”* and those of *“Improvement and upgrading of the Gropello Cairoli tollbooth”*, as well as those of *“Safety of the Rho viaduct shoulder”*.
- ◆ The case brought by the Company against a subcontractor who, pending the contractor's composition with creditors, has requested payment of its services from the contracting station, is an opposition to an injunction.
- ◆ Finally, an arbitration is pending against an oil company for the non-payment of a specific item of royalties due for a service area, introduced due to the existence of an arbitration clause.

4 - Litigation with the Awarding Body

Five disputes are pending with the Ministry of Transport Infrastructure and the Ministry of Economy and Finance, relating to economic relations and mainly to toll rate increases.

- ◆ Two lawsuits dating back to 2014 and 2016 that will fall under the waiver of litigation contained in the current Additional Agreement.
- ◆ The dispute pending before the Lazio Regional Administrative Court against both the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance against the Interministerial Decree of 30 December 2016, by which the Ministry of Infrastructure and Transport suspended recognition of the toll rate adjustment for 2017, remains active.
- ◆ Two appeals against two decrees (no. 127444 of 11 July 2017 and no. 15810 of 8 September 2017) relating to expert opinions on technical variations to works, following the failure of the Awarding Body to recognise the higher amounts requested by the Company, are also pending and no hearing has been set for the time being.

- ◆ It should also be noted that, in April 2019, the decision of the Transport Regulatory Authority (ART) no. 16/2019, which was subject to a consultation procedure and aimed at introducing a toll system for motorway concessions, was challenged, as it was considered prejudicial from several points of view. In June, the consequent resolution no. 69/2019 of the same Authority was published: this consolidated a tariff system that in some aspects remains prejudicial and therefore the Company has decided to appeal against this measure for additional reasons.

5 - Litigation concerning environmental issues

The appeal filed by the Ministry, which challenged sentence no. 57/2014 by which the Regional Administrative Court upheld the appeal filed by the Company against the Director's Decree of 4 December 2012 approving, with prescriptive effect, the Decision of the Services Conference concerning the reclamation site of national interest of Sesto San Giovanni, concluded with the minutes of 19 November 2012, is still pending.

6 - Other disputes

The lawsuit for the release of some land owned by an operator and used as a deposit was closed on appeal, again in favour of the Company, but the operator appealed to the Court of Cassation.

Only one case remains pending and involves an operator who, on several occasions, has contested the denials for the opening of a petrol station in Cantalupa.

In June 2019 a dispute was introduced regarding the construction of a shed in the buffer zone: the owner challenged the demolition order of the Municipality but also complained to the Company for the unfavourable opinion resulting from the unauthorised construction. The hearing on the merits has been set for 28 April 2020.

Labour litigation

During 2019, out of a total of 31 cases (counted per witness), 6 disputes were settled, all following conciliation with the proceeding judge, while for a seventh (decided favourably at first instance) no appeal was lodged by the worker.

As of 31 December 2019, therefore, 24 cases were pending: 18 are pending before the court of first aid while for 6 other cases the time limit for the possible appeal is still in progress.

These are the main legal issues dealt with or being dealt with:

- ◆ 5 causes of failure to pay the money handling allowance for MCT sector personnel: the case, already known in previous years, originates from the erroneous allocation to MCT sector workers in the first years of the sector's start-up and the subsequent suspension of this payment made unilaterally by the Company. During 2019, the Court of Appeal's ruling confirmed the previous one and the Company will appeal to the Court of Cassation.
- ◆ 3 cases for the attribution of level B of the Collective Agreement in force for workers involved in the Centralised Traffic Monitoring (the so-called MCT): the workers consider that the task they carry out requires the superior classification indicated above.

- ◆ 1 case for the attribution of level B of the Collective Agreement in force; the court rejected this request by a judgment of 10 May 2019 and no appeal has been filed by the appellant.
- ◆ 8 cases for lack of precise indication of working hours for part-time workers: workers have requested the fixed allocation, once and for all, of the days of work on the basis of a stringent interpretation of national and contractual regulations. During 2019 there were 8 decisions, all of which were not final, 6 favourable to the Company (1 in first instance and 5 in Appeal) and 2 unfavourable (1 in first instance and 1 in Appeal).
- ◆ 1 case for failure to pay the hourly wage agreed upon at the time of hiring; a worker requested a supplement to his salary on the basis of what was indicated in the letter of hiring, allegedly higher than what was actually paid; the Company defended itself by claiming that it had always correctly paid what was indicated by the regulations and the Collective Agreement in force. At 31 December 2019 the preliminary phase of the proceedings was still in progress (next hearing scheduled for 14/7/2020).
- ◆ 3 dismissal appeals: 1 of the cases was decided favourably at first instance; all 3 cases are still pending.
- ◆ 2 cases for *mobbing*: one of the two cases has been reconciled, agreeing on the incentive for the employee to leave, for the second one an Office Technical Consultancy is in progress.
- ◆ 6 cases for the recognition of the severance indemnity for snow service workers, the ruling of appeal concerning workers was unfavourable and the Company appealed to the Court of Cassation.

The Company has carried out an overall assessment of the risks underlying the labour litigation for which it has decided to adjust the provision for risks.

During 2019, 56 disciplinary proceedings were initiated (the vast majority against shift workers); of the 56 proceedings initiated, 5 were still in the settlement phase as at 31 December 2019, 50 were concluded with the granting of disciplinary measures and in one case the justifications were accepted.

A dispute is pending before the Court of Milan, Labour Section, following the termination of the employment relationship with the former General Manager. The hearing was scheduled for 25 February 2020 to enable the parties to reach a comprehensive settlement.

As is well known, for the emergency situation that has arisen, Articles 83 and 84 of Decree Law 18/2020 (in force since 17/03/2020 and converted into Law no. 27/2020) suspended the course of proceedings and ordered the postponement of hearings from 9 March to 15 April 2020. With art. 36 paragraph 1 of Legislative Decree 23/2020 (in force since 9/4/2020), the legislator extended the suspension to 11 May 2020 for civil and criminal litigation. Therefore, for some cases, with a hearing scheduled during the emergency period, the new hearing dates have been rescheduled.

Corporate litigation

Provincial Councillor

The Company is in the process of recovering the receivable following the legal proceedings for the payment of legal fees following the ruling of the State Council.

At the hearing of 24 September 2019, the enforcement judge, having ascertained the regularity of the payments made by the debtor in favour of the Company, assigned the relative amount to the Company and adjourned the assessment of subsequent payments to the hearing of 31 March 2020.

Municipality of Milan: appeal pursuant to art. 2437 ter, paragraph 6, of the Italian Civil Code - appeal pursuant to art. 696-bis of the Italian Code of Civil Procedure

On 5 November 2018, the Municipality of Milan notified an appeal pursuant to Article 696-bis of the Italian Code of Civil Procedure, requesting the Court of Milan to appoint a Technical Consultant to determine the value of the shareholding held in the Company. By order of 14 November 2018, the Court of Milan appointed a Technical Consultant for the estimate, as at 31 December 2014, of the liquidation value of the Company's shares disposed of by the Municipality of Milan, in accordance with the criteria set out in article 2437 ter, paragraph 2 of the Italian Civil Code.

The final expert report, drawn up by the Technical Consultant, for the determination of the withdrawal value pursuant to Article 2437 ter of the Italian Civil Code of the shareholding held by the Municipality of Milan in the Company's share capital, was filed on 24 July 2019 with the Court of Milan. The valuation carried out by the Technical Consultant determined the unit value of the shares of the Municipality of Milan at €2.70.

On 10 September 2019, the Municipal Attorney's Office requested the procedure for the liquidation of the participation as well as the payment in favour of the Municipality of the amount due for the delayed collection. On 25 September 2019, the Board of Directors, having noted the conclusions of the appraisal carried out by the Technical Consultant, conclusions which in any case determine a value within the range already determined by the advisor appointed by the Company, resolved, as a preliminary assessment, to assume the amount of €2.70 per share for the shareholding held by the Municipality of Milan and to submit this unit value to the evaluation and opinion of the Board of Statutory Auditors and the Independent Auditors, pursuant to Article 2437-ter of the Italian Civil Code.

On 12 November 2019, the Board of Directors, having regard to the fairness opinions issued by the Independent Auditors and the Board of Statutory Auditors - respectively on 11 November and 12 November 2019 - resolved to assume the definitive unit value corresponding to €2.70/share for the liquidation of the shares held by the public shareholder, the Municipality of Milan. In the same session it was decided to:

- ◆ proceed with the filing of the offer notice to the Shareholders, pursuant to Article 2437-quater of the Italian Civil Code, of 33,480,000 shares of Milano Serravalle held by the Municipality of Milan, at a price of €2.70 each, with a term of 30 days for the offer;
- ◆ proceed with the formalisation of a settlement agreement with the Municipality of Milan that provides for the provision, in a lump sum, of the amount due to the same for late collection.

On 15 November 2019, an option notice was filed, pursuant to Article 2437-quater of the Italian Civil Code, for the purchase of a total of 33,480,000 ordinary shares of the Company.

On 20 December 2019, the settlement agreement was signed with the Municipality of Milan for the lump-sum payment of the amount due to it for the current dispute, agreeing also to offset the court costs and to pay 50% of the amount of the Technical Consultant liquidated by the Court of Milan.

On 15 December 2019, the Shareholder Lombardy Region exercised its option and pre-emption right over the entire unopted portion.

Compensation for damages arising from accidents

In the reporting period 2019, a total of 156 claims for damages were received, all of which were regularly investigated and handled. Of these:

- ◆ 148 were rejected on the grounds that the Company was not responsible for causing the accidents;
- ◆ 8 were accepted;

During the same period, four complaints were served by users relating to claims for damages suffered for alleged liability of the Company. For all complaints, the Company has duly appeared before the courts. The complaints concerned the previous rejection of claims for damages, for which the Company was not liable.

During the year 2019, twelve judgments were pronounced, eight of which were unfavourable to the Company and four were favourable.

The recoveries of compensation for damages caused by customers to our road assets amount to €462,413.

2.5 Corporate bodies

Adjustment to Law 190/2012 Anti-bribery and Legislative Decree 33/2013 Transparency

By resolution adopted on 30 January 2019, the Board of Directors approved the Three-Year Plan for the Prevention of Corruption and Transparency 2019/2021 and its annexes, drawn up and submitted by the Transparency and Corruption Prevention Officer (TCPO) in compliance with the provisions of Law no. 190/2012, as amended, as well as the relevant Italian National Anti-Bribery Authority (ANAC) resolutions. The document details the responsibilities attributed under the law to the TCPO itself and highlights the need for collaboration with the TCPO by both policymaking and management bodies.

The content of the Plan also reports the mapping of processes with the identification of sensitive areas, with reference both to the offences governed by Legislative Decree no. 231/2001, as amended, and bribery in its broadest sense. The concrete monitoring measures to be implemented are also indicated, as detailed in the attached Schedule, among which the Risk Assessment activities of all company departments are highlighted.

On 12 December 2019 the Board of Directors took note of the annual report prepared by the TCPO and assigned to it the strategic objectives for the year 2020.

On 29 January 2020, the Board of Directors set, and assigned to the Transparency and Corruption Prevention Officer (TCPO), the strategic objectives for the year 2020 and approved the Three-Year Plan for 2020-2022.

Implementation of European Regulation no. 679/2016 on the privacy of natural persons - Appointment of “Data Protection Officer” (DPO)

In compliance with the requirements of the General Regulation no. 679/2016 (GDPR) on data protection, which - with effect from 25 May 2018 - is directly applicable in the Member States of the European Union, the Chief Executive Officer, on 7 October 2019, appointed the new Data Protection Officer (DPO) of the Company, pursuant to art. 37 of the General Regulation.

The Italian Data Protection Authority and at the same time, through advertising, the Company's staff have been informed of the new appointment; the privacy and data processing register have also been updated.

Organisation, Management and Control Model and Code of Ethics

During the first half of 2019, the Company completed the revision and updating of its Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, in light of the regulatory changes introduced by the legislator on the subject, as well as the revision and updating of its Code of Ethics.

The Model (General Part and Special Parts) and the updated Code of Ethics were approved by Board resolution of 20 May 2019 and 24 June 2019 respectively.

Transfer of shareholding from A.S.A.M. S.p.A. in liquidation to the Lombardy Region

On 30 January 2019, A.S.A.M. S.p.A., in liquidation, announced that during the shareholders' meeting held on 19 December 2018 it had been resolved to authorise the Liquidator to assign to the shareholder Lombardy Region the shareholding held in the capital of Milano Serravalle-Milano Tangenziali S.p.A. and invited the Company to proceed with the procedures provided for in the Concession Agreement for the aforesaid corporate transaction.

The Company promptly notified the Awarding Body, in accordance with the provisions of the agreement, of the proposed transfer of the majority shareholding from A.S.A.M. S.p.A. in liquidation to the Lombardy Region, also specifying that, since A.S.A.M. S.p.A. in liquidation too was 100% controlled by the Lombardy Region, the operation would merely constitute a “reduction” in the chain of control. The Awarding Body found the request and confirmed that the transfer of the shareholding, in this case, did not lead to a change in control pursuant to Article 2359 of the Italian Civil Code, and did not require the authorisation procedure set out by the current agreement.

In view of the above, on 3 May 2019, A.S.A.M. S.p.A., in liquidation, transferred the share certificates representing 95,223,197 registered shares of the Company, corresponding to 52.90% of the share capital, to the Lombardy Region, and thus undertook direct control of the Company, pursuant to Art. 2359 of the Italian Civil Code.

Management and coordination activities

The Board of Directors' meeting of 20 May 2019 took note of the transfer made by A.S.A.M. S.p.A. in liquidation to the Lombardy Region, of the share certificates representing 95,223,197 registered shares of the Company corresponding to 52.90% of the share capital, and consequently declared the existence, pursuant to Article 2497 of the Italian Civil Code, of management and coordination activities by the majority shareholder Lombardy Region on the Company.

Liquidation of shareholdings in accordance with the law

With reference to the notice of option offer, pursuant to Article 2437-bis of the Italian Civil Code, of a total of 19,625,579 shares of the Company, filed with the Milan Companies' Register on 12 July

2018, the Board of Directors resolved, on 30 January 2019, to further extend the deadline for exercising option rights until 8 May 2019.

On 8 May 2019, within the deadline for the exercise of the option right, the Lombardy Region exercised its option right and requested in advance, in accordance with Article 2437-quater, paragraph 3, of the Italian Civil Code, the shares left unsubscribed at the end of the option offer period. The new controlling shareholder of the Lombardy Region has accepted the option offer of no. 19,625,579 shares of the Company.

Between July and August 2019, the transfers of the 19,625,579 equity interests of the terminated shareholders were formalised through endorsements in favour of the Lombardy Region. With the acquisition of these equity interests, the stake held by the shareholder Lombardy Region reached 63.805% of the Company's share capital.

On 15 December, following the filing of the option notice, pursuant to art. 2437-quater of the Italian Civil Code, for the purchase of a total of 33,480,000 ordinary shares of the Company, held by the Municipality of Milan, the Shareholder Lombardy Region exercised its option and pre-emption right over the entire unopted portion. On 19 December 2019, as agreed between the parties concerned, the endorsement relating to the transfer of the 1st tranche of shares was made; the transfer of the 2nd tranche was formalised in January 2020. With the acquisition of these equity interests, the stake held by the shareholder Lombardy Region reached 82.405% of the Company's share capital.

As part of the liquidation of the ceased shareholders, the sale of the shares held directly and indirectly, through Parcam S.r.l., of the shareholder Milan-Monza-Brianza-Lodi Chamber of Commerce - corresponding to 4% of the share capital - which, pursuant to Article 24, paragraph 5 of Legislative Decree 175/2016, requested the liquidation on 19 November 2018, is still to be defined.

2.6 Relations with the Awarding Body: obligations and regulatory changes

On 18 February 2019, the Transport Regulatory Authority issued Resolution no. 16/2019, on the "Toll rate system for concessions pursuant to Article 43 of Decree-Law no. 201/2011 as referred to in Article 37 of the same decree."

The Transport Regulatory Authority - hereinafter referred to as ART - was established in 2011 for the exercise of a series of functions in the transport sector and access to the related infrastructures and ancillary services and is in charge since September 2013. The provisions of the legislation initially provided that the scope of ART's intervention - with reference to toll rate systems - was limited to new concessions. The events of 14 August 2018, referring to the collapse of the Genoa bridge, led to the adoption of Decree-Law no. 109 of 28.9.2018, converted, with amendments, by Law no. 130 of 16.11.2018, which further extended the competences and activities of the ART.

More specifically, as from the entry into force of these regulatory changes, the ART is required, inter alia, to establish toll rate systems for new concessions as well as for those for which the regulatory period of the Economic and Financial Plan has expired following the entry into force of the legislation and for those for which the regulatory period of the Economic and Financial Plan prior to the entry into force of the legislation has expired but for which the updating process has not been completed by that date, as is the case for the Company.

As a result of the new powers, the Authority issued a resolution in the introduction which, in summary, introduces a particularly complex toll rate system for motorway companies, the main components of which relate to infrastructure management, the implementation of investments and concession fees.

The new toll rate formula also includes a productivity factor linked to the efficiency of the concessionaire and a quality and penalty parameter, for the management of services and for the failure to make investments, respectively. Moreover, the parameters on which the formula is based are not well predefined by the concessionaire and therefore do not seem easily transferable in the development of a financial plan dedicated to an investment programme.

In the scenario outlined above, the provision of new rules with regard to the management of motorway infrastructure, but especially, the fact that this is a discipline that affects contractual relations in place for some time, unilaterally changing the conventionally defined balance of services, damages the concessionaires because of the blatant violation of the principle enshrined in Community law and in the Constitution, of the protection of legitimate expectations.

ART, upon publication of the aforementioned resolution, initiated a public consultation procedure with the motorway concessionaires, assigning the deadline of 29 March 2019 for the submission of observations. The Company, like the trade association, sent its observations within the above deadline and subsequently appealed to the competent Regional Administrative Court to challenge the above resolution.

As a result of the preliminary investigation and consultation procedure, launched with resolution no. 16/2019 (challenged before the Turin TAR), which establishes - also for the Company - a new tariff system.

On 19 June 2019, Resolution no. 69/2019 was published on the ART website, which consolidated a tariff system that in some respects remains prejudicial and therefore the Company has decided to appeal against this measure for additional reasons.

On 2 July 2019, the Awarding Body sent a formal request to proceed with the updating of the Economic and Financial Plan, in compliance with the conventional agreements and the regulation adopted by ART. The Company, supported by the lawyers assisting it in the litigation, found the request representing that it had already satisfied the same by virtue of sending an update of the Economic and Financial Plan in June 2018 in accordance with the regulations in force at the end of the regulatory period.

On 14 October 2019, the Company, following the meeting held at the Directorate General for the supervision of motorway companies, in accordance with the provisions of the agreements in force, provided the Awarding Body with information on the tariff change to be applied from 1 January 2020. On 18 December 2019, upon final closure of the verification activities by the Awarding Body of the documentation submitted, the Company signed the minutes of the determination of component K - the tariff adjustment formula - for the year 2020. The results of the audit substantially confirmed the Company's request.

With a note dated 31 December 2019, the Awarding Body informed the Company that, having examined the outcome of the investigation and in consideration of the provisions of art. 13 of the "*Milleproroghe*" Law Decree of 30 December 2019, the tariff adjustment to be applied with effect from 1 January 2020 is 0.00%.

In particular, with regard to the other regulatory changes that affected the Company and, more in general, the motorway companies sector, we point out the publication in the Official Gazette no.

305 of 31 December 2019 of the “Milleproroghe” Decree Law, converted into Law no. 8 of 28 February 2020, which introduces important new provisions in articles 13 and 35.

Article 13 - “**Extension of deadlines for infrastructure and transport**” in paragraph 3 introduces: “for concessionaires whose five-year regulatory period has expired, the deadline for the adjustment of motorway tariffs for 2020 is deferred until the procedure for updating the economic and financial plans prepared in compliance with has been defined. By 30 March 2020, the licensees shall submit to the awarding body proposals for updating the economic and financial plans reformulated in accordance with the aforesaid regulations that cancel and replace any previous proposals for updating. The update of the economic and financial plans submitted by the deadline of 30 March shall be completed by and no later than 31 July 2020”.

In view of this forecast, the proposal to update the Economic and Financial Plan presented in June 2018, as indicated above, is to be considered null and void. The Company is preparing a further proposal for updating, in compliance with the regulations, without this further proposal entailing the abandonment of the pending reasons and claims or the appeals that the Company has against the decisions of the Transport Regulatory Authority.

The novelties of art. 35 refer to the “**Provisions on motorway concessions**” in which paragraph 1 illustrates that: “in the event of revocation, forfeiture or cancellation of road or motorway concessions, including those subject to tolls, pending the conduct of the tender procedures for the award of a new concessionaire, for the time strictly necessary to identify it, ANAS S.p.A. may carry out ordinary and extraordinary maintenance and investment activities aimed at their redevelopment or adaptation.” In addition, the same paragraph defines the case in which the extinction of the concession is due to default of the concessionaire. In this case, it provides for the application of art. 176, paragraph 4, letter a) of the Code of Public Contracts, which provides that, if the concession is terminated for breach of contract by the contracting authority or the latter revokes the concession for public interest, the concessionaire shall be remunerated for the “value of the works carried out plus accessory charges, net of depreciation, or, in the event that the work has not yet passed the testing phase, the costs actually incurred by the concessionaire”; finally, the article in question reaffirms that the effectiveness of the measure of revocation, forfeiture or termination of the concession is not subject to the condition of payment by the granting administration of the sums provided for in the aforementioned article 176, paragraph 5, letter a).

The provision introduced with article 35 will be implemented in the second Additional Agreement, of which the proposal to update the Economic and Financial Plan is an annex, and will significantly modify the provision of article 9 - “**Expiry of the concession**” of the current agreement signed on 7 November 2007 and which became effective with Law 101/2008.

3. INVESTEE COMPANIES

3.1 Investee companies at 31 December 2019

LIST OF EQUITY INTERESTS AT 31/12/2019				
Name	Share capital amount	no. of shares held	% shares held	Book value as recorded at 31/12/2019
SUBSIDIARIES				
Milano Serravalle Engineering S.r.l.	300.000	-	100,0000	4.045.626
Autostrada Pedemontana Lombarda S.p.A.	300.926.000	237.647	78,9719	188.842.155
Total subsidiaries				192.887.781
OTHER COMPANIES				
Tangenziali Esterne di Milano S.p.A.	220.344.608	55.234.689	18,8006	43.616.246
Tangenziale Esterna S.p.A.	464.945.000	1.796.378	0,3864	1.796.378
Autostrade Lombarde S.p.A.	467.726.626	13.000.000	2,7797	13.312.513
Società di progetto Brebemi S.p.A.	51.141.227	1.300.000	0,3914	200.181
S.A.Bro.M. S.p.A.	28.902.600	3.750.000	12,9746	3.368.271
Consorzio Autostrade Italiane Energia	113.949	-	1,4	1.549
Confederazione Autostrade S.p.A. (*)	6.000.000	1.000.000	16,667	0
CIV S.p.A.	6.200.000	1.000.000	5,0	673.197
Total other companies				62.968.335
TOTAL EQUITY INTERESTS				255.856.116

* last approved financial statements: 2018

Please refer to the explanatory notes for details of the changes that occurred during the year 2019. The operating performance of the investee companies is shown below.

3.2 Performance of subsidiaries

Autostrada Pedemontana Lombarda S.p.A.

Management activities

The Subsidiary closed 2019 with a profit of €3,662,804, compared with a profit of €846,133 in the previous year. This result is mainly due to the trend in toll revenues, which increased by approximately 8% compared to the previous year, and to a less proportional increase in operating costs. EBITDA, equal to €22 million, is up about 19% compared to 2018.

Investments for the year amounted to approximately €11.8 million and refer to the updating of the final design of sections B2 and C, to completion works as well as to compensation works for sections that have come into operation.

The Subsidiary received contributions from the Awarding Body CAL for €15.2 million.

The financial requirements of the Subsidiary were supported not only by the disbursement of the contribution during 2019, but also by operational management. Cash and cash equivalents amounted to €46.7 million, up from 31 December 2018 (€41 million).

The positive cash flows relating to operations made it possible to meet the operating costs and the repayment instalment, principal and interest, of the Ponte Bis loan, as per the *Addendum* signed in 2017 by the Subsidiary.

The main components of the income statement and balance sheet of the Subsidiary for the year ended 31 December 2019 are shown below, compared with the corresponding figures for the previous reporting period.

in thousands of euros	2019	2018	Change
Toll revenues	37.692	34.865	8,1%
Other income and revenue	3.118	1.473	>100
PRODUCTION VALUE	40.810	36.338	12,31%
Operating costs	-12.036	-11.322	6,3%
Labour costs	-6.742	-6.487	3,9%
OPERATING COSTS	-18.778	-17.809	5,44%
EBITDA	22.032	18.529	18,91%
Provision for bad debts	-4.419	-3.889	13,63%
ADJUSTED EBITDA	17.613	14.640	20,31%
Depreciation, amortisation and provisions	-3.625	-2.412	50,3%
EBIT	13.988	12.228	>100
Financial income and expenses	-9.556	-10.374	-7,9%
EARNINGS BEFORE TAX	4.432	1.854	<100
Current and prepaid taxes	-769	-1.008	>100
PROFIT FOR THE PERIOD	3.663	846	>100

in thousands of euros	2019	2018	Change
Freely revertible property, plant and equipment	552.274	558.496	-6.222
Other fixed assets	4.157	3.356	801
FIXED ASSETS	556.431	561.852	-5.421
Net Working Capital	-11.701	-13.859	2.158
Provisions	-4.607	-4.414	-193
NET INVESTED CAPITAL	540.123	543.579	-3.456
SHAREHOLDERS' EQUITY	227.769	224.106	3.663
Cash and cash equivalents	-46.682	-41.024	-5.658
Payables to shareholders for loans	169.182	165.431	3.751
Payables to banks	189.854	195.066	-5.212
NET FINANCIAL POSITION	312.354	319.473	-7.119
THIRD-PARTY ASSETS AND OWN FUNDS	540.123	543.579	-3.456

Traffic, collection and tolls

During 2019, the Subsidiary, on the motorway network in operation, recorded a total of 287,191,856 kilometres travelled, an increase of 8.44% yoy.

TRAFFIC in KM VEHICLES.	2019	2018	Change
Route - A36	239.879.015	220.763.333	8,66%
Como bypass - A59	19.368.587	17.453.320	10,97%
Varese bypass -A60	27.944.254	26.630.887	4,93%
TOTAL	287.191.856	264.847.540	8,44%

At 31 December 2019 the toll revenues attributable to the Subsidiary net of the discounts applied for €2,171,469 and the surcharge show an increase of 8.11% compared to 31 December 2018, amounting to €37,692,096.

NET TOLL REVENUES	2019	2018	Change
Toll revenues	41.911.771	38.279.187	9,49%
Discounts applied to users	-2.171.469	-1.510.156	43,79%
Net Toll Revenues Discounts	39.740.302	36.769.031	8,08%
Surcharge pursuant to Law 109/2009 art. 19 and subsec	-2.048.206	-1.904.012	7,57%
NET ACCRUAL TOLLS	37.692.096	34.865.019	8,11%

This change is attributable to the increase in traffic (+ 8.44%) and to the tariff adjustment - equal to 1.20% - which took effect from 1 January 2019 on the A36 and from 1 February 2019 for the bypasses of Como and Varese, as well as a different remodeling of the discounts applied to users compared to 2018. In particular, from 1 February 2019 the Subsidiary launched a new promotional campaign, lasting six months, which provides for a 20% discount on tolls for transits made on the entire network from the 6th day of transit during the same calendar month. Subsequently, in July 2019, the Subsidiary decided to amend the aforesaid promotional initiative by extending until 31 December 2019, for customers with an automatic payment method, only the 20% frequent user discount. Finally, in December 2019, the Subsidiary, on the basis of the results achieved, in order to pursue the incentive to use the infrastructure, while encouraging the adoption of automatic payment methods, extended the 20% frequent user discount until 31 December 2020.

As is well known, the payment system of the Subsidiary's sections in operation is carried out through the Free Flow collection system. Also in 2019, activities continued to improve user access to toll payment methods as well as those relating to credit recovery actions. These actions carried out by the Subsidiary recorded in 2019 an overall percentage of tolls not paid within 15 days equal to 15.22% compared to the total tolls, down from that recorded in 2018 and equal to 16.85%. This percentage, following the debt collection activities carried out as at 30 April 2020, has fallen to 10.05%.

For prudential purposes, the Subsidiary allocates an adequate provision for bad debts.

Progress of litigation

Disputes pending before judicial authorities are mainly related to issues related to the process of approval of the final design of the infrastructure under concession, expropriations, contracts and claims for compensation of various kinds. The litigation that is relevant and which was resolved during 2019 is the one that the Subsidiary has with the Integrated Contractor.

On 16 April 2019, the Subsidiary, the ATI Strabag and, to the extent of its competence, the Awarding Body CAL and the Company signed a settlement agreement, which, without recognising any of the mutual claims, provides for the consensual termination of the contractual relationship, with the waiver of claims in the filed lawsuits, also with a view to waiving the enforcement of the final guarantee.

The agreement in question provides, inter alia, for the economic quantification of the works and services provided by ATI Strabag, in addition to those already recognised, but in any case up to a maximum amount of €25 million to be determined by a Technical Consultant appointed by the Court of Milan.

The aforementioned agreement was subject to the suspensive condition of effectiveness, or rather to the communication by ANAC of the cancellation of the ATI Strabag annotation in the IT file, held by ANAC itself, of the termination due to breach of the contract.

The agreement also insists on the Company's commitment, as soon as it becomes effective, to purchase, once the procedures provided for by the bylaws have been completed, the investment held by Bau Holding GmbH in Autostrada Pedemontana Lombarda S.p.A. equal to 0.32% of the share capital (950 shares) at a price equal to that of its purchase, corresponding to a total of €950 thousand.

On 4 June 2019, ANAC announced, inter alia, that it did not consider it appropriate to delete the annotation of ATI Strabag from its computer records, as it could and should only do so in the presence of a settlement agreement that was final and therefore not subject to conditions precedent.

On 18 July 2019 the Subsidiary signed a different wording of the settlement agreement with ATI Strabag so as to make it immediately effective, as indicated by ANAC.

The agreement reaffirms the consensual definition of the contractual relationship, with the waiver of reciprocal questions and claims in the context of the judgments promoted and provides, among other things, the economic quantification of the works and services rendered by ATI Strabag, in addition to those already recognised, in any case within the maximum amount of €25 million to be identified by a Technical Consultant appointed by the Court of Milan. The judgement will therefore continue to be limited to the activity of the Technical Consultant.

In compliance with the terms of the aforesaid agreement, the Subsidiary waived the enforcement of the final security deposit issued by the Integrated Contractor ATI Strabag pursuant to the provisions of the contract and consequently proceeded to return the original of the aforesaid security to the issuing insurance company.

In view of all the above, the litigation initiated by ATI Strabag with the procedure under art. 700 of the Italian Code of Civil Procedure and the subsequent complaint have been extinguished.

Entry in the ISTAT list pursuant to art. 1, paragraph 2, Law no. 196/2009

In July 2019 it emerged that, as of 2018, the Subsidiary is included in the list drawn up by ISTAT of

the administrations that contribute to the consolidated financial statements of the State. The Subsidiary immediately started the activities resulting from this registration.

In particular, the inclusion of the Subsidiary in the list compiled by ISTAT pursuant to art. 1, paragraph 2, of Law no. 196 of 31 December 2009, required the Subsidiary to comply with the obligations to reduce expenses arising from the above mentioned inclusion and to comply with all the requirements of the above mentioned regulations. More specifically, for the years 2018 and 2019, [with reference to expenses relating to collaboration and consultancy, public relations, conferences, exhibitions, advertising and sponsorships], the Subsidiary recorded expense savings, and made profits that were allocated to cover past losses, not distributing any dividend in accordance with the Italian Civil Code.

Relations with the Awarding Body and approval process for Additional Agreement no. 2 to the Consolidated Agreement

During 2019, discussions continued with the Awarding Body for the preparation of the new Economic and Financial Plan. The expiry of the regulatory period is set for 31 December 2019, therefore the Awarding Body CAL and the Subsidiary are evaluating the bases and identifying the appropriate forms of rebalancing that will lead to the elaboration of the future updated Plan, elaboration that will have to be carried out through the use of the new tariff system for motorway concessionaires introduced by the Transport Regulatory Authority.

With regard to the approval process for the Additional Agreement and the issues that arose in 2018, which also involved the Lombardy Regional Administrative Court, further developments in the approval process for Additional Agreement no. 2 in 2019 can be traced back:

- ◆ On 11 April 2019 MIT and MEF signed a new interministerial decree (no. 138/2019) approving Additional Agreement no. 2, signed on 20 December 2018;
- ◆ On 29 May 2019, the MIT transmitted to the Awarding Body CAL some observations and requests for clarification from the Audit Office of the Court of Auditors, with its own note of 27 May 2019;
- ◆ On 30 May 2019, the Awarding Body CAL provided the MIT with evidence to support all observations made by the Audit Office of the Court of Auditors;
- ◆ On 25 June 2019, the Court of Auditors, during its meeting in Joint Sections, examined Interministerial Decree no. 138/2019 approving Additional Agreement no. 2 and resolved to “*refuse the visa and the consequent registration*” of the aforementioned Decree, deeming it necessary for a new resolution by the CIPE on Additional Agreement no. 2, in view of the time elapsed for the related approval process. The MIT has therefore requested a new resolution on the matter from the CIPE.

On the following 24 July 2019, the CIPE, with resolution no. 42/2019, approved the amendment of its opinion on Additional Agreement no. 2, expressed in the previous Resolution no. 24/2014.

In the light of this CIPE resolution, the Subsidiary is waiting for the registration and consequent effectiveness of Additional Agreement no. 2, in the version signed in December 2018.

On 26 February 2020, the Ministry of Infrastructure and Transport notified the Subsidiary of the registration by the Court of Auditors on 20 February 2020 of Interministerial Decree no. 585/19,

approving Supplementary Agreement no. 2 to the Consolidated Agreement; with this communication the provisions and contents of the Agreement became effective.

Activities related to the search for funding and the *General Contractor* for the construction of sections B2 and C

Since Additional Agreement no. 2 became effective, the Subsidiary - in order to comply with the commitments and deadlines set out therein - including the signing of the Senior Loan 1 (necessary for the construction of Sections B2 and C within 12 months after the date of effectiveness of the same Agreement, under penalty of forfeiture of the tax relief measures set out in CIPE resolution no. 24 of 1 August 2014, totalling a nominal EUR €800 million, has planned, in agreement with the Parent Company and the Awarding Body CAL S.p.A., all the activities necessary for the signing of the Senior Loan and the start of construction work on Sections B2 and C, defining a detailed time schedule for the completion of the second part of the work.

In particular, following the termination of the contractual relationship with the Integrated Contractor, the Subsidiary decided, for the purpose of completing the work, to proceed with the preparation of all the activities necessary to resume works. Firstly, the Subsidiary has entrusted the updating service of the final project for sections B2 C and D as well as the validation service.

Furthermore - in order to acquire information and useful elements from the market for defining and calling such tender procedures - the Subsidiary published a preliminary market consultation notice last year. During the preliminary market consultation meetings, the close connection between the need for the subsidiary to provide adequate equity for the development of the project and the successful search for financial resources became even clearer. In addition, in the course of the preliminary consultations, the representatives of the credit market pointed out that, for the purposes of the project's bankability, funding for the B2 and C sections alone would be more popular.

In view of the above, the Subsidiary, with the help of its legal *advisors*, prepared all the procedural documents during 2019:

- ◆ for the initiation of a restricted procedure, pursuant to Articles 61 and 194 et seq. of Legislative Decree 50/2016, to entrust the General Contractor with the executive design, safety coordination during the executive design phase and the construction of the B2 and C sections of the Pedemontana Lombarda Motorway, together with the related works TRCO06, TRMI10 and TRMI12;
- ◆ for the call for a selection procedure for the procurement of financial funding equal to approximately €2 billion (subject to remodeling according to the outputs of the technical dialogue) for the executive planning and implementation of the works on sections B2 and C.

The notices and calls for tenders were approved by the Board of Directors of the Subsidiary on 11 February 2020 and by the Board of Directors of the Awarding Body C.A.L. S.p.A. on the following 25 February 2020; the Subsidiary subsequently gave adequate publicity to the tender procedures described above.

In relation to the equity endowment, the Subsidiary, with the help of its financial *advisor* and in agreement with the Awarding Body, updated the Economic and Financial Plan in order to identify the equity contribution necessary for the economic and financial balance of the Plan itself. This updated Plan was approved by the Board of Directors on 29 January 2020; at the same meeting, the

Subsidiary called an Extraordinary Shareholders' Meeting for 28 February 2020 to which the proposal to increase the share capital by €350,000,000 shall be submitted.

The Company, in its capacity as majority Shareholder, has declared its vote in favour of the share capital increase resolution, considering it in the interest of the Subsidiary, it being understood that, in its capacity as controlling Shareholder, the Company will subscribe to the share capital increase when the following conditions are met:

- ◆ the effectiveness of Additional Agreement no. 2;
- ◆ the availability to the Controlling Shareholder of funding of €200 million;
- ◆ the willingness of the Lombardy Region to contribute to the operation by subscribing a capital increase in Milan Serravalle for €150 million;
- ◆ the final approval of the Economic and Financial Plan by the Awarding Body;
- ◆ the positive outcome of the two tender procedures relating to funding and the General Contractor.

The Subsidiary reports that some of these assumptions have already been fulfilled and for the rest, the parties involved are taking steps to implement them.

Business outlook and going concern

The Board of Directors of the Subsidiary believes that it will close the financial statements at 31 December 2019 on a going concern basis, having regard to:

- ◆ the settlement of the dispute with the Integrated Contractor;
- ◆ the effectiveness of Additional Agreement no. 2;
- ◆ the Extraordinary Shareholders' Meeting held on 28 February 2020, which resolved to increase the paid-in capital, inseparably, by a nominal €350,000,000;
- ◆ the launch of tender procedures for the General Contractor and the search for funding.

Moreover, the Subsidiary shows that its operating results demonstrate its ability - with the positive cash flows generated by the management of the current sections in operation and the disbursement of the public contribution by the Awarding Body CAL - to terminate and liquidate the residual investments relating to sections A, B1 and first lots of the Como and Varese bypasses, as well as to meet the payment of the instalments of the bank loan falling due.

Finally, following the spread of the coronavirus pandemic, traffic on the Pedemontana motorway network, as on the entire national motorway network, suffered a strong and decisive contraction. In order to verify the Subsidiary's ability to meet its obligations, even in the presence of this unforeseen and unforeseeable event, it drew up a source of loans with prudent assumptions, the results demonstrated the Subsidiary's ability to meet its financial commitments for a period longer than the next 12 months.

At 31 December 2019, the Company held 78.972% of the share capital.

Milano Serravalle Engineering S.r.l.

From a management point of view, the Subsidiary closed the result for the year with a profit of €302,775 (€274,441 as at 31 December 2018). This result is mainly attributable to the evolution of the EBITDA, which is up by 14.4%, an increase due to the trend in operating costs down by 13.5%, compared to 2018, following the lower need for external services for the conclusion of the contract activated by Autostrada Pedemontana Lombarda S.p.A. for the adaptation of the final project of sections B2-C-TrVA13-14 and Greenway.

With regard to the foreseeable evolution, the Subsidiary expects that during the next financial year it will acquire further new orders both from the Parent Company and from Autostrada Pedemontana Lombarda S.p.A., of a significant amount and commitment compared to the total turnover of the closing year. However, the Subsidiary reports that *“the spread of the COVID-19 virus in the Italian territory, and in particular in the Lombardy region, will have inevitable depressive effects on the national economy, as well as on the results for 2020. These effects will be carefully assessed by means of specific risk analysis.”*

On 24 June 2019, the Company and the Subsidiary signed the renewal of the framework agreement for the period July 2019 - December 2021. The previous agreement, which expired on 31 October 2018, was extended until 30 June 2019.

The Shareholders' Meeting held on 30 March 2020 approved the 2019 financial statements and resolved the allocation of the profit of €302,775 to the extraordinary reserve.

At 31 December 2019, the Company held 100% of the share capital.

3.3 Performance of other investee companies

Tangenziali Esterne di Milano S.p.A.

The Shareholders' Meeting of the investee company held on 15 May 2020 approved the financial statements as at 31 December 31 2019, which show a loss of €510,938, resulting in a net equity as at 31 December 2019 of €231,482,966 against a share capital of €220,344,608. The Board itself has proposed to make good the loss for the year by using the share premium reserve.

The main activity of the investee company is related to the development of industrial projects and the management of equity interests. The investee currently holds a single equity investment, corresponding to 43.398%, in the concessionaire Tangenziale Esterna S.p.A., which holds the 32 km-long motorway of the same name.

At 31 December 2019, the Company held 18.8006% of the share capital.

Tangenziale Esterna S.p.A.

On 22 January 2019, with the signing of the deeds of transfer of the shares held in the investee company by the Shareholders between Autostrade Lombarde S.p.A., SATAP S.p.A., SIAS S.p.A. and Intesa Sanpaolo S.p.A., the so-called “Disinvestment Transaction” was completed.

Following the formalisation of all the deeds connected with and consequent to the aforesaid transaction and the refinancing transaction, signed on 2 August 2018, following a request by the investee company, in accordance with the provisions of the deed of pledge, signed between the

parties involved in the transaction, the Company has taken steps, to the extent of its competence, to sign a letter confirming the terms and conditions of the aforesaid deed of pledge.

The Shareholders' Meeting of the investee company held on 15 May 2020 approved the Financial Statements for the year ended 31 December 2019, which showed a loss of €18,819,944 (€23,246,269 at 31 December 2018). The result is still affected by the start-up phase of the project and, in particular, by the failure to complete some works that are crucial to interconnect the motorway functionally and fully to both the primary road system and the local system. Although motorway management revenues showed a significant upward trend in 2019 compared to 2018, and the main operating indicators (EBITDA of €44,223,426 and EBIT of €26,153,715) were significantly positive and in line with industry standards, a negative pre-tax result remains, which is affected by the posting of depreciation for a total of €18,069,711 and financial charges for a total of €50,896,892.

The Directors of the investee drafted the 2019 financial statements on the assumption of business continuity, a confirmed assumption, in consideration of the effects of the health emergency in progress, that the resources to cover the financial needs foreseen for the year 2020 should be obtained from the available liquidity of Tangenziale Esterna as well as by the provisions of the Equity Contribution Agreement, given the above, the Directors envisage that the Covid-19 event will not compromise the investee's ability to source its commitments in 2020.

At 31 December 2019, the Company held 0.386% of the share capital.

Autostrade Lombarde S.p.A.

On 22 January 2019, with the signing of the deeds of transfer of the shares held in Tangenziale Esterna S.p.A. between Autostrade Lombarde S.p.A., SATAP S.p.A., SIAS S.p.A. and Intesa Sanpaolo S.p.A., the so-called "Disinvestment Transaction" was completed.

The Shareholders' Meeting of 21 April 2020 approved the 2019 financial statements which closed with an operating profit of €2,700,308 (€1,386,574 as of 31 December 2018), allocating €135,015 to the legal reserve and €2,565,293 to the reserve for retained earnings (losses).

The investee company controls the motorway concession operator Società di Progetto Brebemi S.p.A. with 81.69% of the share capital.

At 31 December 2019, the Company held 2.7794% of the share capital.

Società di Progetto Brebemi S.p.A.

During the first months of 2019, the investee was engaged in the structuring of a complex debt refinancing operation through the use of a market operation. The transaction is significant in relation to the optimisation of the financial structure and related charges.

The Shareholders' Meeting held on 11 October 2019, having examined the balance sheet and income statement of the investee company as at 30 June 2019, which showed a loss for the period that, when added to those relating to previous years, determined the case referred to in Article 2446 of the Italian Civil Code, resolved to cover the losses of €65,195,105 by reducing the share capital to €51,141,227. The same meeting also approved the operation to strengthen the equity structure of the investee company consisting of the issue in several tranches, up to an amount of €350 million of

equity financial instruments, pursuant to Article 2436 of the Italian Civil Code, with no nominal value, to be offered for subscription by the administrative body to all Shareholders.

The Board of Directors' meeting of 9 December 2019, consistently with the commitments undertaken pursuant to the financial documentation, therefore resolved to proceed with the issue of 80,000,000 Participating Financial Instruments, also establishing that the Instruments not subscribed by the Shareholders shall be released by offsetting the receivables due from the investee company to the parties that have committed themselves in the respective Shareholder Loan Agreements. The subscription of the Equity Financial Instruments was completed on 15 January 2020 by means of the proportional conversion of the total receivable due from the investee company to some Shareholders at 30 November 2019.

The Extraordinary Shareholders' Meeting of the investee company, held on 15 January 2020, also resolved to increase the share capital by a nominal amount of €1,000,000, in addition to a share premium of €21,230,078, inseparably, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code. The purpose of the share capital increase is to strengthen the investee company's assets and to define existing relationships with shareholders who have receivables due from it, as well as to fulfil the contractual obligation assumed to repay in shares and not in cash part of the higher expropriation charges that were advanced by the constructors' consortium to enable the construction of the motorway link bearing the same name.

The Shareholders' Meeting of 21 April 2020 approved the 2019 financial statements which closed with a loss of €49,133,188 and also resolved to use the provisional loss provision of €25,012,040 to partially cover the loss for the period and to carry forward the remaining loss.

Despite the fact that the main operating indicators are significantly positive, the 2019 operating result was affected by financial charges totalling €111.1 million. These financial charges are closely related to the refinancing operation finalised on 22 October 2019 by the investee company through the issue of a multitranches guaranteed bond for a total principal amount of €1,679 million, an operation that led to a significant improvement in market conditions; however, it also involved the extinction of the derivative contracts associated with the historic loan.

The financial statements at 31 December 2019 of the investee company, as reported by the Directors, have been prepared on a going concern basis, supported by the Economic and Financial Plan attached to the current Third Additional Agreement to the Consolidated Agreement.

At 31 December 2019, the Company held 0.3914% of the share capital.

Società Autostrada Broni - Mortara S.p.A. (S.A.Bro.M. S.p.A.)

The Shareholders' Meeting of 6 April 2020 approved the financial statements at 31 December 2019, which closed with a loss of €488,020 (€543,574 at 31 December 2018) and resolved to carry the losses forward. The result mainly refers to the interest on the sponsor shareholders' loan (€511,849), the settlement of which is contractually subordinated.

The investee company is awaiting the pronouncement of the Council of State following the appeal against the decision of the Regional Administrative Court of 30 July 2018, which rejected the appeal against the decision of the Ministry for Environment, Land and Sea Protection issued in July 2016, which ruled that the project was not environmentally compatible.

The financial statements at 31 December 2019 have been prepared on the assumption that the company will continue as a going concern, reasonably supported by the extension of the shareholders' loan and by the decision of the Board of Directors of the investee company of 18 December 2019 to request a further loan from the shareholders for a total of €1,200,000, with the characteristics of the previous loan and disbursed at the request of the investee company and according to actual needs. This loan would cover debt positions and operating expenditure over the next 12-18 months.

At 31 December 2019, the Company held 12.97% of the share capital.

Confederazione Autostrade S.p.A.

With regard to the appeal lodged with the Veneto Regional Administrative Court by Brescia Verona Vicenza Padova S.p.A. for the annulment, after suspension, of the Veneto Regional Authority's note in which it declared the alleged “closing” of the procedure relating to project Nogara Mare, as well as for the recognition in favour of the Temporary Consortium of Companies of the indemnity awarded for the claimed revocation of the concession and the reimbursement of all tender costs, on 19 December 2018 the sentence was handed down by which the appeal was rejected.

The judgment was appealed by the Temporary Consortium of Companies before the Council of State on 30 January 2019 and on 7 July the Council of State sent the case for judgment.

The Board of Directors of the investee company, which met on 26 July 2019, in light of circumstances that arose - in relation to the appeal pending before the State Council of the Nogara-Mare project - following the approval of the draft financial statements as at 31 December 2018, deemed it necessary to review the document and resolved to withdraw it in order to make any changes and additions. The Shareholders' Meeting held on the same date, on the basis of the reasons given by the Board of Directors, resolved to postpone any decision on the approval of the draft financial statements to 31 December 2018 pending the outcome of the appeal filed before the Council of State.

On 23 September 2019 the Council of State in its judgment rejected the appeal brought by the Temporary Consortium of Companies.

The Board of Directors of the investee company, in view of the outcome of the proceedings before the Administrative Judicial Authority, having consulted its legal advisors and given the lack of financial resources to take any further legal action, has completely written down the amount of the costs incurred for the “Nogara Mare Adriatico Motorway” project, which have already been entered under the item “receivables” in the 2017 financial statements.

On 21 October 2019, the Board of Directors of the investee company approved a new draft of the financial statements as at 31 December 2018 which show a negative result of €8,133,128 and also took note of the equity situation of the investee company which determines the case provided for by Article 2447 of the Italian Civil Code; as at 30 September 2019, there was a total loss of €13,351,762 and a negative net equity of €4,881,762.

The financial statements as at 31 December 2018, in line with the provisions of OIC11, take into account the fact that the going concern assumption no longer applies and, for the investee company, that it is impossible to achieve the corporate purpose. The Board of Directors of the Confederation

also considered it necessary to present certain conditions for the restoration of the going concern, albeit for a limited time, in order to allow the liquidation of the performing shareholding and to avoid bankruptcy proceedings. These conditions were represented by the waiver by the Shareholders of the loans granted and the contribution of risk capital.

On 2 December 2019, the Company, by analogy with all other shareholders, declared to waive the repayment by Confederazione Autostrade S.p.A. of the shareholders' loan granted.

During the Shareholders' Meeting of the investee company held on 3 December 2019, the ordinary part of the financial statements as at 31 December 2018 was approved, as proposed by the Board of Directors, and in the extraordinary part decisions were taken to cover losses, which amounted to €13,419,819 as at 2 December 2019.

At the above mentioned meeting, the Extraordinary Shareholders' Meeting resolved to proceed with the coverage of losses through:

- ◆ €2,470,000 through the use of a reserve posted to shareholders' equity;
- ◆ €4,200,226 through the contingent consideration deriving from the full waiver of the shareholders' loan;
- ◆ €6,000,000 through the cancellation of the share capital;
- ◆ €800,000 through an inseparable share capital increase of €50,000 with a share premium of €750,000 to cover residual losses (€749,593).

The deadline for subscribing to the share capital increase was set at 7 January 2020. On 10 January 2020, the capital replenishment operation was completed.

Following a resolution of the Board of Directors and subsequent determination by the Shareholders' Meeting pursuant to the Articles of Association in force, the Company exercised the pro-rata option right on the newly issued shares of Confederazione Autostrade S.p.A., as well as the right of pre-emption on any unopted shares up to a maximum total disbursement of €200,000.

Within the set deadline, the shareholders A4 Holding S.p.A., Autostrada del Brennero S.p.A., Milano Serravalle Milano Tangenziali S.p.A., SALT S.p.A. and SATAP S.p.A. exercised their option and pre-emption right and paid the share capital increase. This operation completed the reconstitution of the share capital to €50,000, as well as the ability to cover the investee company's residual losses.

An Ordinary Shareholders' Meeting was convened on 24 January 2020, by which the new shareholding structure and an Extraordinary Shareholders' Meeting were approved in order to take the measures pursuant to Article 2484 of the Italian Civil Code. In particular, the Shareholders' Meeting, having acknowledged that it was impossible to achieve the corporate purpose, resolved to dissolve Confederazione Autostrade S.p.A. early, as provided for and regulated by art. 2484 of the Italian Civil Code, with consequent liquidation, and appointed the liquidation body.

At 31 December 2019, the Company held 16.67% of the share capital.

At the date of declaration of liquidation of the investee company, the Company holds a stake corresponding to 25% of the share capital.

Collegamenti Integrati Veloci - CIV S.p.A.

The Board of Directors, which met on 27 May 2020, approved the 2019 Financial Statements, which closed with a profit of €8,898,380.

The investee company by virtue of the provisions of Article 106 of the Decree Law 17 March 2020, “Cura Italia”, availed itself of the extended deadline of 180 days for the approval of the 2019 financial statements.

At 31 December 2019, the Company held 5% of the share capital.

Consorzio Autostrade Italiane Energia

The Ordinary Shareholders' Meeting of 28 February 2019 approved the 2019 Financial Statements which closed in balance, through the recharging of the costs incurred towards the consortium members.

At 31 December 2019, the Company held 1.4% of the consortium fund.

4. STAFF AND ENVIRONMENT

4.1 Staff

Average workforce - heads	2019	2018	Change	%
Executives	6,42	6,00	0,42	7,00
Office workers	211,92	214,00	-2,08	-0,97
Part-time employees	21,00	20,92	0,08	0,38
Shifters	276,42	292,75	-16,33	-5,58
Part-Time shifters	113,25	117,67	-4,42	-3,76
Total for permanent contracts	629,01	651,34	-22,33	-3,43
Fixed-term	1,17	1,00	0,17	17,00
Grand total	630,18	652,34	-22,16	-3,40

The average workforce at 31 December 2019, compared with the same figure as of 31 December of the previous year, shows a decrease in employment by 3.40%, going from 652.34 to 630.18 average units.

The change in the workforce derives from the following movements (rounded):

- ◆ - 7 voluntary termination;
- ◆ - 2 retirements due to age limits
- ◆ - 6 dismissals for just cause
- ◆ - 9 terminations with incentives;
- ◆ - 1 death;
- ◆ + 2 hires

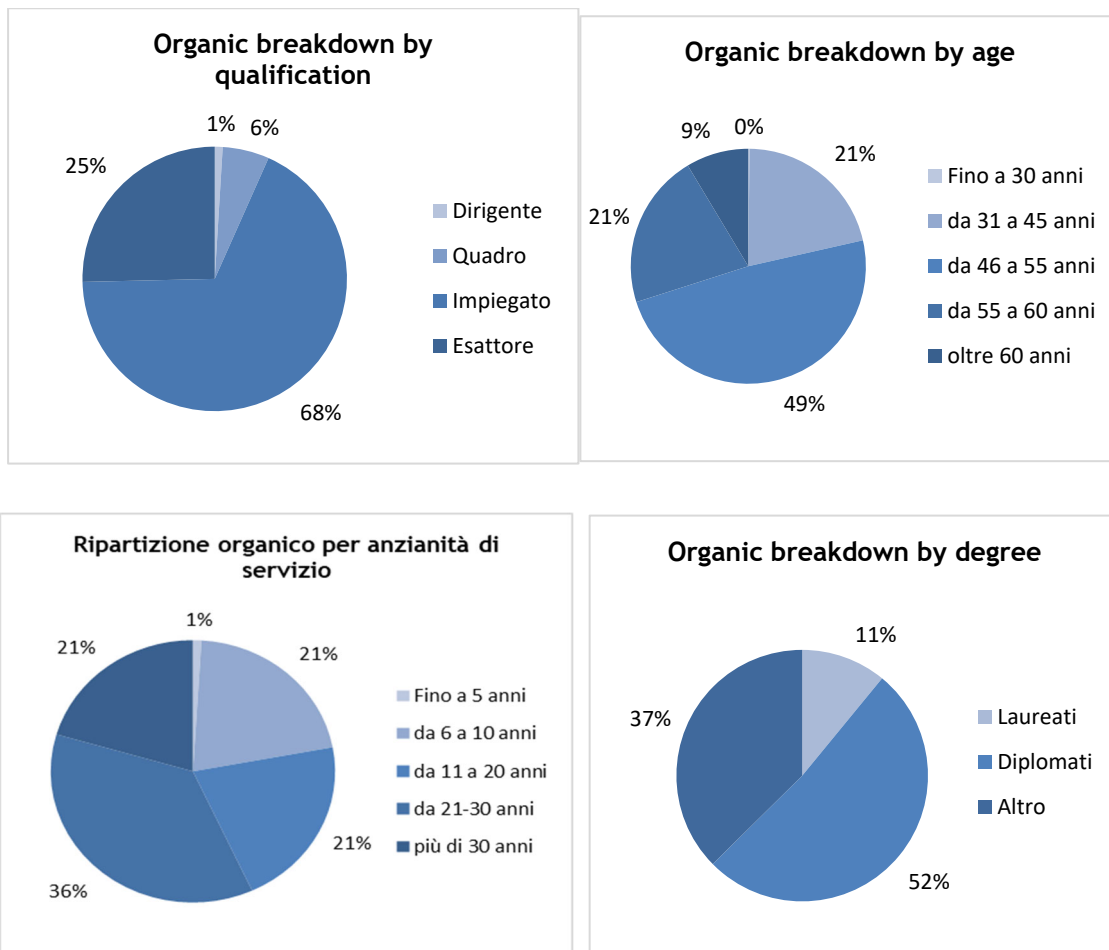
During 2019, the secondment of a resource to the subsidiary Autostrada Pedemontana Lombarda S.p.A. continued, to which four operational staff were added. The secondment of three resources from Milano Serravalle Engineering S.r.l. to the Company is active and the 50% secondment of the resource from Autostrada Pedemontana Lombarda S.p.A. ceased in November.

The resources seconded from Autostrada Pedemontana Lombarda S.p.A. and from Milan Serravalle Engineering S.r.l. are not included in the average workforce count, while the resources on leave are included in the average workforce count.

Compared to 31 December 2018, the average headcount expressed in Fte (including fixed-term workforce) shows a decrease of 17.94 full time equivalent resources, going from 593.14 to 575.20 Fte (- 3.02%).

Demographic data

Some demographic data relating to the workforce are provided below.



4.2 Prevention and protection

Working environment risk assessment

The Company's Risk Assessment Document was updated in relation to the organisational changes on 1 April 2019 and the new work activities introduced.

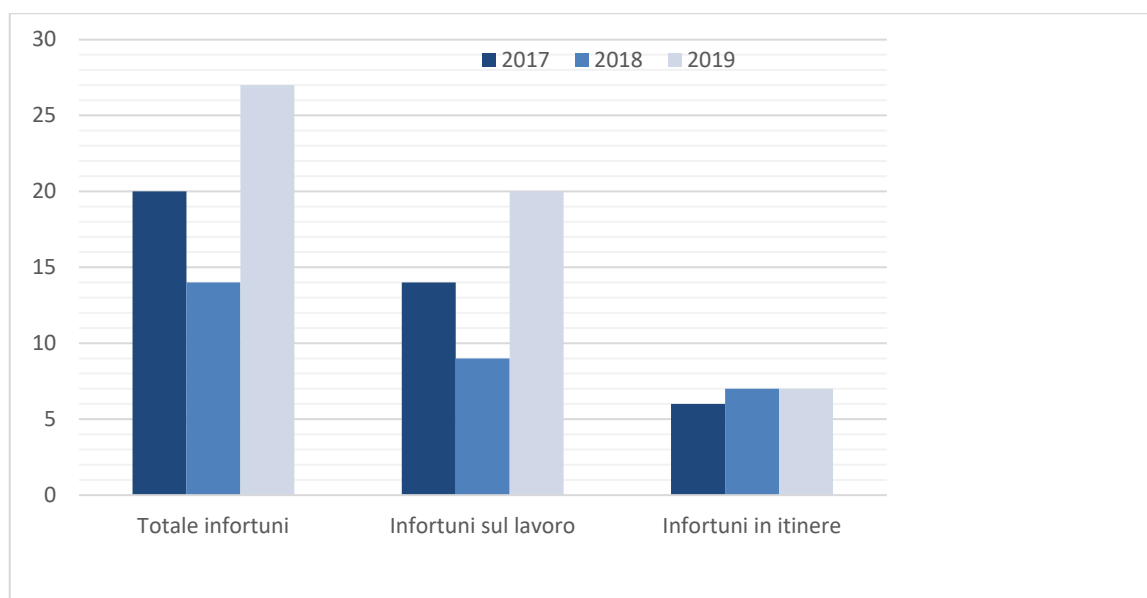
Subsequently, in accordance with the provisions of the relevant legislation, the Improvement Plan for the year 2020 was prepared.

Accident analysis

The accident data recorded for 2019 shows an abnormal increase compared to the steadily improving downward trend of previous years.

The nature of the accidents, on the other hand, is not a direct consequence of the work activity. There are no episodes with an initial prognosis of more than 40 days.

The 'deviation' is represented in almost all cases by tripping, falling flat, slipping or unintentional accidental movements, not influenced by deficiencies in the working environment or by machinery/equipment.



Health report

The annual health report does not highlight any critical issues related to the nature of the works actually performed.

There are cases of partial limitations caused by individual pathological causes, independent of the causal link with the work activity, which affect the optimal performance of the service in relation to the aforementioned limitations.

There are no reports of occupational disease.

Worker training

The planned training programme was met in almost all of the planned interventions and strengthened during the year to cope with internal organisational changes that led to job changes and therefore the need for consistent training.

The importance of the so-called “near miss” reports was vigorously urged during the training sessions and with dedicated service communication, in order to make any necessary corrective action more effective and timely.

Management Systems

During 2019, the Company was engaged in the activities necessary to maintain the certification of its management systems.

With regard to the Quality Management System (UNI EN ISO 9001:2015 standard), the activities that made it possible to successfully pass the verification by the certifying body in June continued. With regard to the Occupational Health and Safety Management System in accordance with the standard BS OHSAS 18001:2007, work continued on monitoring and improving the system. In July the verification by the certifying body was successfully passed.

With regard to the obligations of publicity, transparency and dissemination of information by public administrations, the Company has taken steps to certify the obligations imposed by Legislative Decree No. 33/2013 and subsequent amendments and additions, identifying an Independent Evaluation Body (OIV) that has carried out, in the light of ANAC resolutions no. 1134/2017 and no. 141/2019, the verification of the publication, completeness, updating and opening of the format

of each document, data and information listed in *Annex 2.2 - Grid as of 31 March 2019 of resolution no. 141/2019*.

4.3 Industrial Relations

Within the representative bodies of the trade association FISE-Acap, the organisation holding the national negotiation of the motorway sector, an active part was played in the negotiations for the renewal of the national collective bargaining agreement for the sector; the agreement was signed on 16 December 2019.

Discussions with trade unions continued and the Trade Union Representations of the Workers of the signatory Organisations of the CCNL, which led the parties to establish, pursuant to the second level agreement of 18/06/2019, of the Agreement of 2/08/2018, of Law Decree 50/2017, of Law 208/2015 and subsequent Circulars of the Revenue Agency, a Joint Commission, with the task of identifying and proposing, in the exclusive context of the establishment of the Result Bonus, objectives for improving the organisation, tools and resources, including management, production areas and safety in the workplace.

In the second part of the year, the previously interrupted reports, with autonomous organisation representing a considerable number of members, returned to full regularity.

Finally, it should be noted that, in 2019, 2 union managers took advantage of the leave required the previous year pursuant to art. 31 of Law 300/70.

4.4 Training and development

In 2019, a total of 8,189 hours of training were delivered, of which 2,525 hours with internal instructors. What was achieved respected the initiatives envisaged by the training plan as well as the needs that emerged during the course of the year.

Among the most important courses are those qualifying for Certification as inspector of first and second level bridges and viaducts (ref. Rina Regulation 4 July 2016) and an in-depth study of bankruptcy, corporate and public contract law.

In November, an environmental law course was held on the remediation of contaminated sites, water discharges and waste management.

Since the second half of 2019, seminars on positive responsibility have been launched in collaboration with the Head of Prevention of Corruption and Transparency, with the aim of raising employees' awareness of the need to adopt proactive and positive behaviour in the context of their work, in accordance with shared ethical values.

In addition, refresher courses have been provided to support organisational changes, such as the inclusion of new roadside aids in addition to those established by Legislative Decree 81/08.

In the last four months of the year, a new performance evaluation project called Feedback 2020 was launched. With a view to orienting the evaluation process towards a more structured and company-wide methodology, a new form has been developed based on objective observation of behaviour and focused on feedback interviews with the employee.

The new evaluation project also included an important training course for resource managers so that they could get to know the methodology in depth and apply it correctly. The use of a more structured evaluation technique will allow each manager to make a more objective and systematic judgement. The operational phase of the project will take place in 2020.

4.5 Organisation

An organisational analysis was carried out during the year covering all the Company's Departments.

The organisational changes that took place in the first half of 2019 mainly affected top management. Following the termination of the employment relationship with the General Manager, the Top Management Service and the Prevention, Protection and Safety at Work Service were hierarchically relocated to the Chief Executive Officer's staff structure.

The responsibility of the General Management has been temporarily assigned to an acting manager. Within the Legal Department, the new Legal Director was appointed following the termination of the previous one. Other organisational changes affected the Business Development and Technology Department.

In the second half of the year, by virtue of the organisational analysis mentioned above, the reorganisation involved the Technical Management, the Operations Management and the Human Resources Management. The staff structure of the Chief Executive Officer was further defined with the establishment of the Management Systems Service, the Risk Management & Compliance Area into which the Prevention, Protection and Occupational Safety Service has been merged.

Nine internal selections were made during the year to fill vacant or newly created positions. The selections were carried out in accordance with the current company procedure as well as with the provisions of the CCNL and related additional letters.

Following the organisational analysis mentioned above, in the second half of the year the external selection of four professionals to cover specialised roles and responsibilities to be placed in four Company Departments was also started.

As of 31 December 2019 the selection was still ongoing with a forecast of definition in 2020.

4.6 Welfare

Following the launch of the "Serravalle Welfare" portal at the end of 2018, during 2019, in order to improve the knowledge of some new services, in-depth discussions with experts were organised for all employees of the Company.

For all these activities, as well as for those that have now become ordinary, the Intranet Portal has played a central role both as a facilitator for the search for information and as a virtual container thanks to which all employees were able to inform themselves, download documents and subscribe to the various activities proposed.

2019 was the first year in which corporate welfare was available in its entirety. The "Serravalle Welfare" platform has seen the movement of almost two thousand operations and has allowed employees to convert part of their performance bonus.

With regard to employee involvement activities, a number of projects have been organised, such as: “*Serravalle for You*” and the “*Kids in the office*” day. The latter, which recorded an increase in attendance compared to 2018, was dedicated to the theme of environmental sustainability.

In the “*Serravalle for You*” project, the members of the Human Resources Department periodically visit all the operational company offices in a structured manner to meet the employees on shift, listen to their opinions and illustrate the many company initiatives.

In November, the second “*Company climate*” survey took place, involving all employees through the administration of an online questionnaire on various aspects of company life. The results will be made known to all employees in the first part of 2020.

4.7 Environmental information

The Company is constantly committed to mitigating, where possible, the noise pollution produced by vehicular transit, through the installation of noise barriers in the areas identified by the noise zoning plan approved by the Ministry of the Environment.

As far as road pavement maintenance activities are concerned, a special specification has been adopted that provides for the preparation of bituminous conglomerates using high percentages of recycled inert material from the material produced by milling old pavements.

With the energy production of the two photovoltaic systems on the roofs of some of its buildings, the Company reduces the emission of 30 tons of CO₂/year into the atmosphere.

As part of its daily infrastructure maintenance activities, the Company organises the collection, classification and correct disposal of waste abandoned at lay-bys and in motorway areas, or constituting load losses or spills following road accidents. The collection and disposal of waste produced as part of the maintenance and investment work contracted out by the Company is also monitored.

Overall, in 2019, expenditure on the above activities, together with the safety measures required following accidents involving spills of potentially polluting substances, amounted to over six hundred thousand euros. No new soil contamination problems emerged in 2019, which required the start of specific remediation procedures; however, those already started in previous years continue.

Finally, environmental monitoring activities continued during the course of the works as part of the redevelopment and upgrading of the SP 46 Rho-Monza, while in 2019 the reclamation works with the capping method were completed at the Lavanderie district in the Municipality of Segrate.

5. OTHER DISCLOSURES REQUIRED BY CURRENT LEGISLATION

5.1 Research and development

No research and development costs were incurred in 2019.

5.2 Transactions with subsidiaries, associated companies, parent companies and companies subject to the control of the latter

Transactions between investee companies and with related parties are neither atypical nor unusual and fall within the ordinary course of business of the Company. These transactions are mostly regulated at arm's length, i.e., at the conditions that would have been applied between two independent parties and are represented in the following table:

OPERATIONS WITH RELATED PARTIES				
Milano Serravalle - Milano Tangenziali S.p.A.	Receivables	Payables	Costs	Revenues
Milano Serravalle Engineering S.r.l.	327.541	2.527.224	2.417.797	213.981
Autostrada Pedemontana Lombarda S.p.A.	169.807.864	80.582	44.285	4.961.853
A.S.A.M. S.p.A. in liquidation	4.980	8.342	-	-
Finlombarda S.p.A.	-	23.813.410	883.367	235
Lombardy Region	256.591	143	5.261.900	8.298
TOTAL	170.396.976	26.429.701	-1.916.451	5.184.367

Milano Serravalle Engineering S.r.l.

- ◆ **Framework agreement and instrument for the regulation of relations - technical part:**
the Company has entrusted the Subsidiary with tasks for engineering services (planning, construction management, safety coordination during the design phase, etc.).
Capitalised costs €890,139
Maintenance costs €1,197,769
Other costs €148,361
Payables €2,419,304
Receivables for advances €147,961
- ◆ **Costs for seconded personnel:**
Costs €175,053
Payables €102,778
- ◆ **Car rental costs:**
Costs €6,475
Payables €5,142
- ◆ **Framework agreement and instrument for the regulation of relations:** the Company offers the Subsidiary various administrative and legal services, payroll and contributions service, support for personnel management and IT services.
Revenues €75,945
Receivables €37,500

- ◆ **Lease contract for head offices:** the Company leases the offices to be used as the registered office to the Subsidiary
Revenues €66,534
Receivables €16,759
- ◆ **Revenues from recovery of expenses:**
Revenues €1,502
Receivables €125,321

Autostrada Pedemontana Lombarda S.p.A.

- ◆ **Interest-bearing loan:** the Company granted the Subsidiary two interest-bearing loans for a total of €150 million disbursed in several installments starting from 15 May 2014.
Interest revenues €3,751,073
Receivables €169,086,275 including accrued interest
- ◆ **Interest-bearing loan:** the Company granted the Subsidiary an interest-bearing loan of €16 million for the period 22 February - 27 April 2012. The receivable for accrued interest is outstanding.
Receivables €95,978
- ◆ **Lease contract for head offices:** the Company leases the offices to be used as the registered office to the Subsidiary
Revenues €349,687
- ◆ **In-service activities:** the Company offers the Subsidiary the management of the collection process and related activities, technical support for information systems and the payroll and contribution service.
Revenues €631,680
Receivables €295,270
Payables €36,392 for tolls to be paid back
- ◆ **Income from personnel secondment:**
Revenues €210,165
Receivables €292,184
- ◆ **Revenues from recovery of expenses:**
Revenues €19,248
Receivables €38,157
Deferred income €387
- ◆ **Costs for personnel secondment:**
Costs €42,925
Payables €42,534
- ◆ **Intra-group tolls:** refers to tolls on motorway sections under concession.

Costs €1,360
Payables €1,269

A.S.A.M. S.p.A. in liquidation

- ◆ **Other receivables**
Receivables €4,980
- ◆ **Directors' fees:**
Payables €8,342

Finlombarda S.p.A.

- ◆ **Interest-bearing loan:** Finlombarda granted the Company an interest-bearing loan of €40 million at the end of December 2017. The debt and the cost was recorded applying the amortised cost criterion.
Cost for interest €883,367
Payables €24,000,000
Notional charge
amortised cost €188,234
Accrued expenses €1,644
- ◆ **Revenues from recovery of expenses:**
Revenues €235

Lombardy Region

- ◆ **Active contribution:** the Region has provided a contribution for the construction works of the Lambrate junction:
Capitalised costs €-5,443,000
- ◆ **Recognition Interests:** share of the interests falling within the competence of the Lombardy Region:
Receivables € 250,000
- ◆ **State property canons:** different conventions state property canons:
Long-term receivables €6,591
Payables €143
Costs €181,100
Revenues €8,298

5.3 Treasury shares and shares of parent companies

The Company does not own its own shares or shares issued by the parent company and during the 2019 financial year it did not purchase or sell these categories of shares, including through trust companies.

5.4 Branch offices

There are no branch offices of the Company.

5.5 Management of business risks

With regard to the risks associated with the contractual relationship, reference is made to item 2.6 of the Directors' Report on Operations, specifying that failure to comply with the obligations laid down in the current Agreement, additional acts and subsequent contractual provisions could lead to situations of "serious non-performance."

Operational risk

With regard to operational and management risks, the Company has set up preventive procedures and controls that can be traced back to plans for monitoring maintenance operations, as well as an insurance coverage plan to limit the economic impact that may arise as a result of motorway accidents.

Regulatory risk

By offering a public utility service, the Company operates under a concession regime and is subject to specific regulations issued by the Regulatory Body, therefore it is exposed to regulatory provisions that may affect the determination of the motorway toll and turnover in general with consequences on the economic balance of the Company as well as the implementation of the investment program, without prejudice to the conventional provisions relating to the updating of the Economic and Financial Plan in the presence of extraordinary events or at the end of the regulatory period.

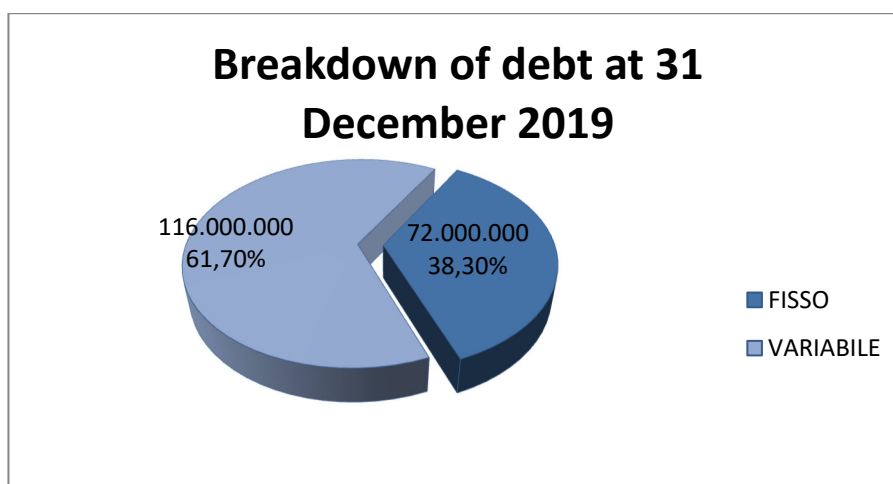
Financial risk

"Liquidity risk" is the risk that available financial resources may be insufficient to cover maturing obligations. In this regard, the Company believes that the financial requirements linked to the investments made in the motorway infrastructure, according to the contents of the Economic and Financial Plan, are essentially covered by the cash flows of management. In fact, the possibility of accessing additional debt capital to be allocated to the motorway infrastructure investment programme is supported by the cash flows generated by ordinary operations, which guarantee repayment of the debt within the period of the concession, in compliance with current contractual and conventional commitments.

The acquisition of additional financial resources through the use of debt capital to support the subsidiary Autostrada Pedemontana Lombarda S.p.A. must take place through a balanced equity-financial structure of the Company as well as through a recapitalisation of the same and a careful distribution of profits.

As regards risks connected with interest rate fluctuations, in order to limit their effects, hedging contracts have been entered into connected with the variability of interest rates (Interest Rate Swap).

At 31 December 2019, floating rate debt amounted to 61.70% of the long-term portfolio.



The Company is not exposed to any exchange rate risk, as its activities are carried out solely in Italy. Moreover, there are no sources of financing in currencies other than the Euro.

As regards commercial credit risk, this is particularly limited given the procedure for collecting tolls, and the Company constantly monitors these receivables and writes down positions for which there may be a risk of partial or total failure to collect the receivable.

Additional potential risks

In the last period we have witnessed the rapid evolution of potentially significant risks - not yet fully integrated into a risk management model - which may have an impact on the Company's business and financial position.

In this perspective, the spread of the disease "Covid-19" or other similar emergency, with its implications for public health, economic activity and trade, is a factor that affects, significantly downwards, the prospects for global economic growth.

5.6 Outlook for operations

Given the national context due to the health emergency that occurred in February in Italy, which is inevitably having a depressive effect on the world and national economy, as well as strong repercussions on traffic performance, during the year 2020, the Company's operating results will significantly decrease compared to the previous year.

On behalf of the Board of Directors
The Chairperson
Maura Tina Carta, attorney-at-law

Assago, 28 May 2020

Financial statements

Balance Sheet

ASSETS	31/12/2019		31/12/2018	
	total interim		total interim	
A) Receivables from shareholders for payments still due		0		0
B) Fixed assets				
I Intangible assets				
3) Industrial patent and intellectual property rights		103.593		97.893
4) Concessions, licenses, trademarks and similar rights		0		0
6) Assets in the course of construction and advances		444.998		365.177
7) Other		4.081.863		5.132.561
Total intangible assets		4.630.454		5.595.631
II Plant, property and equipment				
of which non-revertible assets				
2) Plant and machinery		1.089.897		742.824
3) Industrial and commercial equipment		51.307		53.130
4) Other assets		457.865		410.169
5) Assets in the course of construction and advances		313.104		0
Total non-revertible assets		1.912.173		1.206.123
of which freely revertible assets				
6) Motorway infrastructure "in operation"	1.452.656.072		1.458.409.942	
less accumulated depreciation	-1.372.494.741	80.161.331	-1.325.055.723	133.354.219
Assets in the course of construction and advances, motorway infrastructure		287.422.810		255.068.069
Total freely revertible assets		367.584.141		388.422.288
Total property, plant and equipment		369.496.314		389.628.411
III Non-current financial assets				
1) Equity interests				
a) subsidiaries	192.887.781		189.977.148	
d-bis) other companies	62.968.335	255.856.116	67.120.845	257.097.993
2) Receivables				
a) from subsidiaries				
over 12 months		169.086.267		165.335.194
c) from parent companies				
over 12 months		6.591		0
d-bis) from others				
over 12 months		9.594.237		9.890.245
Other non-current financial assets		434.543.211		432.323.432
Total fixed assets (B)		808.669.979		827.547.474

ASSETS		31/12/2019		31/12/2018	
		total interim		total interim	
C) Current assets					
I	Inventories				
1)	Raw materials, supplies and consumables		1.483.359		1.404.249
	Total inventories		1.483.359		1.404.249
II	Receivables				
1)	From customers				
	within 12 months		55.628.333		57.024.066
2)	From subsidiary companies				
	within 12 months	953.160		990.022	
	over 12 months	95.978	1.049.138	95.978	1.086.000
4)	From parent companies				
	within 12 months	250.000		312.414	
	over 12 months	0	250.000	1.704.692	2.017.106
5)	From companies subject to the control of the parent companies				
	within 12 months		4.980		0
5-bis)	Tax receivables				
	within 12 months	537.587		739.732	
	over 12 months	1.727.318	2.264.905	231.919	971.651
5-ter)	Deferred tax assets		15.766.448		13.754.967
5-quater)	from others				
	within 12 months		4.721.893		2.948.137
	Total receivables		79.685.697		77.801.927
III	Financial assets not constituting non-current assets				
	Total Financial assets not constituting non-current assets		0		0
IV	Cash and cash equivalents				
1)	Bank and postal deposits		51.689.962		53.774.131
3)	Cash and cash equivalents		1.468.718		1.473.730
	Total cash and cash equivalents		53.158.680		55.247.861
	Total current assets (C)		134.327.736		134.454.037
D) Accruals, prepayments and deferrals					
	Prepayments		2.259.642		609.253
	Total prepayments and accrued income (D)		2.259.642		609.253
TOTAL ASSETS (A+B+C+D)			945.257.357		962.610.764

LIABILITIES		31/12/2019		31/12/2018	
		total	interim	total	interim
A) Shareholders' Equity					
I	Capital	93.600.000		93.600.000	
II	Share premium reserve	0		0	
III	Revaluation reserve	0		0	
IV	Legal reserve	19.164.061		19.164.061	
V	Statutory reserves	0		0	
VI	Other reserves, separately indicated				
	Non-distributable reserve pursuant to art. 2426	3.442.851		3.168.410	
	Extraordinary reserve	413.041.317		355.482.881	
	Taxed reserve	288.581		288.581	
	Grants - third parties	3.721.777		3.721.777	
	Restricted reserve for delayed investments	15.185.000	435.679.526	15.185.000	377.846.649
VII	Reserve for expected cash flow hedges	-5.625.350		-6.844.537	
VIII	Retained earnings (losses)	0		0	
IX	Profit for the year	57.848.237		57.832.877	
X	Negative reserve for own shares in portfolio	0		0	
XI	Profits for previous years to be allocated	0		0	
Total Shareholders' equity (A)		600.666.474		541.599.050	
B) Provisions for risks and charges					
3)	Financial derivative liabilities	7.401.777		9.005.969	
4)	Others				
	- renewal provision	42.768.259		42.768.259	
	- provisions for risks and charges	30.379.688		22.825.251	
	- provision for bad debts	258.780	73.406.727	559.986	66.153.496
Total provisions for risks and charges (B)		80.808.504		75.159.465	
C) Provision for severance indemnities		8.397.310		9.181.274	

LIABILITIES		31/12/2019		31/12/2018	
		total interim		total interim	
D) Payables					
4)	Payables to banks				
	within 12 months	54.005.786		54.461.307	
	over 12 months	110.000.000	164.005.786	164.000.000	218.461.307
5)	Payables to other lenders				
	- to companies subject to the control of the parent companies				
	within 12 months	7.901.489		7.865.674	
	over 12 months	15.910.277	23.811.766	23.811.766	31.677.440
7)	Trade payables				
	within one year		39.421.175		52.640.152
9)	Payables to subsidiaries				
	within 12 months		2.607.419		2.991.164
11)	Payables to parent companies				
	within 12 months		143		7.741.960
11-bis)	Payables to companies subject to the control of the parent companies				
	within 12 months		8.342		143.092
12)	Tax payables				
	within 12 months		6.657.878		2.094.905
13)	Payables to social security and welfare institutions				
	within 12 months		3.377.049		3.054.642
14)	Other payables				
	within 12 months		12.769.842		14.937.924
Total payables (D)			252.659.400		333.742.586
E) Accruals, prepayments and deferrals					
	Accrued expenses		16.171		20.865
	Deferred income		2.709.498		2.907.524
Total accrued expenses and deferred income (E)			2.725.669		2.928.389
TOTAL LIABILITIES AND NET RESULT (A+B+C+D+E)			945.257.357		962.610.764

Income Statement

	31/12/2019		31/12/2018	
	total interim		total interim	
A) Production value				
1) Revenues from sales and services		261.793.498		261.446.626
4) Increase of non-current assets for internal works		1.620.326		2.123.063
5) Other income and revenue		9.814.381		10.023.475
Total value of production (A)		273.228.205		273.593.164
B) Production costs				
6) Raw materials, supplies, consumables and goods		1.696.456		1.133.210
7) Services		45.733.480		46.513.394
8) Costs for leases and rentals		2.790.110		3.019.568
9) Personnel costs				
a) wages and salaries	30.735.637		31.039.775	
b) social security charges	9.562.551		9.689.175	
c) post-employment benefits	2.236.248		2.327.607	
d) provision for pensions and similar obligations	543.073		539.831	
e) other costs	2.186.901	45.264.410	2.083.018	45.679.406
10) Depreciation, amortisation and write-downs				
a) amortisation of intangible assets	1.260.958		1.435.159	
b) depreciation of property, plant and equipment				
- depreciation of freely revertible assets	48.000.000		48.000.000	
- depreciation of non-revertible assets	646.504		564.843	
d) write-down of receivables	366.450	50.273.912	561.199	50.561.201
11) Change in inventories of raw materials, supplies and consumables and goods		-15.432		199.859
12) Provisions for risks and charges		7.432.754		8.035.991
13) Other provisions				
allocation to the renewal provision	20.149.627		20.444.572	
use of renewal provision	-20.149.627	0	-20.444.572	0
14) Other operating expenses		30.225.134		30.486.517
Total production costs (B)		183.400.824		185.629.146
Difference between value and cost of production (A - B)		89.827.381		87.964.018

	31/12/2019		31/12/2018	
	total interim		total interim	
C) Financial income and expenses				
16) Other financial income				
a) from receivables recorded as non-current assets				
- from subsidiaries	3.751.073		3.782.314	
- others	232.298	3.983.371	269.306	4.051.620
d) income other than the above				
- others		4.452		298.013
17) Interest and other financial expenses				
- others		-8.058.144		-11.383.098
17-bis) Foreign exchange gains and losses		212		-133
Total financial income and expenses (C)		-4.070.109		-7.033.598
D) Value adjustments of financial assets				
18) Revaluations				
a) of equity interests		3.195.361		942.648
19) Write-downs				
a) of equity interests		-4.136.032		-1.701.084
Total value adjustments of financial assets (D)		-940.671		-758.436
Profit before taxes (A - B + C + D)		84.816.601		80.171.984
20) Income tax for the period				
a) Current taxes	29.306.985		25.384.609	
b) Deferred (prepaid) taxes	-2.396.487		-3.045.502	
c) Taxes for previous years	57.866	26.968.364	0	22.339.107
21) Profit for the year		57.848.237		57.832.877

on behalf of the Board of Directors
The Chairperson
Avv. Maura Tina Carta, attorney-at-law

Assago, 28 May 2020

Cash Flow Statement

CASH FLOW STATEMENT		
	31/12/2019	31/12/2018
INITIAL LIQUIDITY	55.247.861	80.397.876
A - OPERATING ACTIVITIES		
Profit (loss) for the financial year	57.848.237	57.832.877
Income taxes	26.968.364	22.339.107
Interest expense/(income)	2.449.995	4.910.402
(Dividends)	0	0
(Capital gains)/Capital losses from the disposal of assets	-675.900	0
1 - Profit (loss) for the year before taxes on income, interest, dividends and gains/losses on disposals	86.590.696	85.082.386
<i>Adjustments of non-monetary items not offset in net working capital</i>		
Allocations to provisions	29.480.157	30.242.382
Depreciation of fixed assets	49.907.462	50.000.002
Write-downs for impairment losses	4.136.032	1.701.084
Other increased/(decreased) adjustments for non-monetary items	-3.195.361	-942.648
Total adjustments	80.328.290	81.000.820
2 - Cash flow before change in the NWC	166.918.986	166.083.206
<i>Change in net working capital</i>		
Change in inventories	-79.110	199.858
Change in trade receivables	1.395.733	-3.465.616
Change in other receivables	-1.937.655	1.129.450
Change in prepayments and accrued income	-1.650.389	631.178
Change in trade payables	6.429.382	-2.578.381
Change in other payables	1.835.760	-1.570.702
Change in accrued expenses and deferred income	-198.026	-844.518
Total change	5.795.695	-6.498.731
3 - Cash flow after changes in the NWC	172.714.681	159.584.475
<i>Other adjustments</i>		
Interest income/(expense)	-8.649.964	-10.601.348
(Income taxes paid)	-34.146.892	-14.586.320
Dividends cash-in	0	0
(Use of provisions)	-22.709.684	-21.411.988
Other collections/(payments)	0	0
Total other adjustments	-65.506.540	-46.599.656
Cash flow from operating activities (A)	107.208.141	112.984.819

CASH FLOW STATEMENT	31/12/2019	31/12/2018
B - INVESTMENT ACTIVITY		
<i>Reversible property, plant and equipment</i>		
Investment flows	-54.590.959	-34.555.778
Disinvestment flows	944.966	0
<i>Non-reversible property, plant and equipment</i>		
Investment flows	-1.356.424	-321.293
Disinvestment flows	5.250	0
<i>Intangible assets</i>		
Investment flows	-295.781	-395.304
Disinvestment flows	0	0
<i>Non-current financial assets - equity interests</i>		
Investment flows	0	0
Disinvestment flows	0	0
<i>Other non-current financial assets</i>		
Investment flows	-208.182	-2.493.534
Disinvestment flows	729.865	245.301
Acquisitions or disposals of subsidiaries or businesses net of cash and cash equivalents	0	0
Cash flow from investments (B)	-54.771.265	-37.520.608
C - FINANCING ACTIVITIES		
<i>Third-party financing</i>		
(Loan repayments)	-62.000.000	-124.500.000
New loans	0	0
Increase/(Decrease) in short-term bank loans	-69	1.534
Grants received	7.474.012	23.884.240
<i>Equity</i>		
Paid-in capital increase	0	0
Sale/(Purchase) of own shares	0	0
Dividends paid	0	0
Cash flow from investments (C)	-54.526.057	-100.614.226
FINAL LIQUIDITY	53.158.680	55.247.861
CHANGE IN CASH AND LIQUID ASSETS (A+B+C)	-2.089.181	-25.150.015

on behalf of the Board of Directors
The Chairperson
Avv. Maura Tina Carta, attorney-at-law

Assago, 28 May 2020

Notes to the Financial Statements

INTRODUCTION

Milano Serravalle - Milano Tangenziali S.p.A. operates within the framework of a concession, which expires on 31 October 2028, on the basis of the Consolidated Agreement stipulated with the Awarding Body Anas on 7 November 2007, approved by Law no. 101 of 6 June 2008 which converted Law Decree no. 59 of 8 April 2008. On 10 March 2017, following communication by the Awarding Body, the Additional Agreement, approved by ID no. 422 of 2 December 2016 and registered by the Court of Auditors on 1 February 2017, became effective.

These financial statements represent the separate financial statements of the parent company Milano Serravalle - Milano Tangenziali S.p.A. prepared at the reporting date 31 December 2019 and consist of the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Financial Statements; they were prepared in accordance with the provisions of the Italian Civil Code, taking into account the amendments introduced by Legislative Decree no. 139 of 18 August 2015, which came into force on 1 January 2016, as well as the guidelines provided in this regard by the Italian Accounting Body (OIC), responsible for updating the national accounting standards issued on 22 December 2016, which have integrated and technically interpreted the provisions of the law on financial statements.

The financial statements correspond to the results of the duly kept accounting records, are prepared in accordance with the provisions of articles 2423, 2423 bis, 2423 ter, 2424, 2424 bis, 2425, and 2425 bis of the Italian Civil Code and provide a true and correct view of the economic, financial and equity situation of the period.

The valuations of the individual items were carried out on a prudent basis and in view of going concern. Items were recognised and presented taking into account the substance of the transaction or contract.

The criteria and constraints set out in Article 2423 of the Italian Civil Code have been complied with, as there are no "special reasons" for derogation.

As required by Article 2423 ter, paragraph 5 of the Italian Civil Code, where necessary the data were reclassified to ensure comparability.

These financial statements do not include items originally expressed in a currency other than the Euro and all amounts shown in the Notes to the financial statements are expressed in Euro without decimals.

The Notes to the Financial Statements, prepared in accordance with the provisions of Article 2427 of the Italian Civil Code, are an integral part of the financial statements and are made up of two parts: the first concerns the criteria applied in the valuation of balance sheet items; the second illustrates the size of, and changes in, the items in the Balance Sheet and Income Statement. All additional information deemed necessary to give a true and correct view is also provided, although it is not required by specific legal provisions.

The tables in the Notes have been presented in accordance with the XBRL format.

Following the transfer of the Company's shares from A.S.A.M. S.p.A., in liquidation, to the Lombardy Region, the early termination of the participation in the national tax consolidation scheme also occurred. The option of national tax consolidation, in place since 2008 with the consolidating company A.S.A.M. S.p.A. in liquidation and renewed at the end of each three-year period, would have expired in 2019.

CRITERIA APPLIED IN THE VALUATION OF BALANCE SHEET ITEMS

(Paragraph 1 of Article 2427 of the Italian Civil Code)

The valuation criteria adopted comply with the provisions of Article 2426 of the Italian Civil Code and comply with the current accounting standards drawn up by the Italian Accounting Organisation (OIC). The valuation criteria have not changed compared to those adopted in the previous year.

Intangible assets

These are recorded at purchase cost if their useful life extends over time and are depreciated on a straight-line basis to take account, in each individual period, of their residual possibility of use. An asset which, at the reporting date, is permanently of a value lower than that previously considered, is recorded at this lower value; if in subsequent years the conditions are no longer met, the original value is reinstated, adjusted only by depreciation.

Amortisation is calculated based on the estimated useful life of an asset, which for the various categories is as follows:

	Years
3a) SOFTWARE	3
3b) PATENTS	20
4) TRADEMARKS	10

With reference to the item 'Other intangible assets':

- ◆ expenses relating to leasehold improvements, or to the company's registered office, are depreciated based on the term of the related lease contract (eighteen years);
- ◆ ancillary expenses incurred in the financing agreement phase (such as substitute tax, up-front commissions, legal and notary fees), signed before the reporting period 2016, are amortised according to the term of the contract;
- ◆ other capitalised multi-year expenses are amortised on the basis of the term of the respective contracts.

Assets under construction and advances consist of costs incurred for assets not yet in use.

Property, plant and equipment

Freely revertible assets

Item B II of the Balance Sheet assets includes sub-item 6) where the cost of the motorway infrastructure is posted; at the end of the concession, it will have to be reverted free of charge to the Awarding Body.

The motorway infrastructure is recorded at purchase/construction cost, gross of the related directly attributable ancillary charges, revaluations permitted by specific regulations that have followed over time, and grants, provided for by specific agreements, to third parties for the construction of ancillary works to the motorway infrastructure, net of grants paid by the State and other bodies.

These contributions are recognised in the financial statements as soon as the conditions for recognition of the grant have been fulfilled.

The value of the assets in question is adjusted by the "financial amortisation provision" calculated using the differentiated rates method, as provided for in the Economic and Financial Plan attached to the current Additional Agreement, based on the purchase cost, including capitalised borrowing costs, revaluations carried out and net of capital grants.

This provision makes it possible to: a) systematically reduce the value of the motorway body in relation to the residual possibility of economic use which corresponds to the duration of the concession; b) to donate freely to the Awarding Body, upon expiry of the concession, the assets that can be transferred.

Assets under construction and advances consist of costs incurred for the construction of motorway sections not yet open to traffic and are recorded gross of the related directly attributable financial expenses.

Reimbursement of the cost of requests for additional payments relating to higher costs incurred by contractors is recognised only for amounts whose occurrence and quantification is reasonably certain. These requests are in any case recorded in the specific worksite book of the contract and take the form of "reserves" put forward by the contractor, where the contract provides for the jointly verified issue of progress reports.

Non-revertible assets

Non-revertible property, plant, and equipment (owned by the company) are entered at purchase cost, gross of related accessory charges, less related depreciation.

Property, plant and equipment will be depreciated systematically in each reporting period on a straight-line basis according to economic and technical rates that are determined in relation to the possibility of use of the asset. For the first year of depreciation, the reduced rate of 50% is used. Assets of modest value, which in any case have a multi-year useful life, are fully depreciated in the year of acquisition.

The estimated useful life, for the various asset categories, is as follows:

	Years
BUILDINGS	25
PLANTS	5
MACHINERY	4
EQUIPMENT	8
TOURIST SIGNS	10
CARS	4
HGVs	5
OFFICE MACHINES	5
FURNITURE AND FURNISHINGS	8

Acquisition costs relating to low-value assets, not having a multi-year useful life, were fully expensed in the Income Statement in the year of purchase.

The carrying amount of property, plant and equipment is also written down to bring it into line with its recoverable value in the event of permanent losses.

Leaseholds

Leaseholds are recorded in the financial statements on the basis of the equity method, which provides for the recording on an accrual basis of lease instalments as operating costs.

The item is recorded under assets at its redemption value when the reference contract is exhausted. The memorandum accounts show the commitments for the instalments due relating to contracts in place at the reporting date.

Equity interests

Equity interests represent long-term investments aimed at creating an integrated and diversified industrial and commercial organisation.

Equity interests in "subsidiaries" and, if any, in "associates" in which the Company has control and significant influence, respectively, are recorded using the equity method, as shown in the latest financial statements approved by the respective Boards of Directors. As required by accounting standard OIC 17, the profit of the investee is recognised in profit or loss for the portion pertaining to it, recording a revaluation of the equity interest; this profit will then be allocated to a specific "Non-distributable reserve from the revaluation of equity interests." The losses of an investee are recognised in profit or loss for the portion pertaining to it, recording a write-down of the value of the interest.

Any higher value recognised at the time of purchase compared to the corresponding share of shareholders' equity is recorded as an increase in the value of the interest; this difference is amortised in subsequent years.

With regard to the subsidiary Autostrada Pedemontana Lombarda S.p.A., the difference recorded at the time of purchase of the equity interest is amortised on a straight-line basis from November 2015 to the date of expiry of the subsidiary's concession, as inferred from the Economic and Financial Plan approved by the CIPE with resolution of 1 August 2014, published in the Official Gazette (GURI) of 30 January 2015 (30 June 2051 - 30 years after completion of the entire investment).

Equity interests in "other companies", in which the Company does not have control or significant influence, are instead recorded at the historical acquisition or subscription cost, including any directly attributable accessory charges, except for adjustments dictated by assessments at of the Group. In the event of permanent impairments, the cost is adjusted by making appropriate write-downs. The original value may be reinstated in subsequent reporting periods if the reasons for the write-down no longer apply.

Other non-current financial assets

Receivables are recorded in the financial statements according to the amortised cost method, taking into account the time factor. The amortised cost method is not applied to short-term receivables, which are recorded at nominal value.

As required by the provisions of Article 12(2) of Legislative Decree 139/2015, the amortised cost and discounting method was not applied to receivables recorded in the financial statements prior to the year beginning 1 January 2016.

Equity interests recorded under current assets

There are no non-current financial assets recorded under current assets.

Inventories

Inventories are valued according to the LIFO method in steps and, in any case, recorded at a value not higher than the realisable value inferable from the market trend as provided for by Article 2426, paragraph 1, point sub-9) of the Italian Civil Code.

The item consists of stocks of materials whose use is functional both to maintenance and to the operation of motorway works and installations.

Medium-/long-term financial assets and liabilities

Financial assets and liabilities are recorded in the financial statements on an amortised cost basis, taking into account the time factor and, as far as receivables are concerned, the estimated realizable value. This implies the discounting back of receivables and payables whose collection/payment is expected beyond the normal operating cycle (twelve months in general) by applying the effective interest method or the internal rate of return, constant over the life of the payable/receivable, which makes the present value of future cash flows equal and which includes all charges paid or received between the parties, including transaction costs and any premiums or discounts.

The amortised cost method is not applied if the effects are immaterial; generally, the effects are immaterial when the payables are short-term (i.e., with a maturity of less than 12 months) or when the transition costs are immaterial.

In accordance with the provisions of Article 12(2) of Legislative Decree 139/2015, the Company has availed itself of the option not to apply the amortised cost and discounting method to all receivables and payables recorded in the financial statements prior to the reporting period starting on 1 January 2016.

Short-term receivables

Receivables, classified under Current Assets, are entered at carrying amount adjusted by the "provision for bad debts," to take into account the estimated realizable value commensurate with both the extent of the risk relating to specific non-performing receivables and the extent of the generic market risk impending on all receivables.

Cash and cash equivalents

Bank and postal deposits are valued at their estimated realizable value. This value normally coincides with the carrying amount. Cash and cash equivalents are stated at carrying amount.

Short-term payables

All payables are recognised at their carrying amount. Trade payables include amounts due for services completed by the end of the period but not yet invoiced.

Derivative financial instruments

Derivative financial instruments, though included into other financial instruments, are recorded at *fair value*. Changes in fair value are recognised in profit or loss or, if the instrument hedges the risk of changes in the expected cash flows of a financial instrument or a forecast transaction, directly in a positive or negative reserve in shareholders' equity, called the Reserve for expected cash flow hedges, net of tax effect. This reserve is recognised in profit or loss to the extent and within the timescale corresponding to the occurrence or change in the cash flows of the hedged instrument or to the occurrence of the hedged transaction. However, if there is a negative reserve and if all or part of the reserve is not expected to be recovered in one or more future reporting periods, the

reserve or part of the reserve that is not expected to be recovered is immediately recognised in item B) 13) of the income statement for the reporting period.

Items hedged against the risk of changes in interest rates or exchange rates or market prices or against credit risk are valued symmetrically with the hedging derivative instrument; a hedge is considered to exist when there is, from the outset, a close and documented correlation between the characteristics of the hedged instrument or transaction and that of the hedging instrument. Gains arising from the fair value measurement of derivative financial instruments not used or not necessary for hedging purposes are not distributable. Equity reserves arising from the fair value measurement of derivatives used to hedge the expected cash flows of another financial instrument or a forecast transaction are not taken into account in the calculation of equity for the purposes of Articles 2412, 2433, 2442, 2446 and 2447 and, if positive, are not available and cannot be used to hedge losses.

The fair value is determined with reference to:

- (a) market value, for financial instruments for which an active market can easily be identified;
- (b) where the market value is not easily identifiable for an instrument, but can be identified for its components or for a similar instrument, the market value may be derived from that of the components or of a similar instrument;
- (c) the value resulting from generally accepted valuation models and techniques, for instruments for which an active market cannot be easily identified; such valuation models and techniques shall ensure a reasonable approximation to market value.

The fair value is not determined if the application of the criteria indicated does not give a reliable result.

Accruals, prepayments and deferrals

These are quantified and recorded on an accruals basis and mainly include multi-year prepaid expenses and deferred income, determined by annual instalments based on the term of the relevant contracts.

Provision for the restoration or replacement of freely revertible assets (renewal provision)

The purpose of the "renewal provision" is to maintain and/or restore the original production capacity of the "assets freely revertible to the awarding body" both to maintain unchanged the production capacity and to transfer them, on expiry of the concession, to the Awarding Body in good working order. This provision is maintained in accordance with the current Economic and Financial Plan and is fed through systematic provisions, distributed over the term of the concession, against estimated costs for maintenance, renewals, safety and the like.

Provisions for risks and charges

This provision is made to cover losses or payables that are certain or likely to exist but for which, at the reporting date, the amount or date of occurrence cannot be determined.

The provisions reflect the best possible estimate on the basis of the commitments entered into and the information available.

Provision for severance indemnities

The provision for post-employment benefits represents the liability accrued up to 30 June 2007 set aside to cover the entire liability accrued vis-à-vis employees in compliance with current legislation

and collective and company labour agreements, revalued each year on the basis of specific indices. Following the changes made by the regulations on severance indemnity, since 2007 the Company has paid the accrued contributions, in relation to the choice of the individual employee, to a pension fund or to the INPS Treasury Fund.

Memorandum accounts

Guarantees given/received and commitments undertaken are recorded in notes to the financial statements and are valued according to the nature of the risk and on the basis of the information available at the date of preparation of the financial statements.

Revenues

Revenues from the provision of services and the sale of goods are recorded on an accruals basis. Financial income is recognised on an accrual basis.

Increase of non-current assets for internal works

Increases in non-current assets for internal works also include capitalised borrowing costs on property, plant and equipment produced by third parties, if the conditions are met.

Costs and expenses

Costs and expenses are accounted for on an accruals basis. Specifically, the costs of the acquisition of goods and the provision of services shall be recognised respectively at the time of the transfer of ownership and at the date on which the services are rendered.

Current tax

Current taxes represent the income taxes due, which refer to the taxable income for the year.

Deferred tax liabilities and deferred tax assets

In compliance with Accounting Principle no. 25, the method adopted for the determination and recording of taxes in the financial statements is that of presenting the tax burden pertaining to the period, through the recording of deferred tax assets or liabilities. In relation to this, the temporary differences between the taxes pertaining to the period and those determined on the basis of current tax regulations and which will be settled and/or recovered in subsequent periods are recorded, if positive, under deferred tax assets and, if negative, under the provision for deferred tax liabilities. The calculation of deferred and prepaid taxes takes into account the tax rate that is expected to be in force in the year in which the temporary difference will be reversed, as well as any benefits provided by current tax regulations.

Deferred taxes are recognised to the extent that there is a reasonable certainty of their future recovery. With particular reference to the IRES (corporate income tax) surcharge of 3.5 percentage points, on income deriving from activities under concession for the tax years 2019, 2020, 2021, recalling the principle of prudence, this surcharge was recorded only if there is certainty of recovery in the following two years.

Deferred tax liabilities are not recorded if it is not very likely that this debt will arise.

AMOUNT AND CHANGES IN THE ITEMS OF THE STATEMENT OF FINANCIAL POSITION, MEMORANDUM ACCOUNTS AND INCOME STATEMENT

Changes in non-current assets

(Paragraphs 2, 3, 3-bis, 5 and 8 of Article 2427 of the Italian Civil Code)

B - NON-CURRENT ASSETS

I - Intangible assets

CHANGES IN INTANGIBLE ASSETS									
	Historical cost	Revaluations	Write-downs	Changes in historical cost			Change in provisions	Provisions for amortisation	Book value
				Reclassifications	Increases for acquisitions	Decreases			
2) Development costs	28.054	0	-28.054				0	0	
3) Industrial patent and intellectual property rights	3.372.040	0	-4.379				-3.269.768	97.893	
4) Concessions, licenses, trademarks and similar rights	1.204	0	0				-1.204	0	
6) Assets in the course of construction and advances	699.970	0	-334.793				0	365.177	
7) Others	13.344.174	0	0				-8.211.613	5.132.561	
Total value at 31/12/2018	17.445.442	0	-367.226				-11.482.585	5.595.631	
2) Development costs		0	0	0	0	0	0	0	
3) Industrial patent and intellectual property rights		0	0	0	99.747	0	0	5.700	
4) Concessions, licenses, trademarks and similar rights		0	0	0	0	0	0	0	
6) Assets in the course of construction and advances		0	0	0	79.821	0	0	79.821	
7) Others		0	0	0	116.213	0	0	-1.050.698	
Total changes during the period		0	0	0	295.781	0	0	-965.177	
2) Development costs	28.054	0	-28.054				0	0	
3) Industrial patent and intellectual property rights	3.471.787	0	-4.379				-3.363.815	103.593	
4) Concessions, licenses, trademarks and similar rights	1.204	0	0				-1.204	0	
6) Assets in the course of construction and advances	779.791	0	-334.793				0	444.998	
7) Others	13.460.387	0	0				-9.378.523	4.081.863	
Total value at 31/12/2019	17.741.223	0	-367.226				-12.743.543	4.630.454	

Industrial patent and intellectual property rights: the increase in the year mainly refers to the new company website in use since July and new software for archiving on the Internet.

Assets under construction and advances: the item refers to the costs incurred for the contribution granted to AISCAT for the construction of the “Central System” to support the SET system (translated as European Electronic Toll System).

Others: the item refers for €2,559,532 to the expenses for taking out loans granted before 2016 which continue to be accounted for as required by the previous accounting principles and not with the amortised cost method and for €1,083,522 the improvements made to the registered office. The remaining component relates to the ERP project.

The increase during the year refers to additional costs relating to the new ERP system amortised for the duration of the relevant contract.

II - Property, plant and equipment

Property, plant and equipment	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Non-revertible assets	1.912.173	1.206.123	706.050	58,54
Freely revertible assets	367.584.141	388.422.288	-20.838.147	-5,36
Total	369.496.314	389.628.411	-20.132.097	-5,17

Non-revertible property, plant and equipment

CHANGES IN NON-REVERTIBLE PROPERTY, PLANT AND EQUIPMENT									
	Historical cost	Revaluations	Write-downs	Changes in historical cost			Change in provisions	Provision for depreciation	Book value
				Reclassificati on	Increases for acquisitions	Decreases			
2) Plant and machinery									
2a) Plants	1.062.016	0	0				-867.238	194.778	
2b) Machinery	5.309.479	0	0				-4.761.433	548.046	
Total plant and machinery	6.371.495	0	0				-5.628.671	742.824	
3) Industrial and commercial equipment									
3a) Equipment	485.479	0	0				-433.632	51.847	
3b) Advertising signs	701.401	0	0				-700.118	1.283	
Total industrial and commercial equipmer	1.186.880	0	0				-1.133.750	53.130	
4) Other assets									
4a) Means of transport	1.721.453	0	0				-1.433.567	287.886	
4b) Office machines	1.169.562	0	0				-1.115.337	54.225	
4c) Furniture	1.690.929	0	0				-1.622.871	68.058	
Total other assets	4.581.944	0	0				-4.171.775	410.169	
5) Assets in the course of construction and i	0	0	0				0	0	
Total value at 31/12/2018	12.140.319	0	0				-10.934.196	1.206.123	
2) Plant and machinery									
2a) Plants		0	0	0	64.439	-31.687	28.982	-64.697	-2.963
2b) Machinery		0	0	0	751.557	-1.529	-33.721	-366.271	350.036
Total plant and machinery		0	0	0	815.996	-33.216	-4.739	-430.968	347.073
3) Industrial and commercial equipment									
3a) Equipment		0	0	0	15.928	-14.976	14.279	-15.771	-540
3b) Advertising signs		0	0	0	0	0	0	-1.283	-1.283
Total industrial and commercial equipment		0	0	0	15.928	-14.976	14.279	-17.054	-1.823
4) Other assets									
4a) Means of transport		0	0	0	0	-653.613	653.613	-110.528	-110.528
4b) Office machines		0	0	0	206.063	-281.510	280.997	-54.290	151.260
4c) Furniture		0	0	0	40.628	-9.844	9.844	-33.664	6.964
Total other assets		0	0	0	246.691	-944.967	944.454	-198.482	47.696
5) Assets in the course of construction and advances		0	0	0	313.104	0	0	0	313.104
Total changes during the period		0	0	0	1.391.719	-993.159	953.994	-646.504	706.050
2) Plant and machinery									
2a) Plants	1.094.768	0	0				-902.953	191.815	
2b) Machinery	6.059.507	0	0				-5.161.425	898.082	
Total plant and machinery	7.154.275	0	0				-6.064.378	1.089.897	
3) Industrial and commercial equipment									
3a) Equipment	486.431	0	0				-435.124	51.307	
3b) Advertising signs	701.401	0	0				-701.401	0	
Total industrial and commercial equipmer	1.187.832	0	0				-1.136.525	51.307	
4) Other assets									
4a) Means of transport	1.067.840	0	0				-890.482	177.358	
4b) Office machines	1.094.115	0	0				-888.630	205.485	
4c) Furniture	1.721.713	0	0				-1.646.691	75.022	
Total other assets	3.883.668	0	0				-3.425.803	457.865	
5) Assets in the course of construction and i	313.104	0	0				0	313.104	
Total value at 31/12/2019	12.538.879	0	0				-10.626.706	1.912.173	

Plant and machinery: The most significant increases in the year refer to the purchase of machinery (salt sprayer, snow ploughs) to be used in winter seasons.

Office machines: In the last months of the year the company servers were replaced and the disposal of the previous ones will be done in 2020.

Assets under construction and advances: They refer to the purchase of 11 road vans purchased at the end of the year but registered in 2020.

During the year, Personal Computers, printers and mobile phones were disposed of and replaced with those supplied through a rental contract.

Property, plant and equipment freely revertible to the awarding body

CHANGES IN PROPERTY, PLANT AND EQUIPMENT FREELY REVERTIBLE TO THE AWARDING BODY						
	Value at 31/12/2018	Reclassifications /transfers	Increases for the period	Decreases for the period	Depreciation for the period	Value at 31/12/2019
MOTORWAY INFRASTRUCTURE "IN OPERATION"						
Historical cost	1.157.237.343	0	487.569	-745.373	0	1.156.979.539
Financial expenses	284.522.859	0	0	0	0	284.522.859
Contributions received	-152.093.976	0	-5.443.000	0	0	-157.536.976
Monetary revaluations pursuant to law	168.743.716	0	0	-53.066	0	168.690.650
Total motorway infrastructure "in operation"	1.458.409.942	0	-4.955.431	-798.439	0	1.452.656.072
Accumulated depreciation	-1.325.055.723	0	0	560.982	-48.000.000	-1.372.494.741
Total motorway structure in operation net of accumulated depreciation	133.354.219	0	-4.955.431	-237.457	-48.000.000	80.161.331
MOTORWAY INFRASTRUCTURE UNDER CONSTRUCTION AND ADVANCES						
Historical cost	253.382.745	0	33.037.958	-272.531	0	286.148.172
Financial expenses	22.957.518	0	1.620.326	0	0	24.577.844
Contributions received	-21.272.194	0	-2.031.012	0	0	-23.303.206
Total motorway infrastructure under construc	255.068.069	0	32.627.272	-272.531	0	287.422.810
Total freely revertible property, plant and equipment	388.422.288	0	27.671.841	-509.988	-48.000.000	367.584.141

The most significant changes for the **motorway infrastructure in operation** refer to:

- ◆ the definition of some expropriation positions with the Municipality of Cinisello, attributable to the works carried out for the events of the 1990 World Cup and the 1992 Colombian Championships;
- ◆ the closure of some activities related to the redevelopment of the Lambrate junction of the East bypass and completion of the access roads to the Segrate intermodal centre;
- ◆ a portion of reserves paid to the contractor for the redevelopment of the Gropello toll booth following an order;
- ◆ the sale of some land in the municipality of Segrate to Westfield Milan SpA.

The most significant changes for the **motorway infrastructure "under construction and advances"** refer to the works for the:

- ◆ completion of the access road to the intermodal centre of Segrate;
- ◆ redevelopment of the SP 46 Rho-Monza;
- ◆ lighting and adaptation of triple-wave guardrails on the West bypass;
- ◆ emergency of the Rho viaduct on the West bypass;
- ◆ modernisation of the Bereguardo A7 tollbooth.

The grants received during the period refer to:

- ◆ for €2,031,012 to the agreement in place with Westfield Milan S.p.A. for the works to complete the access roads to the Segrate intermodal centre;
- ◆ for €5,443,000 to the contribution received from the Lombardy Region for the redevelopment of the Lambrate junction of the East bypass and completion of the access roads to the Segrate intermodal center.

Also pursuant to article 1, paragraph 125 of Law no. 124/2017, subsequently supplemented by the decree law 'Safety' (no. 113/2018) and the decree law 'Simplification' (no. 135/2018), the information relating to the grants in place at 31 December 2019, recognised by public bodies and not yet fully collected, is reported.

GRANTS RECEIVED FROM PUBLIC BODIES (*)	public body/enterprise	grant as per the Agreement	accrued up to 31/12/2019	received at 31/12/2019	still to be received as at 31/12/2019
Access road to the New Rho-Pero Exhibition Centre Section A Junction - 1st and 2nd stage interventions	Anas S.p.A.	44.410.805	44.410.805	33.753.439	10.657.366
Redevelopment of the Lambrate junction of the Eastbypass and completion of the access roads to Segrate Intermodal Centre	Lombardy Region	40.638.494	38.638.396	38.638.396	2.000.098
Redevelopment, with motorway characteristics, of SP 46 Rho-Monza - lot 2: Underground railway crossing variant of the Milan-Saronno line	MIT - SVCA	55.000.000	26.349.589	20.000.000	35.000.000
Total grants provided by public bodies		140.049.299	109.398.790	92.391.835	47.657.464

(*) grants are shown net of VAT, where applicable

In line with the requests of the Awarding Body and in compliance with paragraph 8 of Article 2427 of the Italian Civil Code, the table below shows the increases in investments in the motorway infrastructure for the reporting period 2019, net of grants received, broken down by job order and cost item.

INCREASES OF THE YEAR 2019					
	INTERVENTIONS	AMOUNTS AVAILABLE	GRANTS ASSETS	FINANCIAL EXPENSES	TOTAL
INVESTMENTS - HISTORICAL COST					
North bypass	0	182.352	0	0	182.352
Total	0	182.352	0	0	182.352
INVESTMENTS AGREEMENT 7/12/99					
Pavia-Bereguardo junction	9.833	20.845	0	0	30.678
Segrate road network	0	167.745	-5.443.000	0	-5.275.255
Total	9.833	188.590	-5.443.000	0	-5.244.577
INVESTMENTS AGREEMENT 7/11/07					
Environmental and landscape interventions	0	28.704	0	0	28.704
Interventions for sector quality standards	4.195.881	1.163.595		228.284	5.587.760
Redevelopment of SP 46 Rho-Monza	3.441.498	701.320	0	207.980	4.350.798
Total	7.637.379	1.893.619	0	436.264	9.967.262
INVESTMENTS ADDITIONAL AGREEMENT 15/06/16					
Completion of IC Segrate road network	21.212.285	2.401.470	-2.031.012	1.184.062	22.766.804
Total	21.212.285	2.401.470	-2.031.012	1.184.062	22.766.804
TOTAL MOTORWAY INFRASTRUCTURE INVESTMENTS	28.859.497	4.666.030	-7.474.012	1.620.326	27.671.841

Financial expenses of €1,620,326 mainly refer to interest expense accrued on loans for motorway infrastructure.

With regard to the works in progress as of 31 December 2019, the contracting companies have entered reserves relating to requests for higher acknowledgments, with respect to the contractual agreements, in the specific construction site book for an amount of €309 million. For some of these reserves, the joint proposals for amicable agreements pursuant to article 240 have already been made by the commissions set up for this purpose. In particular:

- ◆ “Lambrate junction and IC Segrate road network”: against reserves of €30.1 million, the Commission, pursuant to article 240, made a proposal for an amicable agreement of €1.3 million. The contractor formally rejected the proposal and announced its intention to sue;
- ◆ “Redevelopment works of the SP 46 Rho-Monza ”: the reserves recognised at 31 December 2019 amounted to approximately €200 million; against reserves accrued as at Progress Report 11, equal to €138 million, the Commission pursuant to art. 240 formulated an amicable agreement proposal for approximately €10.9 million. The contractor has formalised the consent to the person in charge of the procedure, the Company has not yet expressed itself in consideration of the arrangement with creditors in which the lead company is involved.
- ◆ “Safety work and lighting on West bypass”: the reserves recognised at 31 December 2019 amounted to approximately €63.8 million. In December 2018, the Contractor filed a writ of summons with the Ordinary Court of Milan to acknowledge these reserves, and the proceedings are still in progress. The Company appointed a lawyer to defend the company, who confirmed an extremely prudent assessment of the risk of losing the case, corresponding to about 10% of the amount requested, as in previous technical and legal assessments carried out in the interest of the Company (reasoned proposal by the chair of Commission 240, confidential assessment by the Works Manager, technical and legal opinion by an expert).
- ◆ “Redevelopment of the Gropello Cairoli tollbooth on the A7 motorway”: in March 2019, the Contractor filed a summons against the Company, requesting the acknowledgment of the confirmed reserves to the final account for €3.5 million, in addition ancillary charges. At the hearing on 11 June 2019, the judge issued an order for the payment of the uncontested sums corresponding to €71,918. The proceedings are still pending before the Court of Milan.
- ◆ “Redevelopment works of the Pavia-Beregardo/Beregardo tollbooth link road”: the works were completed on 6 March 2020, with a delay of more than one year compared to the contractual deadline of 28 February 2019, such as to determine the accrual of the maximum amount of applicable penalty, equal to approximately €1.7 million. As of 31 December 2019, the company entered reserves of €200 thousand, anticipating the next registration of further claims in the final accounting documents in the final report.
- ◆ “Extraordinary maintenance work on the south side of Rho Viaduct”: a lawsuit is currently underway before the Court of Milan for the recognition of the reserves registered by the Contractor for a total amount of €441 thousand. The Technical Consultant has already filed his final report, in which he considered the amount of approximately €70 thousand to be well-founded and possibly recognisable.
- ◆ “Segrate completion lot”: the Contractor entered reserves as of 31 December 2019 for a total amount of €9.2 million. Pending the issue of the confidential report by the Works Manager, the necessary assessments and investigations are underway for the complete verification of the

claims, the analysis of the circumstances that led to these requests, also in light of the contractual obligations and the enhancement of any awards.

Considering the nature of these reserves, the cost to be incurred is essentially related and attributable to the progress of work, and therefore to an increase in investments in the motorway infrastructure. Only the items that may not be entered as an increase under the motorway body were recorded in a specific risk provision.

Property, plant and equipment freely revertible to the Awarding Body include works for the planning and construction of works carried out by subsidiaries for an amount of €890,139, capitalised in the reporting period, and for an amount of €31,630,551 capitalised in previous reporting periods.

Property, plant and equipment has been subject to the monetary revaluation process as shown in the following table:

SUMMARY TABLE OF WRITE-UPS RELATING TO BUSINESS ASSETS				
MOTORWAY INFRASTRUCTURE				
	YEAR	31/12/2018	Changes	31/12/2019
Revaluation Law 576/75	1975	12.080.161	0	12.080.161
Revaluation Law 72/83	1982	35.195.799	0	35.195.799
Revaluation Law 413/91	1991	1.823.401	0	1.823.401
Revaluation Law 342/00	2003	119.644.355	-53.066	119.591.289
TOTAL		168.743.716	-53.066	168.690.650

III - Non-current financial assets

Non-current financial assets	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Equity interests	255.856.116	257.097.993	-1.241.877	-0,48
Other fixed assets	178.687.095	175.225.439	3.461.656	1,98
Total	434.543.211	432.323.432	2.219.779	0,51

1) Equity interests

At 31 December 2019, the Company's equity interests were as follows:

LIST OF EQUITY INTERESTS							
Name	Share capital as per last financial statements	Shareholders' equity as per last financial statements	Result as per the last financial statements	% owned	Nominal value of shares/quotas	Book value as recorded at 31/12/2019	Share of shareholders' equity
SUBSIDIARIES							
Milano Serravalle Engineering S.r.l. Assago - Via del Bosco Rinnovato 4/b	300.000	4.045.626	302.775	100,00	300.000	4.045.626	4.045.626
Autostrada Pedemontana Lombarda S.p.A. Assago - Via del Bosco Rinnovato 4/a	300.926.000	227.768.612	3.662.804	78,9719	237.647.000	188.842.155	179.873.217
Total subsidiaries						192.887.781	
OTHER COMPANIES							
Tangenziali Esterne di Milano S.p.A. Milan - Via della Liberazione 18	220.344.608	231.482.966	-510.938	18,8006	41.426.017	43.616.246	43.520.187
Tangenziale Esterna S.p.A. Milan - Via Fabio Filzi 25	464.945.000	295.416.792	-18.819.944	0,3864	1.796.378	1.796.378	1.141.490
Autostrade Lombarde S.p.A. Bergamo - Largo B. Belotti, 16	467.726.626	497.552.290	2.700.308	2,7794	13.000.000	13.312.513	13.828.968
Società di progetto Brebemi S.p.A. (**) Brescia - Via Somalia 2/4	51.141.227	-304.975.009	-49.133.190	0,3914	200.181	200.181	-1.193.672
CIV S.p.A. Milan - Via Felice Casati 1A	6.200.000	21.174.884	8.898.380	5,00	310.000	673.197	1.058.744
S.A.Bro.M. S.p.A. Milan - Via Felice Casati 1A	28.902.600	24.928.909	-488.020	12,9746	3.750.000	3.368.271	3.234.426
Confederazione Autostrade S.p.A. (*) Verona - Via Flavio Gioia 71	6.000.000	-4.773.281	-8.133.128	16,667	1.000.000	0	-795.563
Consorzio Autostrade Italiane Energia Rome - Via Alberto Bergamini 50	113.949	=	=	1,41	1.607	1.549	=
Total other companies						62.968.335	
TOTAL EQUITY INTERESTS						255.856.116	

(*) The last available financial statements are those closed at 31 December 2018 approved by the Shareholders' Meeting
(**) Shareholders' equity is negative due to the recognition of the negative reserve for transactions to hedge expected cash flows.

The following tables show the formation of the value of equity interests recorded as non-current financial assets and the changes that took place during the year:

STATEMENTS OF CHANGES IN NON-CURRENT FINANCIAL ASSETS: EQUITY INTERESTS								
	Historical value	Revaluations	Write-downs	Reversal of impairment losses	Changes in historical cost			Book value
					Increases for acquisitions	Decreases	Reclassification	
Subsidiaries	254.984.419	3.442.851	-69.118.329	668.207				189.977.148
Other companies	72.708.302	0	-7.533.784	1.946.327				67.120.845
Total value at 31/12/2018	327.692.721	3.442.851	-76.652.113	2.614.534				257.097.993
Subsidiaries		302.775	-284.728	2.892.586	0	0	0	2.910.633
Other companies		0	-4.152.510	0	0	0	0	-4.152.510
Total changes during the period		302.775	-4.437.238	2.892.586	0	0	0	-1.241.877
Subsidiaries	254.984.419	3.745.626	-69.403.057	3.560.793				192.887.781
Other companies	72.708.302	0	-11.686.294	1.946.327				62.968.335
Total value at 31/12/2019	327.692.721	3.745.626	-81.089.351	5.507.120				255.856.116

STATEMENT OF CHANGES IN EQUITY INTERESTS: SUBSIDIARIES								
	Historical value	Revaluations	Write-downs	Reversal of impairment	Changes in historical cost			Book value
					Increases	Decreases	Reclassification	
Milano Serravalle Engineering S.r.l.	739.850	3.442.851	-439.850	0				3.742.851
Autostrada Pedemontana Lombarda S.p.A.	254.244.569	0	-68.678.479	668.207				186.234.297
Total value at 31/12/2018	254.984.419	3.442.851	-69.118.329	668.207				189.977.148
Milano Serravalle Engineering S.r.l.		302.775	0	0	0	0	0	302.775
Autostrada Pedemontana Lombarda S.p.A.		0	-284.728	2.892.586	0	0	0	2.607.858
Total changes during the period		302.775	-284.728	2.892.586	0	0	0	2.910.633
Milano Serravalle Engineering S.r.l.	739.850	3.745.626	-439.850	0				4.045.626
Autostrada Pedemontana Lombarda S.p.A.	254.244.569	0	-68.963.207	3.560.793				188.842.155
Total value at 31/12/2019	254.984.419	3.745.626	-69.403.057	3.560.793				192.887.781

The revaluations of the period of €302,775 refer to the subsidiary Milano Serravalle Engineering S.r.l. and represent the profit during the year.

The "reversal of impairment losses" for the period of €2,892,586 refers to the Company's share of the profit during the year by the subsidiary Autostrada Pedemontana Lombarda S.p.A. in order to record the investment in the share of shareholders' equity held.

Writedowns for the period of €284,728 refer entirely to amortisation for the period of goodwill relating to Autostrada Pedemontana Lombarda S.p.A..

The difference between the carrying amount and the share of shareholders' equity constitutes goodwill, linked to the value of the concession held by Pedemontana, amortised on a straight-line basis until the expiry of the concession held by the subsidiary, currently provided for in the Economic and Financial Plan approved by the CIPE by resolution of 1 August 2014, published in the Official Gazette of 30 January 2015.

In particular, the book value of the equity investment is €8,968,938 higher than its valuation using the equity method, therefore the recoverable value of the investment in Autostrada Pedemontana Lombarda S.p.A. was estimated by carrying out an impairment test.

According to the procedure adopted by the motorway companies, the impairment test was determined by applying the Discounted Cash Flow (DCF) method. The method involves the following steps: estimating future cash outflows and inflows from the operation of the asset and its ultimate disposal and applying a discount rate appropriate to those future cash flows.

More specifically, the Discounted Cash Flow was carried out by discounting the operating cash flows resulting from economic and financial projections based on the assumptions contained in the Economic and Financial Plan approved by the Board of Directors of the subsidiary Autostrada Pedemontana Lombarda S.p.A. on last 29 January, and constituting a document to be used as a basis for starting the technical dialogue with the banking system. This Economic and Financial Plan, although still presenting some aspects that are not yet definitive, is the most recent planning document of the Subsidiary (used by the Company for the preliminary investigation concerning the share capital increase) and a tool to proceed with the verification of the estimate of the higher between the share of shareholders' equity and the book value of the equity investment held by the Company in Autostrada Pedemontana Lombarda S.p.A..

The discount rate used is represented by the Weighted Average Cost of Capital (WACC) recorded with reference to the motorway companies' sector or according to the indications of the Transport Regulatory Authority, which derive from elaborations made on the basis of comparable entities operating in the same sector and listed on regulated markets, making appropriate adjustments and additions to the components *Ke* and *Kd* in relation to the specificity and structure of the subsidiary

Autostrada Pedemontana Lombarda S.p.A. or to its peculiarity that qualifies it as a so-called greenfield company.

In relation to the financial structure used for the calculation of the WACC, understood as the ratio of net financial debt to equity (gearing), the average ratio resulting from the Economic and Financial Plan was assumed.

Taking into account the assumptions underlying the 2020-2057 Economic and Financial Plan, the value in use deriving from the impairment test carried out - using a WACC net of taxes of 5.62% - shows that the current value determined in this way - adequately proportionate - is higher than the carrying value of the Subsidiary, including goodwill, and there is no need to make further adjustments to the carrying value of the investment.

To corroborate the above, the Board of Directors of the Subsidiary closed the financial statements as of 31 December 2019 on a going concern basis in consideration of: the settlement of the dispute with the Integrated Contractor, the effectiveness of Additional Agreement no. 2 and the start of all activities aimed at meeting the commitments and deadlines set out therein.

STATEMENT OF CHANGES IN EQUITY INTERESTS: OTHER COMPANIES								
	Historical value	Revaluations	Write-downs	Reversal of impairment	Changes in historical cost			Book value
					Increases	Decreases	Reclassification	
Tangenziali Esterne di Milano S.p.A.	50.243.940	0	-4.799.739	1.521.120				46.965.321
Tangenziale Esterna S.p.A.	1.796.378	0	0	0				1.796.378
Autostrade Lombarde S.p.A.	13.312.513	0	-300.008	300.008				13.312.513
Società di progetto Brebemi S.p.A.	1.300.000	0	-856.370	0				443.630
CIV S.p.A.	716.458	0	-168.460	125.199				673.197
S.A.Bro.M. S.p.A.	3.750.000	0	-381.729	0				3.368.271
Confederazione Autostrade S.p.A.	1.587.464	0	-1.027.478	0				559.986
Consorzio Autostrade Italiane Energia	1.549	0	0	0				1.549
Total value at 31/12/2018	72.708.302	0	-7.533.784	1.946.327				67.120.845
Tangenziali Esterne di Milano S.p.A.		0	-3.349.075	0	0	0	0	-3.349.075
Società di progetto Brebemi S.p.A.		0	-243.449	0	0	0	0	-243.449
Confederazione Autostrade S.p.A.		0	-559.986	0	0	0	0	-559.986
Total changes during the period		0	-4.152.510	0	0	0	0	-4.152.510
Tangenziali Esterne di Milano S.p.A.	50.243.940	0	-8.148.814	1.521.120				43.616.246
Tangenziale Esterna S.p.A.	1.796.378	0	0	0				1.796.378
Autostrade Lombarde S.p.A.	13.312.513	0	-300.008	300.008				13.312.513
Società di progetto Brebemi S.p.A.	1.300.000	0	-1.099.819	0				200.181
CIV S.p.A.	716.458	0	-168.460	125.199				673.197
S.A.Bro.M. S.p.A.	3.750.000	0	-381.729	0				3.368.271
Confederazione Autostrade S.p.A.	1.587.464	0	-1.587.464	0				0
Consorzio Autostrade Italiane Energia	1.549	0	0	0				1.549
Total value at 31/12/2019	72.708.302	0	-11.686.294	1.946.327				62.968.335

The write-downs referred to the investee company Tangenziali Esterne di Milano S.p.A. were made in order to record the investment in line with the valuation criteria adopted by the parent company Lombardy Region, which applies the equity criterion referred to the latest financial statements approved in 2019 and therefore referred to the results as of 31 December 2018. The adoption of this principle led to a write-down of the investee company of €3,349,075.

The write-down of €559,986 sets the value of the investment held in Confederazione Autostrade S.p.A. at zero. In consideration of the resolutions passed by the Extraordinary Shareholders' Meeting of the investee company on 3 December 2019, with regard to the coverage of losses by means of a zero share capital and subsequent replenishment - to be carried out by 7 January 2020 -, the value of the equity investment was adjusted to zero. This write-down had already been set aside in a specific provision in the previous year.

The write-down of €243,449 referring to the investment held in the Brebemi S.p.A. project company corresponds to the Company's share of the losses covered by the capital reduction to €51,141,227, approved by the Shareholders' Meeting of 3 October 2019.

Without prejudice to the resolution of the Shareholders' Meeting of 4 April 2014 to allocate for sale the entire shareholdings held in Tangenziali Esterne di Milano S.p.A., Autostrade Lombarde S.p.A. and Società di Progetto Brebemi S.p.A., the Company - at present - intends to continue publishing the sales notices only when they have consolidated their business through the completion of the concession infrastructure and the related financial structure. Therefore, as of 31 December 2019, the aforementioned equity interests were not reclassified under current assets.

Receivables

a) Receivables from subsidiaries

Financial receivables from subsidiaries	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Interest-bearing loan A.P.L.	169.086.267	165.335.194	3.751.073	2,27
Total beyond one year	169.086.267	165.335.194	3.751.073	2,27

They refer to two interest-bearing loans granted to the subsidiary Autostrada Pedemontana Lombarda S.p.A. for a total amount of €150 million; a first loan of €100 million granted in 2014 and a second loan of €50 million granted in February 2016.

The receivable shown in the financial statements represents the amount of the loans including the interest accrued at 31 December 2019, calculated at the interest rate equal to Euribor 3M (base 365) recorded two days before the quarter, increased by a spread of 285 bps.

Following the addendum signed by the Subsidiary, with the same Lenders of the bridge 2 loan, which rescheduled the repayment terms in six-monthly instalments until 30 June 2034, on 2 December 2017 the Company signed a "subordination and subordination agreement" with the Subsidiary, by which it undertakes to repay the loan in six-monthly instalments until 30 June 2034, in its capacity as Controlling Shareholder, with respect to the Subsidiary, not to ask for repayment - for any reason whatsoever of interest or subordinated debt - until the complete extinction of the Bridge BIS loan and not to withdraw from the existing Shareholders' loan contracts in favour of the Subsidiary.

The rate applied is in line with the market rate, as the Company essentially applies the cost incurred by it for loans taken out with credit institutions for the purpose of providing "support to the subsidiary Autostrada Pedemontana Lombarda S.p.A."

b) Receivables from parent companies

Financial receivables from parent companies	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Lombardy Region security deposits	6.591	0	6.591	-
Total beyond one year	6.591	0	6.591	-

Following the transfer of the Company's shares to the Lombardy Region, the security deposits previously recorded under item d) receivables from others were transferred.

d) Receivables from others

Financial receivables from others	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Severance indemnities provision policies	5.654.851	6.206.871	-552.020	-8,89
Security deposits	652.456	530.629	121.827	22,96
To Tangenziale Esterna S.p.A. for time deposits	181.591	181.591	0	=
T.E. interest-bearing loan	678.329	624.744	53.585	8,58
Sabrom interest-bearing loan	2.427.010	2.346.410	80.600	3,44
Total beyond one year	9.594.237	9.890.245	-296.008	-2,99

The policies concern "employee severance indemnities": The carrying amount represents the total receivable at 31 December 2019 from the insurance companies Allianz (formerly Ras) and Assicurazioni Generali (formerly Ina Assitalia).

The receivable from Tangenziale Esterna S.p.A. refers to the interest-bearing loan, as provided for in the contribution agreement to the project loan - Equity Contribution and Subordination Agreement - renewed by the Company on 2 August 2018, at the same economic conditions as the previous one, following the signing of the new loan agreement of the investee. The total amount of €678,329 also includes the interest accrued from the date of recall of the shares to 31 December 2019, calculated at an interest rate of 12.06%, as required by the contract. The receivable of €181,591 represents the "Equity Reserve" share.

The receivable from S.A.Bro.M. S.p.A. refers to the interest-bearing loan of €2,335,500 maturing on 31 October 2019 with an extension option in favour of S.A.Bro.M. S.p.A. for a maximum of four annual renewals, currently renewed until 31 October 2020. The total amount of €2,427,010 also includes the interest accrued from 31 October 2018 to 31 December 2019, calculated at an interest rate of 2.75%, as required by the contract.

Pursuant to paragraph 6 of Article 2427, receivables with a duration of more than five years are shown.

RECEIVABLES RECORDED UNDER NON-CURRENT FINANCIAL ASSETS						
	Value at 31/12/2018	Change in value	Value at 31/12/2019	Amount due within the financial year	Amount due after the financial year	of which due in more than 5 years
Receivables from subsidiaries	165.335.194	3.751.073	169.086.267	0	169.086.267	169.086.267
Receivables from parent companies	0	6.591	6.591	0	6.591	
Receivables from others	9.890.245	-296.008	9.594.237	0	9.594.237	859.920
Total receivables	175.225.439	3.461.656	178.687.095	0	178.687.095	169.946.187

CHANGES IN OTHER ASSET AND LIABILITY ITEMS AND MEMORANDUM ACCOUNTS (paragraphs 4, 6, 7, 7-bis and 17 of Article 2427 of the Italian Civil Code)

C - CURRENT ASSETS

I - Inventories

1) Raw materials, supplies and consumables

Inventories of raw materials and consumables	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Total	1.483.359	1.404.249	79.110	5,63

Inventories refer to materials used for the maintenance and operation of the motorway network (mainly antifreeze rooms, fencing, guardrails).

II - Receivables

1) Trade receivables

Trade receivables	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Trade receivables	2.953.342	2.754.672	198.670	7,21
Receivables for tolls - interconnection relationships	51.805.801	53.417.848	-1.612.047	-3,02
Receivables for recovery of operating costs	792.861	680.670	112.191	16,48
Receivables for toll non-payment reports	1.311.764	1.332.408	-20.644	-1,55
Total	56.863.768	58.185.598	-1.321.830	-2,27
Provision for bad debts	-1.235.435	-1.161.532	-73.903	6,36
Net change in the provision for write-downs	55.628.333	57.024.066	-1.395.733	-2,45

“Receivables from customers” mainly include receivables from oil companies for royalties.

“Receivables for interconnection relationships” mainly consist of receivables from interconnected motorway companies, the main one being Autostrade per l'Italia S.p.A., and represents the receivable from users for deferred tolls.

“Receivables for the recovery of operating costs” include the receivable from Autostrade per l'Italia S.p.A. for the recovery of operating costs relating to the Agrate and Terrazzano tollgates.

“Receivables for toll non-payment reports” (RMPP) represents the Company's share of tolls not yet collected from users in relation to the issue by the Company of RMPP at the tollgates of the network under concession.

Value at 31/12/2018	Utilisation for the year	Residue after utilisation	Provisions for the year	Value at 31/12/2019
1.161.532	-292.547	868.985	366.450	1.235.435

The provision for bad debts refers entirely to receivables for non-payment of tolls and has been allocated in consideration of the possibility of recovering the receivable.

2) Receivables from subsidiaries

Receivables from subsidiaries	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Autostrada Pedemontana Lombarda S.p.A.	625.619	744.579	-118.960	-15,98
Milano Serravalle Engineering S.r.l.	327.541	245.443	82.098	33,45
Total within the next financial year	953.160	990.022	-36.862	-3,72
Autostrada Pedemontana Lombarda S.p.A.	95.978	95.978	0	=
Total beyond one year	95.978	95.978	0	=
Total	1.049.138	1.086.000	-36.862	-3,39

Receivables from Autostrada Pedemontana Lombarda S.p.A. mainly refer to services rendered to the subsidiary and to the charge-back of costs for seconded personnel. The portion due after 12 months refers to interest accrued on a previous loan of €16 million, granted for the period 29 February 2012 - 27 April 2012.

The receivable from Milano Serravalle Engineering S.r.l. refers to the service contract, the charge-back of costs incurred by the Company and the recognition of advances provided for in the contract for the initiation of technical professional assignments.

4) Receivables from parent companies

Receivables from parent companies	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
A.S.A.M. S.p.A. in liquidation	0	312.414	-312.414	-100,00
Lombardy Region	250.000	0	250.000	-
Total within the next financial year	250.000	312.414	-312.414	-100,00
A.S.A.M. S.p.A. in liquidation	0	1.704.692	-1.704.692	-100,00
Total beyond one year	0	1.704.692	-1.704.692	-100,00
Total	250.000	2.017.106	-2.017.106	-99,99

Since the national tax consolidation contract was terminated, the tax receivables were transferred to the Company.

Other receivables, following the transfer of Company shares from A.S.A.M. S.p.A. in liquidation with the Lombardy Region, have been reclassified under item C5) receivables from companies subject to the control of the parent companies.

The receivable due from the Lombardy Region refers to the portion of interest paid by the Company to the counterparty following a transaction.

5) Receivables from companies subject to the control of the parent companies

Receivables from companies subject to the control of the parent companies	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
A.S.A.M. S.p.A. in liquidation	4.980	0	4.980	-
Total within the next financial year	4.980	0	4.980	-

5-bis) Tax receivables

Tax receivables	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
VAT credits	0	576.359	-576.359	-100,00
Other receivables	5.595	5.595	0	=
IRAP receivable	11.308	0	11.308	-
Post-employment benefit substitute tax	7.629	0	7.629	-
V.A.T. refund applications	513.055	157.778	355.277	=
Total within the next financial year	537.587	739.732	-202.145	-27,33
Total beyond one year	1.727.318	231.919	1.495.399	>100
Total	2.264.905	971.651	1.293.254	>100

With reference to the VAT refund application for the financial years 2003, 2004, 2005 and 2006, the Supreme Court of Cassation ordered the Revenue Agency to pay €513,055. The related receivables have been entered following the notifications of the respective orders.

The portion due beyond the year is the IRES receivable relating to the IRAP refund request not deducted for the years 2008-2011.

5-ter) Deferred tax assets

Deferred tax assets	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Deferred tax asset	13.990.021	11.593.534	2.396.487	20,67
Deferred tax asset on IRS derivatives	1.776.427	2.161.433	-385.006	-17,81
Total	15.766.448	13.754.967	2.011.481	14,62

The most significant item relates to the portion not deducted from the provision for renewal in compliance with Decree Law no. 98 of 6 July 2011 converted into Law no. 111/2011, as well as the portion not deducted from the provision for future charges.

The item also includes deferred tax assets calculated on the fair value of derivative instruments, accounted for using the cash flow hedge method.

Deferred taxes are recognised to the extent that there is a reasonable certainty of their future recovery. With particular reference to the IRES (corporate income tax) surcharge of 3.5 percentage points, on income deriving from activities under concession for the tax years 2019, 2020, 2021, recalling the principle of prudence, this surcharge was recorded only if there is certainty of recovery in the following two years.

5-quater) Receivables from others

Receivables from others	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Advances to suppliers	3.284.527	1.584.848	1.699.679	>100
From toll payment card operators	816.067	777.632	38.435	4,94
Receivables from INPS	158.891	222.426	-63.535	-28,56
Receivables from INAIL	28.673	27.694	979	3,54
Other receivables	433.735	335.537	98.198	29,27
Total within the next financial year	4.721.893	2.948.137	1.773.756	60,17
Non-interest-bearing loan Confederazione Autostrade	0	601.167	-601.167	-100,00
Provision for bad debts	0	-601.167	601.167	-100,00
Total beyond one year	0	0	0	=
Total	4.721.893	2.948.137	1.773.756	60,17

The item "advances to suppliers" mainly refers to contractual advances granted to contractors pursuant to Law 11/2015 converting article 7 of Decree Law 210 of 30/12/2015.

With reference to the receivable due from Confederazione Autostrade S.p.A., on 2 December 2019 the Company accepted the investee company's request to use the shareholders' receivable to cover losses, formalising the waiver of the repayment of the same, subject to the positive release of all other shareholders.

Pursuant to paragraph 6 of Article 2427, there are no receivables with a contractual term of more than five years.

RECEIVABLES RECORDED UNDER CURRENT ASSETS						
	Value at 31/12/2018	Change in value	Value at 31/12/2019	Amount due within the financial year	Amount due after the financial year	of which due in more than 5 years
Trade receivables	57.024.066	-1.395.733	55.628.333	55.628.333	0	0
Receivables from subsidiaries	1.086.000	-36.862	1.049.138	953.160	95.978	0
Receivables from parent companies subject to the control of the parent companies	2.017.106 0	-1.767.106 4.980	250.000 4.980	250.000 4.980	0 0	0 0
Tax receivables	971.651	1.293.254	2.264.905	537.587	1.727.318	0
Deferred tax assets	13.754.967	2.011.481	15.766.448	-	-	-
Receivables from others	2.948.137	1.773.756	4.721.893	4.721.893	0	0
Total receivables	77.801.927	1.883.770	79.685.697	62.095.953	1.823.296	0

Given the activity carried out by the Company and the geographical area of operations, all receivables are due from national entities.

IV - Cash and cash equivalents

Cash and cash equivalents	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Bank and postal deposits	51.689.962	53.774.131	-2.084.169	-3,88
Cash and cash equivalents	1.468.718	1.473.730	-5.012	-0,34
Total	53.158.680	55.247.861	-2.089.181	-3,78

Cash and cash equivalents are made up for €51,689,962 of bank and post office deposits, and therefore of financial resources present on current accounts opened with credit institutions and of the sums available on postal current accounts.

Cash and cash equivalents, equal to €1,468,718, consist of the funds available at the motorway stations and the registered office as well as the contextual collections relating to tolls.

D - PREPAYMENTS AND ACCRUED INCOME

Prepayments	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Various insurances	231.528	219.827	11.701	5,32
Green maintenance agreements	122.326	135.918	-13.592	-10,00
Bank charges	65.578	44.740	20.838	46,58
Loan costs	1.366.640	0	1.366.640	-
Finance lease taxes	99.854	0	99.854	-
Others	373.716	208.768	164.948	79,01
Total	2.259.642	609.253	1.650.389	>100

The item "Green maintenance agreements" refers to a contribution paid to the municipalities of Corana (PV) and Silvano Pietra (PV) for the maintenance of areas intended for environmental mitigation. Costs are allocated pro rata to each reporting period until 31 October 2028.

The item loan costs refers to all the costs incurred for the signing of the loan agreement with a pool of banks - agent bank Intesa Sanpaolo S.p.A. - which, for the application of the amortised cost, will be charged to the income statement in addition to the financial charges, starting from the date of use of the loan. The funding is expected to be used by the first half of 2020.

Deferred income with a duration of more than five years amounts to €222,180 and is broken down according to maturity below.

PREPAYMENTS, WITH A DURATION OF MORE THAN FIVE YEARS, BROKEN DOWN ACCORDING TO	MATURITY			Total
	within 12 months	over 12 months	over 5 years	
Prepayments	26.476	105.905	89.799	222.180
Total	26.476	105.905	89.799	222.180

A - SHAREHOLDERS' EQUITY

Changes in the individual components of shareholders' equity are shown below:

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY ITEMS											
	Value at 31/12/2017	Allocation of the result for the year		Increases for the year	Decreases for the year	Value at 31/12/2018	Allocation of the result for the year		Increases for the year	Decreases for the period	Value at 31/12/2019
		Other allocations	Distribution of dividends				Other allocations	Distribution of dividends			
I - Share capital	93.600.000	0	0	0	0	93.600.000	0	0	0	0	93.600.000
III - Revaluations reserve	0	0	0	0	0	0	0	0	0	0	0
IV - Legal reserve	19.164.061	0	0	0	0	19.164.061	0	0	0	0	19.164.061
VII - Other Reserves:											
Reserve from the valuation of equity interests using the equity method	2.951.156	217.254	0	0	0	3.168.410	274.441	0	0	0	3.442.851
Extraordinary reserve	284.332.610	64.452.271	0	6.698.000	0	355.482.881	57.558.436	0	0	0	413.041.317
Taxed reserve	288.581	0	0	0	0	288.581	0	0	0	0	288.581
Third parties' grants	3.721.777	0	0	0	0	3.721.777	0	0	0	0	3.721.777
Restricted reserve for delayed investments	15.185.000	0	0	0	0	15.185.000	0	0	0	0	15.185.000
Restricted reserve for maintenance differences	6.698.000	0	0	0	-6.698.000	0	0	0	0	0	0
VII Reserve for expected cash flow hedges	-8.430.475	0	0	1.585.938	0	-6.844.537	0	0	0	1.219.187	-5.625.350
IX - Financial year profits	40.228.188	-40.228.188	0	57.832.877	0	57.832.877	-57.832.877	0	57.848.237	0	57.848.237
X Negative reserve for shares in portfolio	0	0	0	0	0	0	0	0	0	0	0
Total Shareholders' Equity	482.180.235	0	0	66.116.815	-6.698.000	541.599.050	0	0	57.848.237	1.219.187	600.666.474

The Company's **share capital**, equal to €93,600,000, fully subscribed and paid up, is represented by 180,000,000 ordinary shares with a par value of €0.52 each.

No new shares were subscribed during the period.

The **Non-distributable Reserve** from the valuation of equity interests using the equity method (pursuant to article 2426 of the Italian Civil Code) represents the realised and undistributed profits of the subsidiary Milano Serravalle Engineering S.r.l.

The **Reserve for expected cash flow hedges** includes changes in the fair value of the effective component of cash flow hedges and is recognised net of the tax effect. Derivatives outstanding at 31 December 2019 refer to interest rate swap contracts entered into by the Company to prevent the risk of changes in interest rates, the fair value of which is negative. The qualitative analysis has shown an exact correspondence between the supporting elements of the loan and those of the IRS and furthermore, no particular problems are identified regarding the creditworthiness of the counterparty of the hedging instrument, therefore the operation has all the requirements required by the OIC 32 par. 102 and does not show any component of ineffectiveness.

Pursuant to paragraph 7 bis of Article 2427 of the Italian Civil Code, the table below details the nature, possibility of use and distribution of equity reserves, as indicated in document OIC no. 28; the possibility of using the reserves is coded based on the first three letters of the alphabet as indicated in the key:

TABLE OF EQUITY ITEMS ALLOCATION					
TYPE / DESCRIPTION	Amount	Available amount	Allowable uses	Summary of utilisations in the three previous years	
				for loss cover	for other covers
Share Capital	93.600.000				
Capital Reserves:					
- Third parties' grants	3.721.777		B		
- Extraordinary reserve	100.000.000	100.000.000	A, B, C		
Reserve for profit:					
- Legal reserve	19.164.061		B		
- Extraordinary reserve	313.041.317	313.041.317	A, B, C		
- Taxed reserve	288.581	288.581	A, B, C		
- Non-distributable reserve pursuant to art. 2426	3.442.851	3.442.851	A, B		
- Restricted reserve for delayed investments	15.185.000		B		
- Reserve for expected cash flow hedges	-5.625.350				
Profit for the year:					
Profit for the period	57.848.237				
Total	600.666.474	416.772.749			
of which non-distributable		3.442.851			
of which distributable		413.329.898			
Key					
A: for capital increase		B: for loss cover		C: for distribution to Shareholders	

The Public Shareholders holding 60,305,579 shares have requested the initiation of the procedure for the liquidation of their shares. In particular, 53,105,579 shares in compliance with Law 147/2013 - 2014 Finance Law and 7,200,000 shares pursuant to Legislative Decree 175/2016 - Consolidated Law on Publicly-owned Companies.

During 2019, the following events occurred with regard to the share composition of the Company's share capital:

- ◆ on 3 May 2019, A.S.A.M. S.p.A. in liquidation transferred 95,223,197 registered shares of the Company, corresponding to 52.90% of the share capital, to the Lombardy Region;
- ◆ on 8 May 2019 the Lombardy Region - in compliance with art. 2437 -quater, paragraph 3 of the Italian Civil Code - accepted the option offer of 19,625,579 shares of the Company. Between July and August 2019, the 19,625,579 shareholdings of the public shareholders that have ceased to hold shares were transferred to the Lombardy Region. With the acquisition of these equity interests, the stake held by the Lombardy Region in the Company has increased to 63.805% of the share capital;
- ◆ on 15 December 2019 the Lombardy Region has exercised its option and pre-emption right pursuant to art. 2437-Quater of the Italian Civil Code, for the purchase of a total of 33,480,000 ordinary shares of the Company, held by the Municipality of Milan. On 19 December 2019, as agreed between the parties concerned, the endorsement relating to the transfer of 24,220,741 shares was made; the remaining transfer, corresponding to 9,259,259 shares, was formalised on 28 January 2020.

With the completion of the latter transaction, the stake held by the Lombardy Region in the share capital of the Company corresponds to 82.405%.

The procedure for the liquidation of the equity investment - corresponding to 4% of the share capital - held directly and indirectly, through Parcam S.r.l., by the shareholder Milan-Monza-Brianza-Lodi

Chamber of Commerce, which, pursuant to Article 24, paragraph 5 of Legislative Decree 175/2016, requested the liquidation on 19 November 2018, remains to be initiated.

B - PROVISIONS FOR RISKS AND CHARGES

3) Financial derivative liabilities

Provisions for financial Instruments	Value at 31/12/2018	Utilisation for the year	Provisions for the year	Value at 31/12/2019
Hedging derivatives	9.005.969	-1.604.192	0	7.401.777
Total	9.005.969	-1.604.192	0	7.401.777

The item includes financial instruments at negative fair value, the valuation of which was obtained with the assistance of an expert, applying discount cash flow analysis (DCF) techniques, which are based on the calculation of the present value of expected cash flows. This method is internationally recognised as the best financial practice for the valuation of cash flows that have a time lag with respect to the valuation date.

4) Other provisions

Other provisions	Value at 31/12/2018	Utilisation for the year	Provisions for the year	Value at 31/12/2019
Renewal provision	42.768.259	-20.149.627	20.149.627	42.768.259
Provisions for risks and charges	22.825.251	-1.646.144	9.200.581	30.379.688
Provision for impairment of equity interes	559.986	-559.986	258.780	258.780
Total	66.153.496	-22.355.757	29.608.988	73.406.727

The value of the renewal provision (provision for restoration or replacement of freely revertible assets) refers to the coverage of costs for future maintenance, as already explained in the valuation criteria and is substantially in line with the current Economic and Financial Plan.

The provision for future risks and charges at 31 December 2019 breaks down as follows:

- ◆ €24,506,670 relating to the differential between the costs for maintenance performed lower than the corresponding provisions of the current Economic and Financial Plan;
- ◆ €1,767,826 relating to the balance of bonuses to be paid to employees on the 2019 result;
- ◆ €1,915,206 relating to reserves to be granted to a contractor for safety and lighting work on the West bypass;
- ◆ €433,280 for a dispute concerning expropriation;
- ◆ €428,000 by way of compensation for damages requested by a contractor following the contractual termination implemented by the Company;
- ◆ €391,640 relating to disputes pending with employees;
- ◆ €350,000 relating to the allocation of penalties applied by the Ministry of Infrastructure and Transport as requested by the Awarding Body;
- ◆ €182,611 for the charge attributable to the renewal of the contract for the use and maintenance of optical fibres;
- ◆ €100,300 relating to the probable compensation requested by users following motorway accidents;

- ◆ €100,000 relating to electricity consumption still to be finalised by the operator providing the safeguard service;
- ◆ €81,231 referred to an indemnity to an expropriated person for works carried out in the 1990s by the contractor Valdata Costruzioni S.r.l., later merged into the Company;
- ◆ €77,210 of charges to be recognised for various reasons following an unfavourable sentence for the Company;
- ◆ €20,819 relating to the financial benefits from delayed investments agreed upon with the 1999 Agreement and rescheduled in the current Additional Agreement relating to the regulatory period 2013-2017, as requested by the Awarding Body, according to the schedule of the Economic and Financial Plan attached to the current Additional Agreement;
- ◆ €16,598 relating to reserves to be paid to a contractor for the waste disposal service;
- ◆ €7,224 relating to charges and penalties under investigation;
- ◆ €1,073 relating to reserves not attributable to works requested by a contractor.

The accrual for the year mainly refers to the delayed maintenance provisions set aside under income statement item B12) and the estimated balance of the bonuses to be paid to employees on the 2019 result set aside under income statement item B9e).

The provision for the write-downs of equity interests for €133,845 refers to the investee company S.A.Bro.M. S.p.A. and prudently adjusts the value of the equity interest up to the share of shareholders' equity held, as the decision of the Council of State on the environmental compatibility of the work is pending on the realisation of the motorway project.

The remaining part of €124,935 refers to Confederazione Autostrade S.p.A. and incorporates the Company's share of the losses, still to be covered, resulting from the accounting situation of 2 December 2019, presented to the Extraordinary Shareholders' Meeting of the investee which resolved to cover the losses:

- ◆ by using existing reserves;
- ◆ with the capital gain from the waiver of the shareholders' loan;
- ◆ with the cancellation of the share capital;
- ◆ and to subordinate the coverage of the remaining losses after the recapitalisation of the investee company whose deadline has been set at 7 January 2020.

The provision set aside in the previous year was entirely used to zero the value of the investment.

C - PROVISION FOR SEVERANCE INDEMNITIES

This corresponds to the debt accrued and revalued each year for employees hired before 2007, at 31 December 2019.

	Value at 31/12/2018	Utilisation for the year	Residue after utilisation	Revaluation of the year	Value at 31/12/2019
Post-employment benefit provisions					
Total	9.181.274	-913.913	8.267.361	129.949	8.397.310

D - PAYABLES

4) Payables to banks

These refer to payables for short and long-term loans taken out by the Company, broken down by whether they are due within the next 12 months or beyond the next 12 months.

Payables to banks	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
UBI Banca (Former Centrobanca)/Banco Popolare	7.500.000	7.500.000	0	=
Banca Nazionale del Lavoro/Monte Paschi di Siena	12.500.000	12.500.000	0	=
Carige - BEI	2.000.000	2.000.000	0	=
Banca IMI S.p.A. loan	32.000.000	32.000.000	0	=
for long-term loans	54.000.000	54.000.000	0	=
Other payables to banks	5.786	461.307	-455.521	-98,75
for short-term loans	5.786	461.307	-455.521	-98,75
Total within the next financial year	54.005.786	54.461.307	-455.521	-0,84
UBI Banca (Former Centrobanca)/Banco Popolare	37.500.000	45.000.000	-7.500.000	-16,67
Banca Nazionale del Lavoro/Monte Paschi di Siena	62.500.000	75.000.000	-12.500.000	-16,67
Carige - BEI	10.000.000	12.000.000	-2.000.000	-16,67
Banca IMI S.p.A. loan	0	32.000.000	-32.000.000	-100,00
for long-term loans	110.000.000	164.000.000	-54.000.000	-32,93
Total beyond one year	110.000.000	164.000.000	-54.000.000	-32,93
Total	164.005.786	218.461.307	-54.455.521	-24,93

The Company's overall exposure to each bank is summarised below:

Payables to banks	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
for loans with				
UBI Banca (Former Centrobanca)/Banco Popolare	45.000.000	52.500.000	-7.500.000	-14,29
Banca Nazionale del Lavoro/Monte Paschi di Siena	75.000.000	87.500.000	-12.500.000	-14,29
Carige - BEI	12.000.000	14.000.000	-2.000.000	-14,29
Banca IMI S.p.A.	32.000.000	64.000.000	-32.000.000	-50,00
Other payables	5.786	461.307	-455.521	-98,75
Total	164.005.786	218.461.307	-54.455.521	-24,93

The medium/long-term debt was discounted overall - during the year - by an effective rate, based on the criterion of average financial shortfall, of 3.27%.

5) Payables to other lenders

to companies subject to the control of the parent companies

Payables to other lenders	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Finlombarda S.p.A. loan	8.000.000	8.000.000	0	=
Notional debt amortised cost	-98.511	-134.326	35.815	-26,66
Total within the next financial year	7.901.489	7.865.674	35.815	0,46
Finlombarda S.p.A. loan	16.000.000	24.000.000	-8.000.000	-33,33
Notional debt amortised cost	-89.723	-188.234	98.511	-52,33
Total beyond one year	15.910.277	23.811.766	-7.901.489	-33,18
Total	23.811.766	31.677.440	-7.865.674	-24,83

On 18 December 2017 a loan agreement was signed with Finlombarda S.p.A. for €40 million with a term of five years. The payable was recorded at amortised cost at an internal rate of return corresponding to the weighted average of the last outstanding loans; although the interest rate applied was in line with the market, recognition at amortised cost - the loan bearing no costs other than those relating to interests - generated notional income, amortised over the term of the loan, through the recognition of notional financial expenses.

7) Trade Payables to suppliers

Trade payables	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Payables for operating activities	2.984.492	3.137.257	-152.765	-4,87
Payables for maintenance to the motorway infrastructure	14.490.076	8.884.667	5.605.409	63,09
Payables for investment activities	14.570.246	34.218.605	-19.648.359	-57,42
Payables for interconnection relationships	7.376.361	6.399.623	976.738	15,26
Total	39.421.175	52.640.152	-13.218.977	-25,11

Trade payables mainly refer to those accrued for investments and maintenance carried out on the motorway infrastructure.

With regard to the suspension of payments of the works for the redevelopment of the Rho-Monza motorway, since the contractor RTI did not comply with all the regulatory obligations necessary to be able to proceed with the liquidation, in September 2019, the Company and RTI's principals signed a deed of delegation of payment, so that the Company will use the amount due for the liquidation of the debts accrued, until payment certificate no. 21, by the Consortium Company towards subcontractors and suppliers. This initiative is part of the complex stalled work, due to the critical financial situation in which the Consortium Company finds itself, following the admission of the RTI's lead company to the composition agreement and the failure to transfer the funds necessary to meet the obligations.

The item payables for interconnection relationships includes tolls collected by the Company that cannot be traced back to revenue pertaining to the Company.

9) Payables to subsidiaries

Payables to subsidiaries	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Milano Serravalle Engineering S.r.l.	2.527.225	2.832.638	-305.413	-10,78
Autostrada Pedemontana Lombarda S.p.A.	80.194	158.526	-78.332	-49,41
Total	2.607.419	2.991.164	-383.745	-12,83

The payable to Milano Serravalle Engineering S.r.l. was accounted for against payments for services received, deriving from existing contracts, of which €1,430,672 for investments made on the motorway (€1,739,041 as of 31 December 2018) and €786,565 for maintenance work on the motorway infrastructure (€595,756 at 31 December 2018).

The payable to the subsidiary Autostrada Pedemontana Lombarda S.p.A. mainly refers to seconded personnel.

11) Payables to parent companies

Payables to parent companies	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
A.S.A.M. S.p.A. in liquidation	0	7.741.960	-7.741.960	-100,00
Lombardy Region	143	0	143	-
Total	143	7.741.960	-7.741.817	-99,998

Following the transfer of the Company's shares from A.S.A.M. S.p.A. in liquidation with the Lombardy Region, having ceased control, the payables were reclassified under item 11 bis) payables to companies subject to the control of the parent companies.

The payables were essentially related to the 2018 IRES balance, following the tax consolidation, paid in 2019.

11-bis) Payables to companies subject to the control of the parent companies

Payables to companies subject to the control of the parent companies	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Finlombarda S.p.A.	0	143.092	-143.092	-100,00
A.S.A.M. S.p.A. in liquidation	8.342	0	8.342	-
Total	8.342	143.092	-134.750	-94,17

12) Tax payables

Tax payables	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
V.A.T. liquidation	1.830.679	0	1.830.679	-
IRES payables	3.689.168	0	3.689.168	-
IRAP payables	0	1.035.548	-1.035.548	-100,00
Withholding taxes on income of employees and self-emp	1.138.031	1.043.032	94.999	9,11
Withholding tax on the revaluation of employees' severa	0	16.325	-16.325	-100,00
Total	6.657.878	2.094.905	4.562.973	>100

The item refers to the payable relating to the 2019 IRES balance, to the VAT settlement in December 2019 as well as to the withholdings made in December on income from employees, self-employed workers and collaborators paid in January 2020.

13) Payables to social security institutions

Payables to social security agencies	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Payables to INPS	2.520.217	2.578.789	-58.572	-2,27
Payables to supplementary pension funds	856.832	475.853	380.979	80,06
Total	3.377.049	3.054.642	322.407	10,55

These represent amounts due to social security institutions accrued in December 2019 and paid in January 2020, in addition to provisions for social security contributions costs at 31 December 2019.

14) Other payables

Other payables	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
For concession and sub-concession fees	5.675.340	5.654.011	21.329	0,38
To employees for commissions accrued and holidays not taken at 31/12	3.021.740	2.842.708	179.032	6,30
Payables for welfare services	701.378	819.782	-118.404	-14,44
Payables for land expropriations	2.660.741	4.489.521	-1.828.780	-40,73
Others	710.643	1.131.902	-421.259	-37,22
Total	12.769.842	14.937.924	-2.168.082	-14,51

The most significant change refers to payables for expropriations.

The item "payables for welfare services" corresponds to the amount not yet used by employees compared to the amount contractually recognised for welfare services.

Pursuant to paragraph 6 of Article 2427, payables with a contractual duration of more than five years are shown.

PAYABLES						
	Value at 31/12/2018	Change in value	Value at 31/12/2019	Amount due within the financial year	Amount due after the financial year	of which due in more than 5 years
Payables to banks	218.461.307	-54.455.521	164.005.786	54.005.786	110.000.000	22.000.000
Payables to other lenders:						
Payables to companies subject to the control of the parent companies	31.677.440	-7.865.674	23.811.766	7.901.489	15.910.277	0
Trade payables	52.640.152	-13.218.977	39.421.175	39.421.175	0	0
Payables to subsidiaries	2.991.164	-383.745	2.607.419	2.607.419	0	0
Payables to parent companies	7.741.960	-7.741.817	143	143	0	0
Payables to companies subject to the control of the parent companies	143.092	-134.750	8.342	8.342	0	0
Tax payables	2.094.905	4.562.973	6.657.878	6.657.878	0	0
Payables to social security and welfare institutions	3.054.642	322.407	3.377.049	3.377.049	0	0
Other payables	14.937.924	-2.168.082	12.769.842	12.769.842	0	0
Total payables	333.742.586	-81.083.186	252.659.400	126.749.123	125.910.277	22.000.000

There are no debts secured by collateral on the assets.

Given the business carried out by the Company and the geographical area of operations, all the payables recorded in these financial statements are due to national entities.

E - ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Interest expense on financing	16.171	20.865	-4.694	-22,50
Total	16.171	20.865	-4.694	-22,50

These refer to interest expense accrued on loans outstanding at 31 December 2019.

Deferred income	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Sub-concession fees Service Areas	196.254	196.254	0	=
Crossing fees	1.155.999	1.204.037	-48.038	-3,99
Maintenance agreements	1.349.109	1.501.705	-152.596	-10,16
Others	8.136	5.528	2.608	47,18
Total	2.709.498	2.907.524	-198.026	-6,81

The item "Junction maintenance agreements" refers to three agreements signed respectively with the Municipality of Corsico, the Municipality of Milan and Fiordaliso S.p.A., expiring on 31 October 2028, to cover the costs that will be incurred for the maintenance of the works covered by the agreements.

The item "crossing fees" refers to contracts entered into up to the end of the concession and charged pro rata to the income statement.

The portion of deferred income with a duration of more than five years amounts to €2,701,362 divided by maturity, as shown in the table below:

	DEFERRED INCOME, WITH A DURATION OF MORE THAN FIVE YEARS, BROKEN DOWN ACCORDING TO MATURITY			Total
	within 12 months	over 12 months	over 5 years	
Deferred income	284.585	1.135.624	1.281.153	2.701.362
Total	284.585	1.135.624	1.281.153	2.701.362

MEMORANDUM ACCOUNTS

(Paragraph 9 of Article 2427 of the Italian Civil Code)

Sureties to third parties

Sureties to third parties	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
To S.A.Bro.M. as a guarantee of conventional obligations provided by SACEbt	5.942.820	5.942.820	0	=
To S.A.Bro.M. lenders	0	2.594.000	-2.594.000	-100,00
To S.A.Bro.M.M. for the shareholders' co-obligation with the Revenue Agency for VAT guarantee. 2014	45.570	0	45.570	-
To the Awarding Body - Pef operating cost guarantee	35.627.000	38.988.000	-3.361.000	-8,62
To the Province of Milan for compensatory measures Rho-Monza	203.891	203.891	0	=
To Aurea for T.E. toll collection service provided by Generali Assitalia	416.000	416.000	0	=
To the Lombardy Region as a guarantee for the proper execution of the works on structures on the areas with water services	100.000	100.000	0	=
To Infrastrutture Lombarde for the SS11 link management and maintenance service provided by SACEbt	0	58.192	-58.192	-100,00
To Consorzio Parco Lambro della Valle del Ticino for the forest transformation performed by Elba Assicurazioni	38.234	38.234	0	=
To the Municipality of Segrate to cover the reclamation work that may be necessary if the contamination of the aquifer is confirmed, provided by Elba Assicurazioni	260.000	260.000	0	-
Total	42.633.515	48.601.137	-5.967.622	-12,28

Regarding the surety given in favour of the lenders of the investee SABro.M. S.p.A. the bank issued a special release on 17 May 2019.

Other guarantees given:
to third parties

Other guarantees given to third parties	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Pledge of A.P.L. S.p.A. shares	188.842.155	186.234.297	2.607.858	1,40
Pledge of T.E. S.p.A. shares	1.796.378	1.796.378	0	=
Total	190.638.533	188.030.675	2.607.858	1,39

Pledge of A.P.L. shares (Autostrada Pedemontana Lombarda S.p.A.): refer to the establishment of a pledge on the shares held in Autostrada Pedemontana Lombarda S.p.A. in favour of the guaranteed creditors of the subsidiary. At 31 December 2019, the secured debt refers to the bridge 2 loan of €200 million fully used. Considering the addendum to the Bridge 2 loan signed by the subsidiary, on 29 March 2018 the Company issued a "letter of confirmation" of the pledge on the shares of Autostrada Pedemontana Lombarda S.p.A. to the financing banks.

Pledge of T.E. shares (Tangenziale Esterna S.p.A.): these refer to the establishment of a pledge on the shares held in Tangenziale Esterna S.p.A., in favour of the guaranteed creditors of the investee. In August 2018, following the rescheduling of the existing debt between T.E. S.p.A. and the pool of financing banks, the Company signed the new financial and surety documents in favour of the Lenders of the subsidiary.

Commitments undertaken by the Company:

for lease agreements

Commitments for finance lease agreements	Value at 31/12/2019	Value at 31/12/2018	Change in value	Change %
Leasing: Assago headquarters	17.522.151	19.151.139	-1.628.988	-8,51

COMMENTS ON THE INCOME STATEMENT ITEMS

(paragraphs 10, 11, 12, 13, 14, 15, 16, and 16-bis of Article 2427 of the Italian Civil Code)

A - PRODUCTION VALUE

1) Revenues from sales and services

Revenues from sales and services	2019	2018	Change in value	Change %
Toll revenues	257.505.519	257.187.470	318.049	0,12
Income from Service Areas concessions	4.287.979	4.259.156	28.823	0,68
Total	261.793.498	261.446.626	346.872	0,13

"Toll revenues," shown gross of "supplementary concession fees" and net of discounts applied to users, increased by 0.12% due to traffic performance (+0.14%), since the toll increase for 2019 was suspended.

The discounts applied to users amounted to €1,011,743 (1,114,873 in 2018) corresponding to:

- ◆ €949,256 for commercial discounts;
- ◆ €62,487 for motorcycle discounts on the initiative of the Ministry of Infrastructure and Tourism.

The discounts applied to motorcyclists from the start of the initiative - 1 August 2017 - introduced upon the request of the Ministry of Infrastructure and Transport, amount to a total of €123,059.

Income from concessions for service areas also recorded an increase of 0.68% compared to 2018 due to the positive trend in sales in the food sector which more than offset both the decrease in turnover from oil products and the effects of closure of three service areas following the non-renewal of the sub-concession contract which expired on 31 December 2018.

4) Increase of non-current assets for internal works

Increase of non-current assets for internal works	2019	2018	Change in value	Change %
Capitalised financial expenses	1.620.326	2.123.063	-502.737	-23,68
Total	1.620.326	2.123.063	-502.737	-23,68

The item "Capitalised borrowing costs" refers to interest expense capitalised at 31 December 2019 on the value of work in progress. The lower amount compared to the previous year is justified by the reduction in the cost of debt.

5) Other income and revenue

Other income and revenue	2019	2018	Change in value	Change %
Recovery of operating costs Agrate/Terrazzano	2.842.031	2.948.447	-106.416	-3,61
Intragroup transactions	1.420.487	1.201.096	219.391	18,27
Recoveries from insurances for damages caused to the motorway infrastructure	507.935	823.878	-315.943	-38,35
Income from the concession of use of telecommunications infrastructure	412.316	425.473	-13.157	-3,09
Recovery work account	186.521	604.382	-417.861	-69,14
Income from interconnected network management	581.618	566.819	14.799	2,61
Fees receivable	394.482	381.068	13.414	3,52
Miscellaneous recoveries	483.118	537.531	-54.413	-10,12
Advertising revenues	40.736	43.148	-2.412	-5,59
Collection Service to T.E.	1.522.169	1.589.435	-67.266	-4,23
Use of the provisions for risks and charges	0	198.235	-198.235	-100,00
Ordinary non-recurring income	640.830	667.022	-26.192	-3,93
Capital gain on the sale of property, plant and equipment	679.711	0	679.711	>100
Other income and revenue	102.427	36.941	65.486	>100
Total	9.814.381	10.023.475	-209.094	-2,09

The item Other income and revenue show a decrease of 2.09% compared to the previous year.

The most significant changes relate to:

- ◆ lower recoveries for works related to the agreements, which expired in 2018, with the sub-concessionaires of the service areas;
- ◆ lower insurance recoveries mainly referring to the compensation, paid in 2018, for the accident that occurred at the Bereguardo tollbooth;
- ◆ a positive use and adjustment of the provision for risks and charges which took place last year;
- ◆ minor recoveries for the management of the Terrazzano barrier;
- ◆ the capital gains on the sale of some land (agreement concluded with the Municipality of Cinisello Balsamo, Westfield Milano and Città Metropolitana di Milano);
- ◆ higher intragroup revenues due to higher secondments of personnel at the subsidiary Autostrada Pedemontana Lombarda S.p.A.

Pursuant to paragraph 10 of Article 2427 of the Italian Civil Code, given the nature of the activity carried out by the Company, all revenues for the year are attributable to operations carried out in Italy.

B - PRODUCTION COSTS

6) Costs of raw materials, supplies and consumables

Costs of raw materials, supplies, consumables and goods	2019	2018	Change in value	Change %
Assets for motorway infrastructure maintenance	710.223	341.364	368.859	>100
Other assets	986.233	791.846	194.387	24,55
Total	1.696.456	1.133.210	563.246	49,70

These are purchases of sundry materials and consumables. The higher purchases refer mainly to road safety devices, used for scheduled maintenance and the procurement of chlorides for the award of the contract following a tender procedure.

7) Service costs

Service costs	2019	2018	Change in value	Change %
Freely revertible assets maintenance	16.685.764	17.705.832	-1.020.068	-5,76
Miscellaneous interventions and associated structures	3.891.628	3.924.002	-32.374	-0,83
Winter interventions	2.565.745	2.564.943	802	0,03
Interventions on green areas	1.738.856	1.939.418	-200.562	-10,34
Collection charges	7.191.207	7.083.389	107.818	1,52
Utilities expenses	3.253.033	3.534.635	-281.602	-7,97
Various insurances	889.330	932.355	-43.025	-4,61
Ancillary personnel costs	1.907.774	1.628.866	278.908	17,12
Legal and administrative consulting	896.943	587.132	309.811	>100
Professional technical services	418.942	402.827	16.115	4,00
Remuneration of Directors and Statutory Auditors	543.799	396.255	147.544	37,23
Maintenance expenses for non-revertible assets	597.923	557.221	40.702	7,30
Toll processing	578.090	592.148	-14.058	-2,37
Collaborators (co.co.pro/outsourced personnel)	482.802	764.951	-282.149	-36,88
Bank charges and commissions	697.165	596.900	100.265	16,80
Cleaning expenses	557.254	598.069	-40.815	-6,82
Waste disposal costs	642.455	589.275	53.180	9,02
Advertising and promotional expenses	37.394	30.000	7.394	24,65
Fees payable	712.176	687.337	24.839	3,61
Travelling expenses	265.216	268.705	-3.489	-1,30
Money Counting Service	146.396	196.555	-50.159	-25,52
Expenses for Traffic Police agreement	280.347	272.874	7.473	2,74
Other costs for the year	753.241	659.705	93.536	14,18
Total	45.733.480	46.513.394	-779.914	-1,68

The item "service costs" decreased by 1.68% compared to 31 December 2018, mainly due to the reduction in maintenance and interventions on the motorway network, for a total of approximately €1.2 million. The main items that have contracted compared to 2018 are those relating to flooring and works of art. With regard to the flooring, there is a different planning of interventions; with regard to the works of art, however, it must be considered that the production in 2018 was due to a non-recurring intervention.

The other significant changes are:

- ◆ higher ancillary personnel costs for the introduction of welfare services;
- ◆ more legal and administrative advice of various kinds;
- ◆ higher collection charges;
- ◆ higher bank charges relating to overdraft fees of 20 million: the new treasury contract, signed in November 2018, introduced these fees against a reduction in the cost of the money counting service;
- ◆ fewer electricity consumers for the conclusion of the activities of a first batch of the relamping plan;
- ◆ lower costs for waste disposal as no soil contamination problems emerged during the year, which required the start of specific remediation procedures;
- ◆ lower staff secondments and higher directors' fees following the reorganisation of top management.

In compliance with the provisions of current legislation, the amount of the remuneration paid to the members of the Board of Directors and the Board of Statutory Auditors, as resulting from the resolutions of the Shareholders' Meeting, is reported below.

Directors' fees	430.000
Statutory auditors' fees	105.000

The total amount of fees due to the independent auditors, as required by current legislation, is also reported:

Statutory audit of annual accounts	25.853
Other verification services	20.306
Services other than auditing	22.500
Total expenses	68.659

8) Costs for leases and rentals

Costs for leases and rentals	2019	2018	Change in value	Change %
Car rental fees	561.606	758.544	-196.938	-25,96
Rental fees for office machinery and equipment	176.747	101.296	75.451	74,49
Software fee	90.868	93.496	-2.628	-2,81
Optical fibre fee	28.428	169.306	-140.878	-83,21
Leasing fees	1.883.516	1.855.954	27.562	1,49
Rent and condominium expenses	48.945	40.972	7.973	19,46
Total	2.790.110	3.019.568	-229.458	-7,60

The cost decreased compared to the previous year, due to the management of the fleet of vehicles used by Traffic Police. With regard to the use and maintenance fee for optical fibres, the renewal of the contract is currently being defined and will take effect retroactively from 1 January 2019; the service has not been suspended and therefore the related costs have been allocated to the provision for future charges.

During the year, the Personal Computers and terminals, previously purchased by the Company, were renewed with a rental contract.

9) Personnel costs

Personnel costs	2019	2018	Change in value	Change %
Wages and salaries	30.735.637	31.039.775	-304.138	-0,98
Social security and welfare charges	9.562.551	9.689.175	-126.624	-1,31
Employee severance indemnities:				
- Allocation	2.079.683	2.119.150	-39.467	-1,86
- Provision revaluation	156.565	208.457	-51.892	-24,89
Total	42.534.436	43.056.557	-522.121	-1,21
Supplementary severance indemnity policies	543.073	539.831	3.242	0,60
Others	2.186.901	2.083.018	103.883	4,99
Total other costs	2.729.974	2.622.849	107.125	4,08
Total	45.264.410	45.679.406	-414.996	-0,91

The reduction in labour costs is mainly justified by the reduction in the average workforce (-17.94 FTE resources) offset in part by the dragging on of the economic effects of the National Collective Bargaining Agreement for the period 2016-2018, the remuneration policies and the one-off payment for the delayed renewal of the C.C.N.L. for the category, as well as the performance bonus.

The charge relating to the performance bonus was allocated to the provision for future charges, showing the total cost under item 9e) Other personnel costs and represents, as a best estimate, the cost borne by the Company in terms of wages and salaries, social security and welfare costs and costs for welfare services.

Average workforce F.T.E.	2019	2018	Change in value	Change %
Executives	6,42	6,00	0,42	
Office workers	211,69	213,98	-2,29	
Part-time employees	15,82	15,65	0,17	
Shifters	276,42	292,75	-16,33	
Part-Time shifters	63,67	63,76	-0,09	
Total for permanent contracts	574,02	592,14	-18,12	-3,06
Fixed-term	1,18	1,00	0,18	-
Grand total	575,20	593,14	-17,94	-3,02

10) Depreciation, amortisation and writedowns

Depreciation, amortisation and write-downs	2019	2018	Change in value	Change %
Amortisation of intangible assets	1.260.958	1.435.159	-174.201	-12,14
Depreciation of property, plant and equipment				
freely revertible assets (financial depreciation portion)	48.000.000	48.000.000	0	=
non-revertible assets (economic/technical depreciation portion)	646.504	564.843	81.661	14,46
Total depreciation of property, plant and equipment	48.646.504	48.564.843	81.661	0,17
Provision for bad debts	366.450	561.199	-194.749	-34,70
Total	50.273.912	50.561.201	-287.289	-0,57

Depreciation of assets freely revertible assets to the Awarding Body is given by the portion of financial depreciation taken from the Economic and Financial Plan attached to the Additional Agreement signed on 7 November 2007, approved by Interministerial Decree no. 422 of 2 December 2016 and registered by the Court of Auditors on 1 February 2017, which took effect on 10 March 2017 following notification by the Awarding Body, calculated based on the term of the concession and the purchase cost of the works, including capitalised borrowing costs, revaluations carried out and net of capital grants.

11) Changes in inventories

Variazioni delle rimanenze	2019	2018	Variazione valore	Variazione %
Beni per manutenzioni corpo autostradale	-46.530	18.904	-65.434	<100
Altri beni	31.098	180.955	-149.857	-82,81
Variazioni delle rimanenze	-15.432	199.859	-215.291	<100

12) Provision for risks and charges

Provisions for risks and charges	2019	2018	Change in value	Change %
Provisions for risks and charges	7.432.754	8.035.991	-603.237	-7,51

The provision mainly refers for €6,399,245 to the recovery of the maintenance not carried out with respect to the forecasts of the Economic and Financial Plan.

This item also includes €750,899 for accruals to the provision for risks and charges, in particular the provision for claims made by a contractor following the termination of the contract by the Company, as well as the provision for disputes with employees and €282,611 for future charges whose amount is not yet defined by formalised contracts.

13) Other provisions

Other provisions	2019	2018	Change in value	Change %
Costs for services and provision for future charges on contract renewal for optical fibre maintenance	-16.776.781	-17.705.832	929.051	-5,25
Costs of raw materials, supplies, consumables and goods	-710.223	-341.364	-368.859	>100
Changes in inventories	-46.530	-18.904	-27.626	<100
Labour costs	-2.616.093	-2.378.472	-237.621	9,99
Total use of renewal provision	-20.149.627	-20.444.572	294.945	-1,44
Allocation to the renewal provision	20.149.627	20.444.572	-294.945	-1,44
Provision net of use	0	0	0	-

This item represents the provision net of the use made during the period.

The value of the provision is in line with the maintenance programme and allows for motorway sections to be returned in a good state of preservation and operation when the concession expires. The amount set aside is valued taking into account scheduled maintenance and the progress of the investment plan, as provided for in the Economic and Financial Plan attached to the current Additional Agreement.

Expenditure incurred during the year for the maintenance of the motorway infrastructure, classified under items B6) costs for raw materials, supplies and consumables, B7) service costs, B9) personnel costs and B11) change in inventories of raw materials, supplies and consumables, are detailed in the following tables:

Freely revertible assets maintenance	2019				2018			
	Interventions	Material consumption	Labour costs	Total	Interventions	Material consumption	Labour costs	Total
Traffic island and fence	1.313.205	418.431	0	1.731.636	1.161.243	127.010	0	1.288.253
Vertical and horizontal signs	2.508.922	47	0	2.508.969	2.341.891	0	0	2.341.891
Paving	5.473.839	0	0	5.473.839	6.966.634	0	0	6.966.634
Structures	2.944.295	0	0	2.944.295	3.955.268	0	0	3.955.268
Structural restorations	1.216.585	0	0	1.216.585	325.244	0	0	325.244
Buildings/light constructions/civil works	573.733	0	0	573.733	310.664	0	0	310.664
Collection systems	516.668	300.118	2.616.093	3.432.879	391.264	215.370	2.378.472	2.985.106
Electro-climate and fire-fighting systems	1.148.598	22.892	0	1.171.490	1.381.076	17.434	0	1.398.510
Special installations	1.080.936	15.265	0	1.096.201	872.548	454	0	873.002
Total	16.776.781	756.753	2.616.093	20.149.627	17.705.832	360.268	2.378.472	20.444.572

Freely revertible assets maintenance	2019	2018	Change in value	Change %
Traffic island and fence	1.731.636	1.288.253	443.383	34,42
Vertical and horizontal signs	2.508.969	2.341.891	167.078	7,13
Paving	5.473.839	6.966.634	-1.492.795	-21,43
Structures	2.944.295	3.955.268	-1.010.973	-25,56
Structural restorations	1.216.585	325.244	891.341	-
Buildings/light constructions/civil works	573.733	310.664	263.069	84,68
Collection systems	3.432.879	2.985.106	447.773	15,00
Electro-climate and fire-fighting systems	1.171.490	1.398.510	-227.020	-16,23
Special installations	1.096.201	873.002	223.199	25,57
Total	20.149.627	20.444.572	-294.945	-1,44

14) Other operating expenses

Other operating expenses	2019	2018	Change in value	Change %
Concession fee	5.635.840	5.630.089	5.751	0,10
Sub-concession fee	243.380	246.835	-3.455	-1,40
Supplementary concession fee pursuant to law 109/2009	22.712.417	22.635.205	77.212	0,34
Membership fees	343.538	300.599	42.939	14,28
Donations	200	200	0	=
Taxes and duties	335.944	305.461	30.483	9,98
Gifts	30.239	42.438	-12.199	-28,75
Other costs	923.576	1.325.690	-402.114	-30,33
Total	30.225.134	30.486.517	-261.383	-0,86

This item mainly refers to motorway concession fees, changes in which are influenced by toll revenues and traffic trends.

The lower "Other costs" compared to 2018 refer to non-recurring costs incurred in the previous year.

C - FINANCIAL INCOME AND EXPENSES

16) Other financial income

Other financial income	2019	2018	Change in value	Change %
from receivables recorded as non-current assets				
- from subsidiaries	3.751.073	3.782.314	-31.241	-0,83
- others	232.298	269.306	-37.008	-13,74
income other than the above				
- others	4.452	298.013	-293.561	-98,51
Total	3.987.823	4.349.633	-361.810	-8,32

a) from receivables recorded as non-current assets

The financial income "from subsidiaries" refers to the interest accrued on the loans granted to Autostrada Pedemontana Lombarda S.p.A.: the first one of €100 million disbursed in several tranches starting from 15 May 2014 and a second one of €50 million disbursed in February 2016, both outstanding as of 31 December 2019.

"Others" refers to income accrued on insurance policies taken out with reference to "Employee severance indemnities" for employees and interest accrued during the year on loans granted to the investees Tangenziale Esterna S.p.A. in December 2013 and S.A.Bro.M. S.p.A. in October 2018; the latter was renewed in October 2019, and will expire on 31 October 2020.

d) income other than the above

The item refers to interest income accrued on bank and postal current accounts which decreased following the changed market conditions.

17) Interest and Other financial expenses

Interest and Other financial expenses	2019	2018	Change in value	Change %
Others:				
Interest expense on financing	7.652.132	10.573.533	-2.921.401	-27,63
Notional financial expenses - amortised cost	134.326	170.166	-35.840	-21,06
Other interest expense and financial expenses	271.686	639.399	-367.713	-57,51
Total	8.058.144	11.383.098	-3.324.954	-29,21

The item "interest expense on financing" refers to interest accrued during the year on both long-term and short-term loans; a portion, equal to €1,620,326, was capitalised on the value of the works relating to the motorway infrastructure not yet in operation at 31 December 2019. The item also includes the negative IRS differential relating to financial hedging contracts for €2,695,850.

"Notional financial expenses - amortised cost" refer only to the loan granted by Finlombarda S.p.A. The item "other interest expense and financial charges" in 2018 included €475,342 in commissions incurred for the extension of the revolving line.

17-bis) Foreign exchange gains and losses

Foreign exchange gains and losses	2019	2018	Change in value	Change %
Gains	217	0	217	=
Losses	-5	-133	128	-
Total	212	-133	345	-

This item refers to tolls collected in currencies other than the euro by foreign users.

D - VALUE ADJUSTMENTS OF FINANCIAL ASSETS

Value adjustments of financial assets	2019	2018	Change in value	Change %
Write-ups of equity interests	3.195.361	942.648	2.252.713	>100
Write-downs of equity interests	-4.136.032	-1.701.084	-2.434.948	>100
Total	-940.671	-758.436	-182.235	>100

18) Write-ups of equity interests

Revaluations for the year refer to:

- ◆ €302,775 for the profit realised during the year by the subsidiary Milano Serravalle Engineering S.r.l.;
- ◆ €2,892,586 for the profit realised during the period by the subsidiary Autostrada Pedemontana Lombarda S.p.A.;

to adjust the value of the equity interests to the share of shareholders' Equity owned.

19) Writedowns of equity interests

Revaluations for the period refer to

- ◆ €3,349,075 for the write-down of the investment held in Milan Tangenziale Esterne;
- ◆ €284,728 for the amortisation for the year of goodwill recorded in the value of the equity interest held in Autostrada Pedemontana Lombarda S.p.A.;
- ◆ €243,449 for the write-down of the equity interest held in the Brebemi project company;
- ◆ €133,845 for the portion allocated to the provision for write-down of equity interests attributable to the company S.A.Bro.M. S.p.A.;
- ◆ €124,935 for the portion set aside in a specific fund in relation to the deliberate future coverage of the losses suffered by the investee Confederazione Autostrade S.p.A.

INCOME TAX

20) Current, prepaid and deferred income taxes for the period

Income tax	2019	2018	Change in value	Change %
IRES (CORPORATE INCOME TAX)	25.354.755	21.728.505	3.626.250	16,69
IRAP (REGIONAL BUSINESS TAX)	3.952.230	3.963.538	-11.308	-0,29
Consolidated tax income	0	-307.434	307.434	-100,00
Total current taxes	29.306.985	25.384.609	3.922.376	15,45
Deferred tax assets	-2.396.487	-3.045.502	649.015	-21,31
Taxes for previous years	57.866	0	57.866	-
TOTAL non-current assets	-2.338.621	-3.045.502	706.881	-23,21
Total	26.968.364	22.339.107	4.629.257	20,72

Current taxes have been determined according to current rates and regulations, based on a realistic forecast of taxable income, also determined in relation to costs and charges that are not deductible for tax purposes and/or that have limited deductibility.

Deferred tax assets calculated on the fair value of derivative instruments, recorded using the cash flow hedge method, were recorded with a balancing entry in shareholders' equity under the item "Reserve for expected cash flow hedges."

Deferred taxes are recognised to the extent that there is a reasonable certainty of their future recovery. With particular reference to the IRES (corporate income tax) surcharge of 3.5 percentage points, on income deriving from activities under concession for the tax years 2019, 2020, 2021, recalling the principle of prudence, this surcharge was recorded only if there is certainty of recovery in the following two years.

The tables below do not take into account the deferred tax assets calculated on the fair value of derivative instruments for €1,776,427.

Description	DETAIL OF DEDUCTIBLE TEMPORARY DIFFERENCES							
	Amount at the end of the previous year	Change during the year	Amount at end of the year	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect	Total tax effect
Use of renewal provision	22.238.852	940.436	23.179.288	24,00%	5.563.029	0,00%	0	5.563.029
Directors' fees	32.067	-32.067	0	24,00%	0	0,00%	0	0
Directors' fees within 2021	0	28.600	28.600	27,50%	7.865	0,00%	0	7.865
Provisions for risks and charges (IRES)	22.468.027	5.504.000	27.972.027	24,00%	6.713.287	0,00%	0	6.713.287
Provision for risks and charges within	0	2.050.437	2.050.437	27,50%	563.870	0,00%	0	563.870
Provisions for risks and charges (IRAP)	21.953.516	7.327.776	29.281.292	0,00%	0	3,90%	1.141.970	1.141.970
Total					12.848.051		1.141.970	13.990.021

RECOGNITION OF DEFERRED AND PREPAID TAXES AND CONSEQUENT EFFECTS				
	IRES 2.4%	IRES 27.5%	IRAP 3.9%	Total
A) Temporary differences				
Temporary deductible differences				
Use of renewal provision	-23.179.288	0	0	
Directors' fees	0	0	0	
Provisions for risks and charges	-27.972.027	-2.079.037	-29.281.292	
Total	-51.151.315	-2.079.037	-29.281.292	
Taxable temporary differences				
Total	0	0	0	
Net temporary differences	-51.151.315	-2.079.037	-29.281.292	
B) Net of tax				
Provision for deferred tax at the beginning of th	0	0	0	0
Deferred tax assets at the beginning of the peri	-10.737.347	0	-856.187	-11.593.534
Total at 01/01/2019	-10.737.347	0	-856.187	-11.593.534
Deferred taxes for the period	0		0	0
Prepaid taxes for the period	-1.538.969	-571.735	-285.783	-2.396.487
Total	-1.538.969	-571.735	-285.783	-2.396.487
Provision for deferred tax at the end of the peri	0	0	0	0
Deferred tax assets at the end of the period	-12.276.316	-571.735	-1.141.970	-13.990.021
Total at 31/12/2019	-12.276.316	-571.735	-1.141.970	-13.990.021

RECONCILIATION SCHEDULE BETWEEN THE NOTIONAL AND ACTUAL IRES TAX RATE					
Amounts in thousands of euros	IRES 2019	Rate	IRES 2018	Rate	
Earnings before tax for the year	84.817		80.172		
Actual income taxes (current and prepaid)	23.244	27,40%	19.056	23,77%	
Lower taxes (compared to the notional rate)					
- other decreases	7.028	1.933	2,27%	4.093	982
Higher taxes (compared to the notional rate)					
- other increases	-6.735	-1.852	-2,17%	-3.320	-797
	23.325	27,50%	19.242	24,00%	
Notional income tax	23.325	27,50%	19.242	24,00%	

RECONCILIATION SCHEDULE BETWEEN THE NOTIONAL AND ACTUAL IRAP RATE					
Amounts in thousands of euros	IRAP 2019	Rate	IRAP 2018	Rate	
Value added (A - B)	89.827		87.964		
Costs not relevant for IRAP purposes	3.551		1.940		
TAX BASE	93.378		89.904		
Actual income taxes (current and prepaid)	3.666	3,93%	3.591	3,99%	
Lower taxes (compared to the notional rate)					
- other decreases	1.810	71	0,08%	198	8
Higher taxes (compared to the notional rate)					
- other increases	-2.443	-95	-0,10%	-2.371	-93
	3.642	3,90%	3.506	3,90%	
Notional income tax	3.642	3,90%	3.506	3,90%	

ADDITIONAL INFORMATION REQUIRED BY ARTICLE 2427 OF THE ITALIAN CIVIL CODE

At the closing date of the financial statements there were no agreements not resulting from the Balance Sheet, as required by paragraph 22-ter) of Article 2427 of the Italian Civil Code and that the conditions relative to the obligation to indicate what is provided for in paragraphs 6bis, 6ter, 18, 19, 19bis, 20 and 21 of Article 2427 of the Italian Civil Code do not subsist.

As required by paragraph 22 of Article 2427 of the Italian Civil Code, the table containing financial lease transactions is shown below.

RECOGNITION OF LEASING TRANSACTIONS USING THE FINANCIAL METHOD		
EFFECT ON SHAREHOLDERS' EQUITY - FINANCIAL STATEMENTS AT 31/12/2019		
ASSETS		
A) ONGOING CONTRACTS		
Leased assets at the end of the previous year		
net of total depreciation and amortisation equal to	8.770.327	23.473.523
+ Assets purchased under financial lease during the year		0
-Leased assets redeemed during the year (net of the fund)		0
- Depreciation rates for the year		1.031.803
- Leased assets sold		0
Leased assets at the end of the year		
net of total depreciation and amortisation equal to	9.802.130	22.441.720
B) REDEEMED ASSETS		
		0
TOTAL ASSETS (A + B)		
		22.441.720
LIABILITIES		
Leasing liability for financial leasing operations of the previous year		
		-19.151.139
+ leasing payables during the year		
		0
due within 12 months	0	
due within five years	0	
due after five years	0	
- reductions for repayment of capital shares and redemptions during the year		-1.628.988
- changes due to transfer of contracts or takeovers		0
Leasing liabilities for financial leasing operations at the end of the year		
		-17.522.151
due within 12 months	-1.679.976	
due within five years	-7.262.458	
due after five years	-8.579.717	
TOTAL LIABILITIES (C)		
		-17.522.151
D) TOTAL GROSS EFFECT AT YEAR-END (A+B+C)		
		4.919.569
E) TAX EFFECT		
		-1.372.559
F) EFFECT ON EQUITY AT YEAR-END (D+E)		
		3.547.009
EFFECT ON THE INCOME STATEMENT - FINANCIAL STATEMENTS AT 31/12/2019		
A - Reversal of lease fees and other economic effects		
		1.883.516
B - Recognition of financial expenses on leasing transactions		
		-254.528
C - Depreciation rates		
on existing contracts	-1.031.803	
on redeemed assets	0	-1.031.803
D - EFFECT ON PROFIT BEFORE TAX (A+B+C)		
		597.185
E - TAX EFFECT		
		-166.615
F - EFFECT ON THE RESULT FOR THE YEAR (D+E)		
		430.570

With regard to the requirements of **paragraph 22-bis) of Article 2427 of the Italian Civil Code**, reference should be made to chapter 5.2) of the Directors' Report on Operations - Transactions with subsidiaries, associated companies, parent companies and companies subject to the control of the latter - since all transactions are substantially at market price.

SUBSEQUENT EVENTS

Paragraph 22 quater) Article 2427 of the Italian Civil Code

Autostrada Pedemontana Lombarda S.p.A.

Shareholders' Meeting for the resolution of share capital increase

On 29 January 2020, the subsidiary Autostrada Pedemontana Lombarda S.p.A. called an extraordinary shareholders' meeting for 28 February 2020, in order to resolve on the proposed share capital increase of €350 million, as inferred from the updated Economic and Financial Plan and approved by the Board of Directors of the subsidiary on 29 January.

The reason for this request is due to the imminent acquisition of effectiveness of the Additional Agreement No. 2 - which took place on 26 February 2020 - and to the need, in order to comply with the provisions of the Agreement, to initiate the procedures for the awarding of the executive design and the works for the construction of the B2 and C sections of the foothill infrastructure and for the search for the financial funding (project funding) necessary to finance the construction of the infrastructure.

In order to assess the possible financial support and to meet the request for share capital increase made by the Subsidiary, the Company verified the degree of sustainable debt, given the conventional commitments in terms of investments and maintenance programme, as well as taking into account the new regulations for the motorway concessions sector. The outcome of this verification showed that the Company is able to raise further borrow up to €200 million potentially to be allocated to the capital increase of the Subsidiary.

The further contribution of €150 million, in order to satisfy the Subsidiary's request, should be guaranteed through a specific legislative measure by the shareholder Lombardy Region.

Prior to the Shareholders' Meeting of the Subsidiary Autostrada Pedemontana Lombarda S.p.A., the Shareholders' Meeting of the Company was held on 27 February 2020, during which it was resolved to:

- ◆ vote in favour of the share capital increase of €350 million in Autostrada Pedemontana Lombarda S.p.A. with a deadline for the exercise of the option right to be exercised by 28 February 2021;
- ◆ to authorise, pursuant to Article 13 of the Bylaws, the launch of all the public procedures necessary to carry out the new funding of up to €200 million to be allocated to the share capital increase of Autostrada Pedemontana Lombarda S.p.A..

The report of the Board of Directors in support of the work of the Shareholders' Meeting also provides that the formal commitment to subscribe the share capital increase in Autostrada Pedemontana Lombarda S.p.A. will take place when certain conditions are met, such as the availability of the necessary financial resources for the Company, the effectiveness of the Additional Agreement no. 2 (which took place at the same time as the Shareholders' Meeting), the positive outcome of the two

tender procedures concerning the General Contractor and the Project Financing, the approval of an economic and financial plan by the Awarding Body CAL.

Having said the above, the Board of Directors' meeting held on 25 March 2020 mandated the Director to start all procedures and activities necessary to find new financial resources up to €200 million to be allocated to the share capital increase of the subsidiary Autostrada Pedemontana Lombarda S.p.A..

On 21 April 2020, the Regional Council approved the Regional Council Law on *"Increase in share capital of Milano Serravalle - Milano Tangenziali S.p.A. up to a maximum amount of €150 million to be carried out over the five-year period 2020-2024 to facilitate the capitalisation of its subsidiary company Autostrada Pedemontana Lombarda S.p.A., a company subject to management and coordination ex 2497 cc by Milano Serravalle - Milano Tangenziali S.p.A."*

COVID-19 medical emergency

In the second half of February 2020 the first outbreaks of the Covid-19 pandemic occurred, mainly in the region of Lombardy. At the time these financial statements were drawn up, the infections were in decline, but the exponential increase in the number of infections recorded in March and April led the Government to adopt increasingly restrictive regulatory measures - at central government and regional level - aimed at containing the infection. These measures, which led to a lockdown, have progressively reduced mobility, leading to a significant drop in traffic volumes, more markedly relative to light vehicles - cars - than to heavy vehicles. The figures for the first four months of the year, after a positive trend in January and February, show a decrease in overall traffic, in terms of vehicles/km, of around 39% compared to the same period of the previous year; as regards net toll revenues, this decrease was partly mitigated by the different percentage reduction between light and heavy vehicles.

In relation to the trend of the epidemic, from 4 May 2020 with effect until 17 May 2020, the Government has decreed "Phase 2", i.e. the gradual reopening of certain categories of economic activities, after the expiry of this measure, again in relation to the evolution of the contagion, the Government could also open all other activities. With the start of Phase 2, the Company recorded a traffic trend, although in regression compared to the previous year, as behavioural rules aimed at containing the contagion continue to be in place, but with a significant recovery compared to that recorded in April.

In this emergency situation, the Company has ensured the maintenance of operations using agile work and implementing IT tools, both hardware and software, and has also activated the tools made available by the government to support the work such as social shock absorbers, reduction of working hours with the provision of leave and allowances.

Although precise estimates are not yet available regarding the economic and financial impact, in relation to the economic outlook, even assuming a conservative scenario, with a recovery in traffic slowed down and a situation at the end of the year still in deficit, it is expected that the EBITDA 2020 will still be positive. The financial resources and credit lines available to the Company may be used to meet its financial needs and its 2020 commitments.

In this context, the Company is also committed to completing the process of updating the Economic and Financial Plan in accordance with Transport Regulatory Authority Resolution 69/2019.

The expiry of this process, as mentioned above, was scheduled for 30 March 2020; however, following the issuance of the Decree Law dated 17 March 2020, coordinated with the Conversion Law No. 27 of 24 April 2020, a provision issued to deal with the effects of the epidemiological emergency by COVID-19 and known as "Cura Italia", Article 103 "*Suspension of terms in administrative proceedings and effects of expiring administrative acts*" was introduced, which effectively suspended the terms of administrative proceedings pending between 23 February 2020 and 15 May 2020. This measure extended the deadline for the presentation of the Economic and Financial Plan by 82 days, as communicated by the Awarding Body on 18 May.

With regard to the measures adopted in terms of health and safety in the workplace, the Employer and his Delegates, inspired by the principles contained in Legislative Decree no. 81/2008 and the utmost precaution, also descending from the precept contained in Article 2087 of the Italian Civil Code, considered it fundamental, for organisational/managerial needs, to draw up - in collaboration with the Prevention and Protection Service and the Competent Doctor - an intervention plan through organisational measures and operational procedures for a gradual approach in the identification and implementation of prevention measures, based on the company context and the worker's profile, also ensuring adequate Personal Protection Devices.

The risk assessment and related containment, prevention and behavioural measures, given the emergency situation, are, by necessity, remitted to the Government, Regions, Prefects, Mayors and Groups of experts called to indicate in progress the measures and provisions that gradually become more appropriate due to the evolutionary assessment of the emergency.

From this point of view, the Company's margin of evaluation and determination appears clearly limited to the careful and responsible implementation of the measures that the aforesaid Authorities are adopting, ensuring that all personnel comply with them.

For the traceability of the actions taken to protect the health of workers, the measures adopted, although not originating from the classic risk assessment typical of the Employer, are collected to form an appendix to the Risk Assessment Document.

DISCLOSURE

Paragraph 22-quinquies and sexies), Article 2427 of the Italian Civil Code

Following the transfer of the Company's shares from A.S.A.M. S.p.A. in liquidation to the Lombardy Region, the following changes have emerged:

Company that prepares the consolidated financial statements of the largest group

Lombardy Region

Piazza Città di Lombardia 1, 20124 Milan

Company that prepares the consolidated financial statements of the smallest group

Milano Serravalle - Milano Tangenziali S.p.A.

Via del Bosco Rinnovato 4/A, 20090 Assago (MI)

With regard to the requirements of **Article 2427-bis**, in relation to the financial hedging contracts in place at 31 December 2019, the table below summarises the main contractual conditions:

Type of derivative contract	INTEREST RATE SWAP (FIXED/VARIABLE RATE)				VALUES AT 31/12/2019
	BANCA POPOLARE DI LODI	BANCA POPOLARE COMMERCIO E INDUSTRIA-UBI	BANCA NAZIONALE DEL LAVORO	MONTE DEI PASCHI DI SIENA	
Agreement date	15/04/2011	15/04/2011	14/06/2011	14/06/2011	=
Purposes	coverage	coverage	coverage	coverage	=
Notional value	20.000.000	25.000.000	37.500.000	37.500.000	120.000.000
Creditor rate	EUR 6 months	EUR 6 months	EUR 6 months	EUR 6 months	=
Debt rate	3.99%	3.99%	3.56%	3.56%	=
Effectiveness of cash transfers	30/06/2012	30/06/2012	31/12/2012	31/12/2012	=
Expiration	31/12/2025	31/12/2025	31/12/2025	31/12/2025	=
Underlying financial risk	interest rate variability	interest rate variability	interest rate variability	interest rate variability	=
Notional reference value	10.000.000	12.500.000	18.750.000	18.750.000	60.000.000
Fair Value	-1.320.682	-1.650.853	-2.215.121	-2.215.121	-7.401.777
Covered assets/liabilities	Long-term loan Centrobanca/BPV	Long-term loan Centrobanca/BPV	Long-term loan BNL/MPS	Long-term loan BNL/MPS	=

FULFILMENTS FOR THE PURPOSES OF ART. 2497 BIS OF THE ITALIAN CIVIL CODE

The Board of Directors' meeting of 20 May 2019 acknowledged and consequently declared the existence, pursuant to art. 2497 et seq. of the Italian Civil Code, of the management and coordination activity by the majority shareholder, Lombardy Region, on Milano Serravalle-Milano Tangenziali S.p.A..

<i>in euros</i>		
SUMMARY OF THE BALANCE SHEET OF THE COMPANY WITH MANAGEMENT AND COORDINATION Lombardy Region		
BALANCE SHEET	Last year	Previous year
Date of last approved financial statements	31/12/2018	31/12/2017
A Receivables from shareholders for payments still due		
B Fixed assets	4.343.114.814	4.555.192.755
C Current assets	23.423.098.484	25.410.229.907
D Accruals, prepayments and deferrals	6.386.093	36.156.878
TOTAL ASSETS	27.772.599.391	30.001.579.540
A Shareholders' Equity		
Share capital	210.621.519	210.621.519
Reserves	2.065.930.396	1.527.366.779
Profit (loss) for the year	532.951.049	498.245.724
TOTAL SHAREHOLDERS' EQUITY	2.809.502.964	2.236.234.022
B Provisions for risks and charges	161.763.224	243.689.688
C Provision for severance indemnities	222.896	381.657
D Payables	23.514.963.279	25.942.855.376
E Accruals, prepayments and deferrals	1.286.147.028	1.578.418.797
TOTAL LIABILITIES	27.772.599.391	30.001.579.540
INCOME STATEMENT	Last year	Previous year
Date of last approved financial statements	31/12/2018	31/12/2017
A Production value	24.723.444.639	24.534.522.568
B Production costs	-24.104.149.031	-23.933.886.869
C Financial income and expenses	-29.145.074	-46.708.162
D Value adjustments of financial assets	-46.768.012	-45.579.322
Income tax for the period	-10.431.473	-10.102.491
Profit (loss) for the financial year	532.951.049	498.245.724

These financial statements at 31 December 2019 give a true and fair view of the financial position and results of operations for the year 2019 and correspond to the results in the accounting records.

on behalf of the Board of Directors
The Chairperson
Avv. Maura Tina Carta, attorney-at-law

Assago, 28 May 2020

PROPOSAL FOR ALLOCATION OF PROFIT

Paragraph 22 quater) Article 2427 of the Italian Civil Code

Dear Shareholders,

in view of the need to access the credit market in order to allow the deliberate support to the subsidiary Autostrada Pedemontana Lombarda S.p.A., directed to the completion of the project of the same name, as well as in order to maintain an adequate equity and financial structure in view of the health emergency that has affected the country and is having an impact on traffic, i.e. on the operating results of your Company, we propose to allocate the profit for the year equal to €57,848,237, having already complied with the requirements of Article 2430 of the Italian Civil Code with regard to the legal reserve, as follows:

- ◆ to the "Non-distributable reserve pursuant to Article 2426 of the Italian Civil Code"
€ 302,775
- ◆ to the "Extraordinary reserve" € 57,545,462

on behalf of the Board of Directors
The Chairperson
Avv. Maura Tina Carta, attorney-at-law

Assago, 28 May 2020

SHAREHOLDERS' MEETING RESOLUTIONS

The Ordinary Shareholders' Meeting held on 30 June 2020 resolved to approve the financial statements at 31 December 2019 as proposed by the Board of Directors and to allocate the profit for the year as follows:

- ◆ € 302,775 to the "Non-distributable reserve pursuant to Article 2426 of the Italian Civil Code"
- ◆ € 57,545,462 to the "Extraordinary reserve"

Annexes

Overall toll-paying traffic by vehicle category

Broken down into categories of light and heavy vehicles, with reference to paying traffic (vehicles/kilometres), as per CIPE resolution of 21 December 1995:

SERRAVALLE MILAN A7			
Period	2017	2018	2019
GLOBAL PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	108.715.296	110.881.730	112.133.021
FEBRUARY	103.538.612	103.699.497	105.763.131
MARCH	123.491.391	118.622.115	129.462.882
APRIL	138.948.467	137.301.968	132.939.016
MAY	134.731.382	139.218.810	131.870.371
JUNE	153.175.786	152.554.055	155.282.886
JULY	167.644.680	167.951.957	165.366.072
AUGUST	135.026.001	131.841.927	135.362.800
SEPTEMBER	139.544.130	142.894.673	144.063.093
OCTOBER	135.738.007	130.482.693	132.677.814
NOVEMBER	119.776.461	118.475.772	116.441.897
DECEMBER	114.961.031	117.417.276	116.576.046
	1.575.291.244	1.571.342.473	1.577.939.029
LIGHT PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	87.387.745	88.125.828	88.597.454
FEBRUARY	81.168.854	80.391.539	82.188.636
MARCH	96.856.082	92.322.190	102.885.589
APRIL	115.298.429	112.532.637	107.114.350
MAY	107.399.483	110.863.041	103.265.217
JUNE	126.440.945	125.493.516	128.318.178
JULY	140.955.604	140.097.799	136.116.173
AUGUST	114.074.091	110.480.540	114.387.294
SEPTEMBER	113.404.677	117.113.393	117.087.100
OCTOBER	109.130.831	102.724.902	103.805.255
NOVEMBER	94.318.674	93.330.169	91.596.885
DECEMBER	93.364.393	95.440.538	94.133.117
	1.279.799.808	1.268.916.092	1.269.495.248
HEAVY PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	21.327.551	22.755.902	23.535.567
FEBRUARY	22.369.758	23.307.958	23.574.495
MARCH	26.635.309	26.299.925	26.577.293
APRIL	23.650.038	24.769.331	25.824.666
MAY	27.331.899	28.355.769	28.605.154
JUNE	26.734.841	27.060.539	26.964.708
JULY	26.689.076	27.854.158	29.249.899
AUGUST	20.951.910	21.361.387	20.975.506
SEPTEMBER	26.139.453	25.781.280	26.975.993
OCTOBER	26.607.176	27.757.791	28.872.559
NOVEMBER	25.457.787	25.145.603	24.845.012
DECEMBER	21.596.638	21.976.738	22.442.929
	295.491.436	302.426.381	308.443.781

WEST BYPASS: TERRAZZANO BARRIER			
Period	2017	2018	2019
GLOBAL PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	21.618.982	21.916.240	15.808.413
FEBRUARY	20.764.681	20.817.917	19.079.538
MARCH	24.684.180	24.038.367	23.252.058
APRIL	25.829.093	25.471.777	24.103.591
MAY	26.344.518	27.579.800	24.654.580
JUNE	27.522.509	27.915.893	26.421.256
JULY	30.815.761	31.189.520	28.665.809
AUGUST	26.341.010	26.044.344	25.067.589
SEPTEMBER	27.449.101	27.618.620	26.236.611
OCTOBER	27.071.213	26.697.246	25.507.267
NOVEMBER	24.078.253	23.980.499	21.932.875
DECEMBER	23.479.149	6.227.973	21.966.826
	305.998.451	289.498.197	282.696.413
LIGHT PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	17.397.193	17.357.603	12.039.090
FEBRUARY	16.265.407	16.168.808	14.667.436
MARCH	19.305.135	18.666.189	18.176.398
APRIL	21.037.845	20.420.714	19.103.958
MAY	20.825.850	21.767.855	19.181.688
JUNE	22.087.505	22.309.194	21.147.010
JULY	25.355.271	25.360.851	22.980.582
AUGUST	22.212.402	21.850.010	21.132.787
SEPTEMBER	21.990.802	22.230.651	20.877.428
OCTOBER	21.449.344	20.856.130	19.804.812
NOVEMBER	18.923.369	18.860.617	17.168.873
DECEMBER	19.111.403	5.525.743	17.717.702
	245.961.526	231.374.364	223.997.763
HEAVY PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	4.221.789	4.558.637	3.769.323
FEBRUARY	4.499.274	4.649.109	4.412.102
MARCH	5.379.045	5.372.178	5.075.660
APRIL	4.791.248	5.051.062	4.999.632
MAY	5.518.668	5.811.945	5.472.892
JUNE	5.435.004	5.606.699	5.274.246
JULY	5.460.490	5.828.669	5.685.228
AUGUST	4.128.608	4.194.335	3.934.802
SEPTEMBER	5.458.299	5.387.970	5.359.184
OCTOBER	5.621.869	5.841.116	5.702.455
NOVEMBER	5.154.884	5.119.882	4.764.002
DECEMBER	4.367.746	702.230	4.249.124
	60.036.925	58.123.833	58.698.650

WEST BYPASS: GUI SULFA (TO-MI) BARRIER			
Period	2017	2018	2019
GLOBAL PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	4.437.900	4.489.478	4.628.393
FEBRUARY	4.407.622	4.353.596	4.436.633
MARCH	5.132.834	4.768.423	5.091.093
APRIL	4.756.591	4.677.788	4.777.495
MAY	4.949.192	4.909.133	5.019.689
JUNE	4.905.675	4.813.707	4.980.424
JULY	5.387.719	5.169.471	5.199.759
AUGUST	4.198.512	4.235.613	4.465.163
SEPTEMBER	4.694.278	4.874.272	5.517.316
OCTOBER	4.854.437	5.039.402	5.534.988
NOVEMBER	4.686.227	4.792.029	4.874.159
DECEMBER	4.621.948	4.835.423	4.905.410
	57.032.933	56.958.335	59.430.521
LIGHT PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	3.164.777	3.140.008	3.204.627
FEBRUARY	3.069.823	3.020.929	3.045.281
MARCH	3.554.570	3.292.522	3.556.224
APRIL	3.445.565	3.351.329	3.362.594
MAY	3.423.111	3.390.849	3.461.015
JUNE	3.423.092	3.353.030	3.510.269
JULY	3.855.487	3.643.863	3.650.252
AUGUST	3.056.215	3.068.510	3.324.198
SEPTEMBER	3.294.204	3.437.882	3.946.953
OCTOBER	3.389.583	3.432.788	3.869.973
NOVEMBER	3.243.146	3.297.502	3.390.584
DECEMBER	3.347.474	3.540.783	3.560.713
	40.267.045	39.969.994	41.882.684
HEAVY PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	1.273.123	1.349.469	1.423.765
FEBRUARY	1.337.799	1.332.667	1.391.352
MARCH	1.578.263	1.475.901	1.534.869
APRIL	1.311.027	1.326.459	1.414.901
MAY	1.526.081	1.518.284	1.558.674
JUNE	1.482.582	1.460.677	1.470.155
JULY	1.532.232	1.525.608	1.549.507
AUGUST	1.142.297	1.167.103	1.140.965
SEPTEMBER	1.400.074	1.436.391	1.570.363
OCTOBER	1.464.854	1.606.613	1.665.014
NOVEMBER	1.443.081	1.494.527	1.483.574
DECEMBER	1.274.474	1.294.641	1.344.697
	16.765.888	16.988.341	17.547.837

WEST BYPASS: MELEGNANO BARRIER AND STATION			
Period	2017	2018	2019
GLOBAL PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	20.596.227	21.453.587	21.782.666
FEBRUARY	20.506.348	20.533.882	20.846.286
MARCH	24.107.767	23.689.822	24.994.015
APRIL	24.616.569	24.597.648	25.551.316
MAY	25.406.020	26.625.164	25.787.445
JUNE	26.697.951	27.241.672	27.443.071
JULY	28.693.187	29.333.960	29.106.107
AUGUST	24.531.773	24.781.399	24.988.819
SEPTEMBER	26.087.701	26.937.242	26.567.827
OCTOBER	25.640.761	26.097.815	26.627.729
NOVEMBER	23.705.762	24.143.706	24.057.750
DECEMBER	23.054.523	23.425.106	23.743.638
	293.644.588	298.861.002	301.496.668
LIGHT PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	16.116.158	16.557.641	16.648.319
FEBRUARY	15.748.745	15.630.558	15.777.095
MARCH	18.479.462	18.095.586	19.262.156
APRIL	19.767.854	19.411.577	20.062.848
MAY	19.692.666	20.645.451	19.729.684
JUNE	21.120.038	21.488.742	21.712.853
JULY	23.122.317	23.370.620	22.882.699
AUGUST	20.277.246	20.390.147	20.664.373
SEPTEMBER	20.545.597	21.313.822	20.773.034
OCTOBER	19.913.150	19.961.908	20.348.014
NOVEMBER	18.210.628	18.554.552	18.526.570
DECEMBER	18.305.588	18.621.031	18.842.038
	231.299.449	234.041.635	235.229.684
HEAVY PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	4.480.069	4.895.946	5.134.347
FEBRUARY	4.757.603	4.903.324	5.069.191
MARCH	5.628.305	5.594.236	5.731.860
APRIL	4.848.715	5.186.071	5.488.467
MAY	5.713.355	5.979.713	6.057.761
JUNE	5.577.912	5.752.930	5.730.217
JULY	5.570.870	5.963.340	6.223.408
AUGUST	4.254.528	4.391.252	4.324.446
SEPTEMBER	5.542.103	5.623.419	5.794.793
OCTOBER	5.727.611	6.135.907	6.279.715
NOVEMBER	5.495.134	5.589.154	5.531.180
DECEMBER	4.748.935	4.804.074	4.901.600
	62.345.139	64.819.367	66.266.984

WEST BYPASS: MILAN BARRIER (MI-GE)			
Period	2017	2018	2019
GLOBAL PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	15.025.676	15.219.199	15.483.220
FEBRUARY	14.651.678	14.621.530	14.839.253
MARCH	17.191.061	16.570.476	17.711.253
APRIL	17.879.073	17.794.056	17.329.387
MAY	18.202.490	18.628.826	17.912.235
JUNE	19.336.911	19.348.390	19.571.186
JULY	20.280.456	20.383.570	20.231.551
AUGUST	15.326.405	15.044.017	15.044.148
SEPTEMBER	18.188.038	18.388.889	18.575.778
OCTOBER	18.444.314	17.949.310	18.208.087
NOVEMBER	16.693.353	16.508.016	16.430.180
DECEMBER	15.902.276	16.222.834	16.340.482
	207.121.730	206.679.113	207.676.759
LIGHT PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	12.833.028	12.902.816	13.099.958
FEBRUARY	12.369.176	12.247.868	12.450.377
MARCH	14.480.966	13.896.435	15.016.370
APRIL	15.503.751	15.316.544	14.737.209
MAY	15.451.382	15.776.507	15.037.326
JUNE	16.665.632	16.656.424	16.849.661
JULY	17.621.375	17.608.262	17.302.598
AUGUST	13.289.347	12.973.421	13.027.596
SEPTEMBER	15.546.227	15.785.028	15.847.725
OCTOBER	15.728.435	15.162.017	15.266.143
NOVEMBER	14.106.657	13.970.496	13.879.915
DECEMBER	13.693.296	14.010.374	14.028.707
	177.289.270	176.306.190	176.543.586

EAST BYPASS A51			
Period	2017	2018	2019
GLOBAL PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	24.027.510	24.176.009	24.359.699
FEBRUARY	23.933.195	23.695.932	23.492.274
MARCH	27.425.034	26.140.660	26.907.140
APRIL	25.498.161	25.469.821	24.826.984
MAY	27.709.227	27.150.461	26.802.854
JUNE	26.374.439	26.171.171	26.093.665
JULY	26.793.702	26.529.867	26.441.207
AUGUST	18.905.367	18.299.177	17.562.727
SEPTEMBER	26.604.383	26.036.049	25.791.116
OCTOBER	28.224.131	27.594.697	27.330.654
NOVEMBER	26.483.496	26.075.933	25.580.113
DECEMBER	25.209.886	25.191.361	25.115.961
	307.188.531	302.531.138	300.304.394
LIGHT PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	20.743.034	20.730.060	20.862.543
FEBRUARY	20.505.953	20.231.575	20.032.376
MARCH	23.395.658	22.261.395	23.080.850
APRIL	22.122.971	21.924.071	21.248.266
MAY	23.686.377	23.144.238	22.831.653
JUNE	22.560.200	22.336.223	22.328.241
JULY	22.963.954	22.563.957	22.384.011
AUGUST	16.101.098	15.480.894	14.924.988
SEPTEMBER	22.791.574	22.342.827	22.055.215
OCTOBER	24.244.246	23.538.814	23.311.860
NOVEMBER	22.669.387	22.323.665	21.942.622
DECEMBER	21.929.206	21.951.709	21.828.027
	263.713.658	258.829.428	256.830.652
HEAVY PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	3.284.476	3.445.949	3.497.156
FEBRUARY	3.427.242	3.464.357	3.459.898
MARCH	4.029.376	3.879.265	3.826.290
APRIL	3.375.190	3.545.750	3.578.718
MAY	4.022.850	4.006.223	3.971.201
JUNE	3.814.239	3.834.948	3.765.424
JULY	3.829.748	3.965.910	4.057.196
AUGUST	2.804.269	2.818.283	2.637.739
SEPTEMBER	3.812.809	3.693.222	3.735.901
OCTOBER	3.979.885	4.055.883	4.018.794
NOVEMBER	3.814.109	3.752.268	3.637.491
DECEMBER	3.280.680	3.239.652	3.287.934
	43.474.873	43.701.710	43.473.742

NORTH BYPASS A52			
Period	2017	2018	2019
GLOBAL PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	29.669.805	29.917.395	30.846.435
FEBRUARY	30.173.940	29.884.920	29.829.195
MARCH	34.282.875	32.969.895	34.072.395
APRIL	31.978.560	32.125.995	31.963.635
MAY	34.927.785	34.591.185	34.105.260
JUNE	33.870.030	33.931.830	33.513.390
JULY	34.731.945	34.614.495	34.603.605
AUGUST	23.921.280	24.572.505	24.249.360
SEPTEMBER	33.534.780	33.247.800	33.170.895
OCTOBER	35.324.220	34.676.925	35.328.075
NOVEMBER	33.060.360	32.289.825	32.468.715
DECEMBER	30.998.595	31.902.060	31.107.060
	386.474.175	384.724.830	385.258.020
LIGHT PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	24.091.050	23.988.435	24.707.970
FEBRUARY	24.146.490	23.778.780	23.705.595
MARCH	27.214.635	26.124.675	27.272.505
APRIL	26.117.925	25.922.595	25.537.935
MAY	27.867.825	27.536.955	26.976.870
JUNE	27.148.275	27.130.935	26.847.105
JULY	27.870.765	27.572.310	27.239.340
AUGUST	19.461.120	19.971.735	19.717.785
SEPTEMBER	26.826.450	26.829.450	26.455.095
OCTOBER	28.235.685	27.490.905	27.963.930
NOVEMBER	26.245.335	25.754.655	25.998.600
DECEMBER	25.248.855	26.031.870	25.390.515
	310.474.410	308.133.300	307.813.245
HEAVY PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	5.578.755	5.928.960	6.138.465
FEBRUARY	6.027.450	6.106.140	6.123.600
MARCH	7.068.240	6.845.220	6.799.890
APRIL	5.860.635	6.203.400	6.425.700
MAY	7.059.960	7.054.230	7.128.390
JUNE	6.721.755	6.800.895	6.666.285
JULY	6.861.180	7.042.185	7.364.265
AUGUST	4.460.160	4.600.770	4.531.575
SEPTEMBER	6.708.330	6.418.350	6.715.800
OCTOBER	7.088.535	7.186.020	7.364.145
NOVEMBER	6.815.025	6.535.170	6.470.115
DECEMBER	5.749.740	5.870.190	5.716.545
	75.999.765	76.591.530	77.444.775

TOTAL NETWORK			
Period	2017	2018	2019
GLOBAL PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	224.091.395	228.053.636	225.041.847
FEBRUARY	217.976.076	217.607.274	218.286.310
MARCH	256.315.141	246.799.758	261.490.836
APRIL	269.506.515	267.439.052	261.491.423
MAY	272.270.614	278.703.379	266.152.433
JUNE	291.883.300	291.976.719	293.305.878
JULY	314.347.450	315.172.840	309.614.110
AUGUST	248.250.349	244.818.983	246.740.606
SEPTEMBER	276.102.410	279.997.545	279.922.636
OCTOBER	275.297.082	268.538.088	271.214.614
NOVEMBER	248.483.911	246.265.780	241.785.689
DECEMBER	238.227.408	225.222.033	239.755.423
	3.132.751.652	3.110.595.087	3.114.801.805
LIGHT PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	181.732.984	182.802.390	179.159.961
FEBRUARY	173.274.448	171.470.056	171.866.797
MARCH	203.286.507	194.658.992	209.250.092
APRIL	223.294.340	218.879.467	211.167.161
MAY	218.346.693	223.124.896	210.483.453
JUNE	239.445.688	238.768.065	240.713.317
JULY	261.744.773	260.217.662	252.555.654
AUGUST	208.471.519	204.215.256	207.179.021
SEPTEMBER	224.399.532	229.053.053	227.042.549
OCTOBER	222.091.273	213.167.464	214.369.988
NOVEMBER	197.717.195	196.091.655	192.504.049
DECEMBER	195.000.214	185.122.047	195.500.818
	2.548.805.165	2.517.571.004	2.511.792.861
HEAVY PAYING TRAFFIC (Vehicles / Kilometre)			
JANUARY	42.358.410	45.251.246	45.881.886
FEBRUARY	44.701.628	46.137.218	46.419.513
MARCH	53.028.634	52.140.766	52.240.744
APRIL	46.212.175	48.559.585	50.324.262
MAY	53.923.921	55.578.483	55.668.980
JUNE	52.437.613	53.208.654	52.592.561
JULY	52.602.678	54.955.179	57.058.455
AUGUST	39.778.830	40.603.727	39.561.585
SEPTEMBER	51.702.879	50.944.492	52.880.087
OCTOBER	53.205.810	55.370.624	56.844.626
NOVEMBER	50.766.716	50.174.125	49.281.639
DECEMBER	43.227.194	40.099.986	44.254.604
	583.946.487	593.024.084	603.008.944

Global paying traffic by fare class

Broken down into the five toll rate categories relating to paying traffic (vehicle/kilometres), as per CIPE resolution of 21 December 1995:

SERRAVALLE MILAN A7						
OVERALL TOLL-PAYING TRAFFIC BY TOLL CATEGORY-CLASS (Vehicles / Kilometre)						
Period	Class A	Class B	Class 3	Class 4	Class 5	Total
JANUARY	88.597.454	7.955.911	1.433.948	1.030.802	13.114.906	112.133.021
FEBRUARY	82.188.636	8.004.211	1.425.134	1.043.466	13.101.684	105.763.131
MARCH	102.885.589	9.730.170	1.582.182	1.133.665	14.131.276	129.462.882
APRIL	107.114.350	9.848.992	1.604.708	1.096.063	13.274.903	132.939.016
MAY	103.265.217	10.639.544	1.799.713	1.205.989	14.959.908	131.870.371
JUNE	128.318.178	10.740.159	1.799.440	1.115.524	13.309.585	155.282.886
JULY	136.116.173	10.953.203	2.008.175	1.271.081	15.017.440	165.366.072
AUGUST	114.387.294	8.387.715	1.534.658	816.485	10.236.648	135.362.800
SEPTEMBER	117.087.100	10.608.922	1.830.739	1.147.319	13.389.013	144.063.093
OCTOBER	103.805.255	10.836.198	1.801.755	1.307.838	14.926.768	132.677.814
NOVEMBER	91.596.885	9.089.755	1.477.895	1.195.561	13.081.801	116.441.897
DECEMBER	94.133.117	8.352.286	1.311.222	988.535	11.790.886	116.576.046
	1.269.495.248	115.147.066	19.609.569	13.352.328	160.334.818	1.577.939.029

WEST BYPASS: TERRAZZANO BARRIER						
OVERALL TOLL-PAYING TRAFFIC BY TOLL CATEGORY-CLASS (Vehicles / Kilometre)						
Period	Class A	Class B	Class 3	Class 4	Class 5	Total
JANUARY	12.039.090	1.711.280	266.696	229.933	1.561.415	15.808.413
FEBRUARY	14.667.436	2.052.494	313.050	266.607	1.779.952	19.079.538
MARCH	18.176.398	2.460.914	368.268	292.774	1.953.704	23.252.058
APRIL	19.103.958	2.549.389	368.550	275.354	1.806.340	24.103.591
MAY	19.181.688	2.708.829	418.574	321.530	2.023.959	24.654.580
JUNE	21.147.010	2.733.590	434.794	287.505	1.818.358	26.421.256
JULY	22.980.582	2.791.058	497.117	318.925	2.078.127	28.665.809
AUGUST	21.132.787	2.063.150	370.074	203.456	1.298.123	25.067.589
SEPTEMBER	20.877.428	2.778.300	432.604	294.712	1.853.567	26.236.611
OCTOBER	19.804.812	2.910.509	423.369	333.400	2.035.178	25.507.267
NOVEMBER	17.168.873	2.327.315	338.950	291.871	1.805.866	21.932.875
DECEMBER	17.717.702	2.124.688	298.235	253.124	1.573.077	21.966.826
	223.997.763	29.211.515	4.530.280	3.369.190	21.587.665	282.696.413

WEST BYPASS: MELEGNANO BARRIER AND STATION						
OVERALL TOLL-PAYING TRAFFIC BY TOLL CATEGORY-CLASS (Vehicles / Kilometre)						
Period	Class A	Class B	Class 3	Class 4	Class 5	Total
JANUARY	16.648.319	2.059.788	373.238	344.308	2.357.012	21.782.666
FEBRUARY	15.777.095	2.062.721	363.630	337.323	2.305.517	20.846.286
MARCH	19.262.156	2.402.511	416.262	364.905	2.548.182	24.994.015
APRIL	20.062.848	2.399.300	416.417	339.398	2.333.352	25.551.316
MAY	19.729.684	2.607.308	455.494	384.537	2.610.421	25.787.445
JUNE	21.712.853	2.533.803	453.917	352.388	2.390.109	27.443.071
JULY	22.882.699	2.638.935	508.231	392.601	2.683.641	29.106.107
AUGUST	20.664.373	1.888.863	380.959	254.406	1.800.219	24.988.819
SEPTEMBER	20.773.034	2.537.537	446.580	354.251	2.456.425	26.567.827
OCTOBER	20.348.014	2.694.368	459.914	406.858	2.718.576	26.627.729
NOVEMBER	18.526.570	2.326.563	385.060	377.307	2.442.250	24.057.750
DECEMBER	18.842.038	2.115.107	345.566	320.542	2.120.385	23.743.638
	235.229.684	28.266.803	5.005.269	4.228.825	28.766.088	301.496.668

WEST BYPASS: MILAN BARRIER (MI-GE)						
OVERALL TOLL-PAYING TRAFFIC BY TOLL CATEGORY-CLASS (Vehicles / Kilometre)						
Period	Class A	Class B	Class 3	Class 4	Class 5	Total
JANUARY	13.099.958	1.095.834	140.973	91.586	1.054.870	15.483.220
FEBRUARY	12.450.377	1.107.966	140.892	93.816	1.046.201	14.839.253
MARCH	15.016.370	1.314.381	159.037	101.970	1.119.494	17.711.253
APRIL	14.737.209	1.286.718	156.431	96.553	1.052.476	17.329.387
MAY	15.037.326	1.401.809	177.273	106.880	1.188.947	17.912.235
JUNE	16.849.661	1.377.576	176.758	98.538	1.068.652	19.571.186
JULY	17.302.598	1.414.292	194.438	113.212	1.207.011	20.231.551
AUGUST	13.027.596	987.941	141.897	71.308	815.407	15.044.148
SEPTEMBER	15.847.725	1.369.333	179.225	102.950	1.076.545	18.575.778
OCTOBER	15.266.143	1.443.794	178.735	119.323	1.200.091	18.208.087
NOVEMBER	13.879.915	1.245.247	147.183	109.037	1.048.799	16.430.180
DECEMBER	14.028.707	1.143.073	132.558	90.360	945.784	16.340.482
	176.543.586	15.187.965	1.925.399	1.195.532	12.824.277	207.676.759

WEST BYPASS: (TO-MI) GHISOLFA BARRIER: ALL DIRECTIONS						
OVERALL TOLL-PAYING TRAFFIC BY TOLL CATEGORY-CLASS (Vehicles / Kilometre)						
Period	Class A	Class B	Class 3	Class 4	Class 5	Total
JANUARY	1.731.656	254.224	52.750	56.520	508.174	2.603.324
FEBRUARY	1.679.246	254.999	49.905	53.761	489.274	2.527.185
MARCH	1.980.909	291.684	54.309	59.157	531.723	2.917.782
APRIL	1.852.767	279.361	53.118	53.695	481.515	2.720.457
MAY	1.840.813	302.409	55.462	59.478	529.238	2.787.400
JUNE	1.953.495	292.912	53.619	58.165	502.258	2.860.449
JULY	2.003.929	306.133	56.898	59.601	521.205	2.947.767
AUGUST	1.787.411	242.572	46.192	47.052	401.342	2.524.568
SEPTEMBER	1.969.947	316.131	55.604	60.754	530.060	2.932.496
OCTOBER	1.936.154	327.906	56.294	68.598	564.940	2.953.890
NOVEMBER	1.840.520	290.786	49.934	63.712	516.244	2.761.196
DECEMBER	1.976.959	273.823	47.250	59.450	462.341	2.819.823
	22.553.805	3.432.939	631.336	699.943	6.038.313	33.356.336

WEST BYPASS: (TO-MI) GHISOLFA BARRIER: RHO, ARLUNO, MESO-MARCALLO						
OVERALL TOLL-PAYING TRAFFIC BY TOLL CATEGORY-CLASS (Vehicles / Kilometre)						
Period	Class A	Class B	Class 3	Class 4	Class 5	Total
JANUARY	1.472.972	254.375	39.605	28.133	229.985	2.025.069
FEBRUARY	1.366.035	252.995	38.991	28.076	223.351	1.909.448
MARCH	1.575.315	282.158	42.969	28.879	243.990	2.173.311
APRIL	1.509.827	263.561	40.531	25.988	217.133	2.057.038
MAY	1.620.203	292.789	44.217	30.731	244.349	2.232.288
JUNE	1.556.774	268.966	39.548	28.756	225.931	2.119.975
JULY	1.646.322	291.334	45.209	30.694	238.433	2.251.992
AUGUST	1.536.787	199.641	26.214	20.941	157.012	1.940.595
SEPTEMBER	1.977.006	304.281	43.442	30.486	229.607	2.584.821
OCTOBER	1.933.820	317.161	47.089	35.532	247.496	2.581.097
NOVEMBER	1.550.065	272.349	39.955	30.958	219.637	2.112.963
DECEMBER	1.583.754	245.558	33.330	26.677	196.267	2.085.587
	19.328.879	3.245.168	481.099	345.851	2.673.188	26.074.185

EAST BYPASS A51						
OVERALL TOLL-PAYING TRAFFIC BY TOLL CATEGORY-CLASS (Vehicles / Kilometre)						
Period	Class A	Class B	Class 3	Class 4	Class 5	Total
JANUARY	20.862.543	2.278.107	251.966	127.920	839.163	24.359.699
FEBRUARY	20.032.376	2.254.993	250.133	129.311	825.461	23.492.274
MARCH	23.080.850	2.523.131	275.353	137.553	890.253	26.907.140
APRIL	21.248.266	2.369.029	257.075	125.190	827.424	24.826.984
MAY	22.831.653	2.616.094	274.716	144.755	935.636	26.802.854
JUNE	22.328.241	2.502.643	263.835	136.227	862.719	26.093.665
JULY	22.384.011	2.650.011	288.860	149.942	968.383	26.441.207
AUGUST	14.924.988	1.709.630	192.101	92.521	643.487	17.562.727
SEPTEMBER	22.055.215	2.470.468	262.977	131.560	870.896	25.791.116
OCTOBER	23.311.860	2.675.556	275.210	146.653	921.375	27.330.654
NOVEMBER	21.942.622	2.422.342	247.637	132.353	835.159	25.580.113
DECEMBER	21.828.027	2.212.561	224.627	114.530	736.216	25.115.961
	256.830.652	28.684.565	3.064.490	1.568.515	10.156.172	300.304.394

NORTH BYPASS A52						
OVERALL TOLL-PAYING TRAFFIC BY TOLL CATEGORY-CLASS (Vehicles / Kilometre)						
Period	Class A	Class B	Class 3	Class 4	Class 5	Total
JANUARY	24.707.970	3.499.635	477.600	269.775	1.891.455	30.846.435
FEBRUARY	23.705.595	3.482.775	477.510	274.650	1.888.665	29.829.195
MARCH	27.272.505	3.886.545	524.115	298.875	2.090.355	34.072.395
APRIL	25.537.935	3.682.245	493.830	298.665	1.950.960	31.963.635
MAY	26.976.870	4.047.765	553.725	332.790	2.194.110	34.105.260
JUNE	26.847.105	3.843.165	525.900	295.035	2.002.185	33.513.390
JULY	27.239.340	4.183.695	598.935	324.975	2.256.660	34.603.605
AUGUST	19.717.785	2.641.380	363.495	189.720	1.336.980	24.249.360
SEPTEMBER	26.455.095	3.883.965	529.005	314.970	1.987.860	33.170.895
OCTOBER	27.963.930	4.266.390	577.320	343.770	2.176.665	35.328.075
NOVEMBER	25.998.600	3.747.030	497.295	307.260	1.918.530	32.468.715
DECEMBER	25.390.515	3.367.815	427.650	254.145	1.666.935	31.107.060
	307.813.245	44.532.405	6.046.380	3.504.630	23.361.360	385.258.020

TOTAL NETWORK						
OVERALL TOLL-PAYING TRAFFIC BY TOLL CATEGORY-CLASS (Vehicles / Kilometre)						
Period	Class A	Class B	Class 3	Class 4	Class 5	Total
JANUARY	179.159.961	19.109.153	3.036.776	2.178.977	21.556.979	225.041.847
FEBRUARY	171.866.797	19.473.154	3.059.245	2.227.010	21.660.104	218.286.310
MARCH	209.250.092	22.891.495	3.422.495	2.417.777	23.508.977	261.490.836
APRIL	211.167.161	22.678.594	3.390.660	2.310.906	21.944.103	261.491.423
MAY	210.483.453	24.616.548	3.779.173	2.586.691	24.686.568	266.152.433
JUNE	240.713.317	24.292.814	3.747.812	2.372.139	22.179.797	293.305.878
JULY	252.555.654	25.228.661	4.197.863	2.661.031	24.970.900	309.614.110
AUGUST	207.179.021	18.120.891	3.055.589	1.695.888	16.689.217	246.740.606
SEPTEMBER	227.042.549	24.268.936	3.780.176	2.437.003	22.393.972	279.922.636
OCTOBER	214.369.988	25.471.881	3.819.686	2.761.971	24.791.088	271.214.614
NOVEMBER	192.504.049	21.721.386	3.183.908	2.508.059	21.868.287	241.785.689
DECEMBER	195.500.818	19.834.911	2.820.439	2.107.364	19.491.891	239.755.423
	2.511.792.861	267.708.425	41.293.822	28.264.814	265.741.882	3.114.801.805

TRANSITS AT BARRIERS						
TRANSITS AT BARRIERS	ANNUAL TRAFFIC			AVERAGE DAILY TRAFFIC		
	2019	2018	var. %	2019	2018	var. %
Serravalle	39.037.650	38.504.493	1,4	106.952	105.492	1,4
Terrazzano	19.101.109	19.560.689	-2,3	52.332	53.591	-2,3
Ghisolfa	6.288.944	6.027.337	4,3	17.230	16.513	4,3
Milan A7	25.419.432	25.297.321	0,5	69.642	69.308	0,5
Melegnano A1	31.350.561	30.968.078	1,2	85.892	84.844	1,2
Melegnano open	5.552.336	5.612.216	-1,1	15.212	15.376	-1,1
West Bypass	87.712.382	87.465.641	0,3	240.308	239.632	0,3
Vimercate	9.673.584	9.794.870	-1,2	26.503	26.835	-1,2
Venice	13.426.754	13.476.756	-0,4	36.786	36.923	-0,4
East Bypass	23.100.338	23.271.626	-0,7	63.289	63.758	-0,7
Sesto	18.595.498	18.707.844	-0,6	50.947	51.254	-0,6
Monza	7.088.370	6.940.478	2,1	19.420	19.015	2,1
North Bypass	25.683.868	25.648.322	0,1	70.367	70.269	0,1
TOTAL NETWORK	175.534.238	174.890.082	0,4	480.916	479.151	0,4

Typology of toll booths (ENTRANCES)	A7	A50	A51	A52	Total
		West Bypass	East Bypass	North Bypass	
Automatic entrances	3	0	2	0	5
Telepass entrances	4	0	2	0	6
Automatic entrances + telepass	11	0	1	0	12
Reversible - Automatic entrance with manual exit	4	0	0	0	4
Reversible - Aut. entrance + telepass with manual exit	2	0	0	0	2
Reversible - Aut. entrance + telepass with telepass	1	0	0	0	1
Reversible - Manual exit to North with manual exit to South	0	4	0	0	4
Manual exits	7	4	5	6	22
Aut. exits + fast pay	3	4	3	3	13
Aut. exits + fast pay + telepass	7	2	0	1	10
Telepass exits	7	6	7	7	27
Tollbooth exit + manual	10	6	6	4	26
Automatic + manual + telepass exits	1	0	0	0	1
Tollbooth exits + manual + telepass	1	0	0	0	1
Manual exits + telepass	2	0	0	0	2
Total Lanes	63	26	26	21	136
Tollbooth armored panels	27	18	11	10	66

ANNEX "F" Additional Act to the 2007 Single Agreement- ORDINARY MAINTENANCE

in thousands of euros	31/12/2019	31/12/2018
Paving	5.474	6.967
Road structures (interventions on structures)	2.944	3.955
Safety (traffic island, fences, signage)	4.426	3.630
Toll collection	1.174	877
Buildings	32	50
Miscellaneous supplies and maintenance (plants)	2.263	2.262
Winter Operations	3.066	3.088
Green and Clean	2.775	2.952
Other Motorway Infrastructure Elements	5.137	4.265
TOTAL ORDINARY MAINTENANCE	27.291	28.045
Internal labour costs of the collection systems	2.616	2.378
TOTAL ANNEX F	29.907	30.423

INVESTMENTS IN THE MOTORWAY INFRASTRUCTURE AS AT 31/12/2019															
Amounts in thousands of euros	TOTAL INVESTMENTS AS AT 31/12/2018					VARIATIONS - YEAR 2019					TOTAL INVESTMENTS AS AT 31/12/2019				
	WORKS	AVAILABLE SUMS	GRANTS RECEIVED	FINANCIAL EXPENSES	TOTAL	WORKS	AVAILABLE SUMS	GRANTS RECEIVED	FINANCIAL EXPENSES	CHANGES	WORKS	AVAILABLE SUMS	GRANTS RECEIVED	FINANCIAL EXPENSES	TOTAL
INVESTMENTS - HISTORICAL COST															
Milan - Serravalle Motorway	241.627	77.566	0	7.614	326.807	0	0	0	0	0	241.627	77.566	0	7.614	326.807
West bypass	31.995	24.673	-4.545	1.401	53.525	0	0	0	0	0	31.995	24.673	-4.545	1.401	53.525
East bypass	102.197	65.240	0	12.281	179.718	0	-220	0	0	-220	102.197	65.020	0	12.281	179.499
North bypass	100.444	83.135	-56.423	0	127.156	0	-352	0	0	-352	100.444	82.783	-56.423	0	126.804
Upgrading of plants and services on the entire netw	1.708	23.894	0	0	25.602	0	0	0	0	0	1.708	23.894	0	0	25.602
Unallocated financial expenses	0	0	0	238.757	238.757	0	0	0	0	0	0	0	0	238.757	238.757
Revaluations and other	0	119.649	-123	0	119.526	0	0	0	0	0	0	119.649	-123	0	119.526
TOTAL	477.971	394.158	-61.091	260.053	1.071.091	0	-572	0	0	-572	477.971	393.586	-61.091	260.053	1.070.519
INVESTMENTS AGREEMENT 7/12/99															
Completion of Works - Law 205	6.573	17.073	0	0	23.646	0	0	0	0	0	6.573	17.073	0	0	23.646
Gropello tollbooth link - South bypass	0	516	0	0	516	0	0	0	0	0	0	516	0	0	516
Third lane from Po bridge to the A21	100.608	17.809	0	4.735	123.152	0	0	0	0	0	100.608	17.809	0	4.735	123.152
Beregardo PV link	16.326	4.468	0	1.195	21.989	10	16	0	0	26	16.336	4.484	0	1.195	22.015
Binasco tollbooth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renovation of Traffic Police Barracks	2.153	365	0	59	2.577	0	0	0	0	0	2.153	365	0	59	2.577
Change on last exit on A1 to MI	5.430	1.839	0	879	8.149	0	0	0	0	0	5.430	1.839	0	879	8.149
Changes on the new junction Rozzano SS35	4.066	418	-4.506	264	242	0	0	0	0	0	4.066	418	-4.506	264	242
Forlani junction redevelopment	20.701	1.434	0	484	22.620	0	0	0	0	0	20.701	1.434	0	484	22.620
Lambrate junction and completion of IC Segrate ro	54.191	17.117	-52.313	4.390	23.384	-182	91	-5.443	0	-5.535	54.008	17.208	-57.756	4.390	17.849
Landfill on SS36 ANAS Milan District	0	5.793	0	443	6.237	0	0	0	0	0	0	5.793	0	443	6.237
Wastewater disposal / "Variante di Lentate"	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Telematic network	16.774	3.549	0	1.487	21.810	0	0	0	0	0	16.774	3.549	0	1.487	21.810
Lighting installations	1.693	563	0	90	2.346	0	0	0	0	0	1.693	563	0	90	2.346
Noise barriers on the entire network	12.998	5.542	-431	274	18.383	0	0	0	0	0	12.998	5.542	-431	274	18.383
Upgrading of Plants and Services on the entire netw	0	8.359	0	0	8.359	0	0	0	0	0	0	8.359	0	0	8.359
TOTAL	241.512	84.846	-57.250	14.301	283.409	-173	107	-5.443	0	-5.509	241.340	84.953	-62.693	14.301	277.901
INVESTMENTS ADDITIONAL AGREEMENT 11/06/2003															
Polo Fieristico - First phase	5.294	1.962	0	0	7.256	0	0	0	0	0	5.294	1.962	0	0	7.256
Polo Fieristico - Second phase	70.534	13.898	-33.753	2.379	53.058	0	0	0	0	0	70.534	13.898	-33.753	2.379	53.058
TOTAL	75.827	15.861	-33.753	2.379	60.314	0	0	0	0	0	75.827	15.861	-33.753	2.379	60.314
INVESTMENTS AGREEMENT 7/11/07															
Po river bridge defence interventions	3.891	956	0	340	5.188	0	0	0	0	0	3.891	956	0	340	5.188
Environmental and landscape interventions	5.585	4.595	0	522	10.702	0	29	0	0	29	5.585	4.623	0	522	10.730
Interventions for sector quality standards	86.099	21.322	0	7.462	114.883	4.196	1.144		228	5.568	90.295	22.466		7.690	120.452
Construction of parking areas for heavy vehicles	0	871	0	17	887	0	0	0	0	0	0	871	0	17	887
Improvement of the Cascina Gobba junction road	0	1.520	0	39	1.559	0	0	0	0	0	0	1.520	0	39	1.559
Contributions to Public Bodies	0	1.860	0	241	2.101	0	0	0	0	0	0	1.860	0	241	2.101
Redevelopment of SP46 (Rho-Monza):	92.305	58.019	-20.000	8.997	139.321	3.441	668	0	208	4.318	95.747	58.688	-20.000	9.205	143.639
TOTAL	187.881	89.143	-20.000	17.617	274.641	7.637	1.841	0	436	9.915	195.518	90.984	-20.000	18.053	284.556
INVESTMENTS ADDITIONAL AGREEMENT 15/6/16															
Completion of IC Segrate road network	18.478	5.124	-1.272	750	23.080	21.212	2.401	-2.031	1.184	22.767	39.690	7.525	-3.303	1.934	45.846
New Binasco tollbooth in A7 and access roads	0	306	0	0	306	0	0	0	0	0	0	306	0	0	306
New designs	0	635	0	0	635	0	0	0	0	0	0	635	0	0	635
TOTAL	18.478	6.065	-1.272	750	24.021	21.212	2.401	-2.031	1.184	22.767	39.690	8.467	-3.303	1.934	46.788
TOT. MOTORWAY INFRASTRUCTURE INVESTMENTS															
	1.001.670	590.073	-173.366	295.100	1.713.477	28.677	3.777	-7.474	1.620	26.601	1.030.347	593.851	-180.840	296.720	1.740.077

Report of the Independent auditors

Independent Auditor's Report pursuant to article 14 of Legislative Decree No. 39 of January 27, 2010

(Translation from the original Italian text)

To the Shareholders of
Milano Serravalle - Milano Tangenziali S.p.A.

Ria Grant Thornton S.p.A.
Via Melchiorre Gioia, 8
20124 Milano

T +39 02 3314809
F +39 02 33104195

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Milano Serravalle - Milano Tangenziali S.p.A., which comprise the balance sheet as at December 31, 2019, the income statement and cash flows statement for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the statement of financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing the accounting policies.

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 Milano Serravalle - Milano Tangenziali S.p.A. in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other aspects

The Company, as required by law, has included the essential data of the latter in the supplementary note financial statements of the company that exercises direction and coordination over it. The opinion on the financial statements of the Milano Serravalle - Milano Tangenziali S.p.A. does not extend to such data.

Responsibilities of the Directors and the Statutory Auditors 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 the Italian regulations governing the accounting policies and, within the terms established by law, for such internal control as the Directors 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 in preparing the financial statements, for the appropriate application of the going concern basis of accounting and for disclosing matters related to going concern. In preparing the financial statements. The

Directors use the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the parent company Milano Serravalle - Milano Tangenziali S.p.A. or the termination of the business or have no realistic alternatives to such choices.

The statutory auditors are responsible for overseeing, within the terms established by law, 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users or the aggregate, they could reasonably be expected to influence the economic decision 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 exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of management's 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 consolidated financial statements or, if such disclosures are inadequate, to modify 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;
- evaluate 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 achieved fair presentation.

We communicate 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.

Report on other legal and regulatory requirements

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10

The Directors of Milano Serravalle - Milano Tangenziali S.p.A. are responsible for the preparation of the report on operations of Milano Serravalle - Milano Tangenziali S.p.A. as at December 31, 2019, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Milano Serravalle - Milano Tangenziali S.p.A. as at December 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion the report on operations is consistent with the financial statements of Milano Serravalle - Milano Tangenziali S.p.A. as of December 31, 2019 and is prepared in accordance with the law.

With reference to the statement referred to art. 14, paragraph 2 (e), of the Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Company and of the related context acquired during the audit, we have nothing to report.

Milan, June 12, 2020

Ria Grant Thornton
S.p.A.

Signed by:
Michele Milano Partner

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