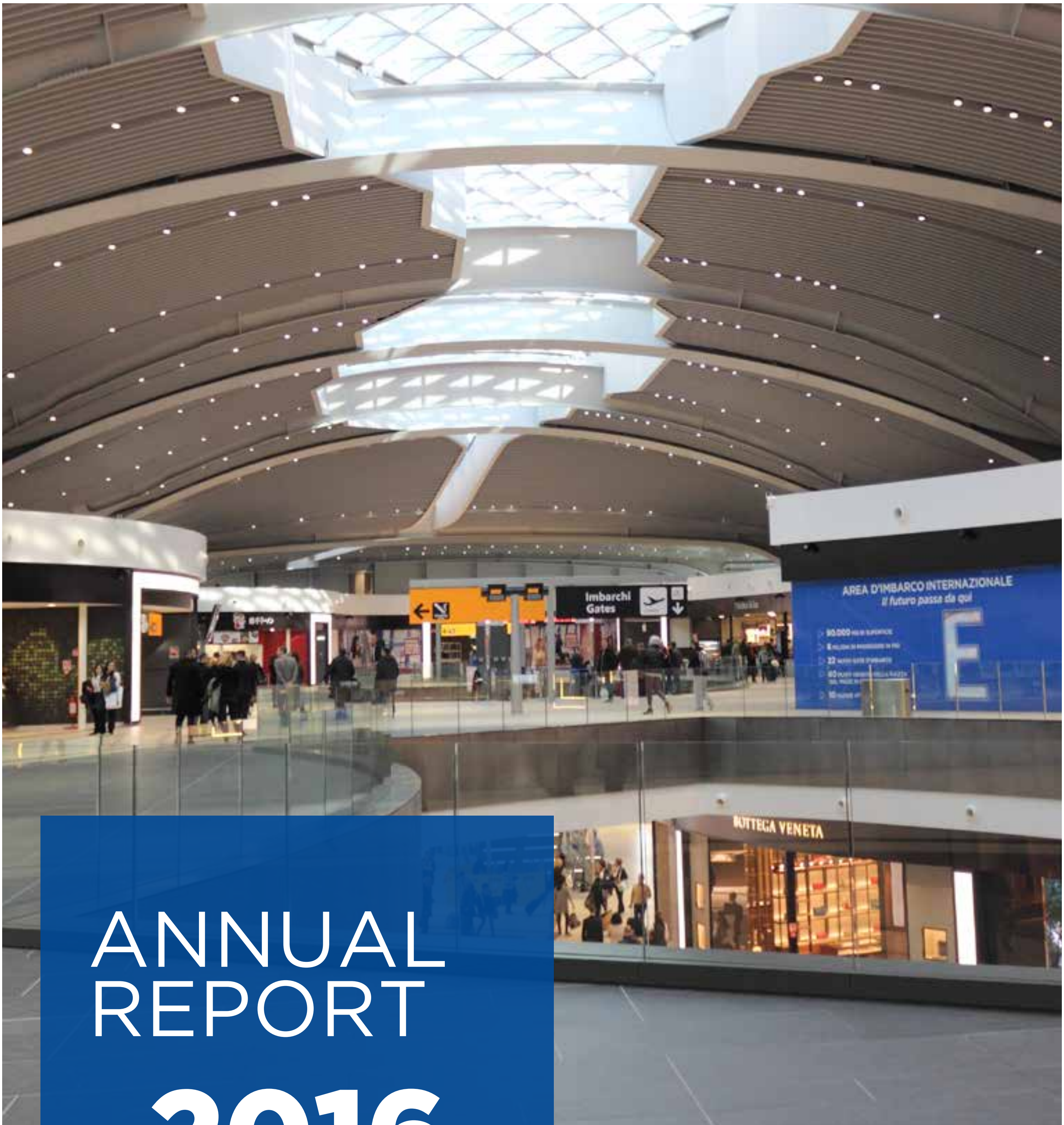
Aeroporti di Roma



ANNUAL REPORT 2016

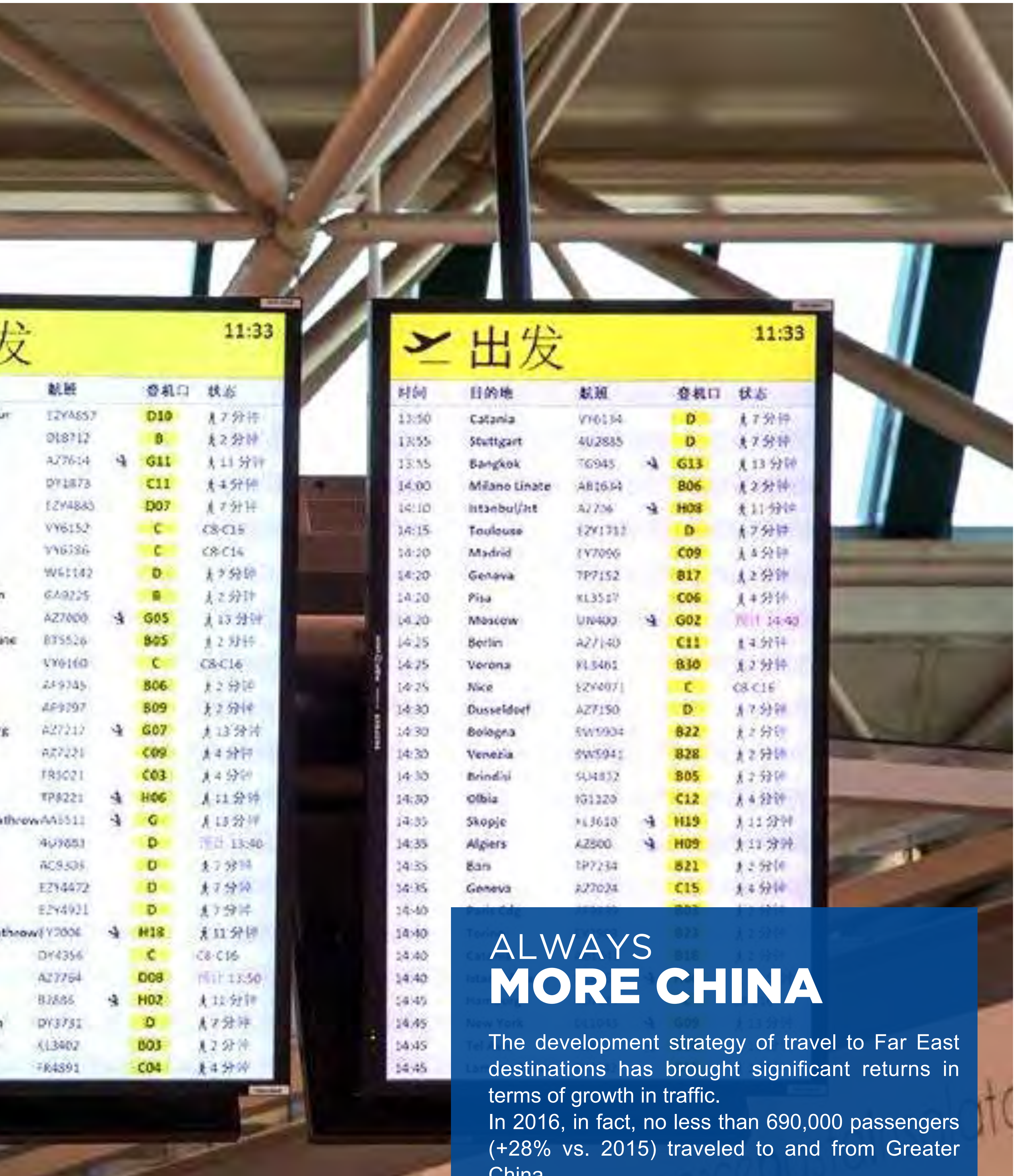
Aeroporti di Roma

ANNUAL REPORT 2016

DECEMBER 21, 2016:
TAKE-OFF FOR THE NEW BOARDING AREA E

The new **Boarding Area E** has been inaugurated, an infrastructure that can handle over 6 million extra passengers per year. Thanks to the 22 new gates, the airport's boarding capacity to non-Schengen destinations has practically doubled, using the airport grounds to maximum efficiency without taking up additional land.


出发
11:33
10:30 Madrid D03
10:50 Washington G06
11:00 Malta D06
11:15 Chicago G10
11:45 Abu Dhabi G12
11:45 Tokyo G13
11:50 Helsinki C13
11:50 Palermo C03
11:50 Munich C16
11:55 Madrid D02
11:55 Philadelphia G09
12:00 Milano Linate B08
12:00 Dublin H09
12:00 Valencia D09
12:05 Porto C12
12:10 S.Petersburg G02
12:10 Riga C14
12:15 Atlanta G08
12:15 Vienna C
12:15 Amsterdam D01
12:20 Tunis H02
12:30 Catania C05
12:30 Athens D05
12:35 Berlin D
12:35 Stockholm D04
12:35 Berlin D
12:40 Barcelona C02
12:40 Budapest C10
12:45 Cairo H07
12:45 Hong Kong G04



ALWAYS
MORE CHINA

The development strategy of travel to Far East destinations has brought significant returns in terms of growth in traffic.

In 2016, in fact, no less than 690,000 passengers (+28% vs. 2015) traveled to and from Greater China.

Fiumicino is one of the first airports in the world to be accredited as a “Welcome Chinese Airport”, an award recently raised to Gold standard, released by the China Tourism Academy, for services targeting passengers from China.


Aeroporti
di Roma
ADR

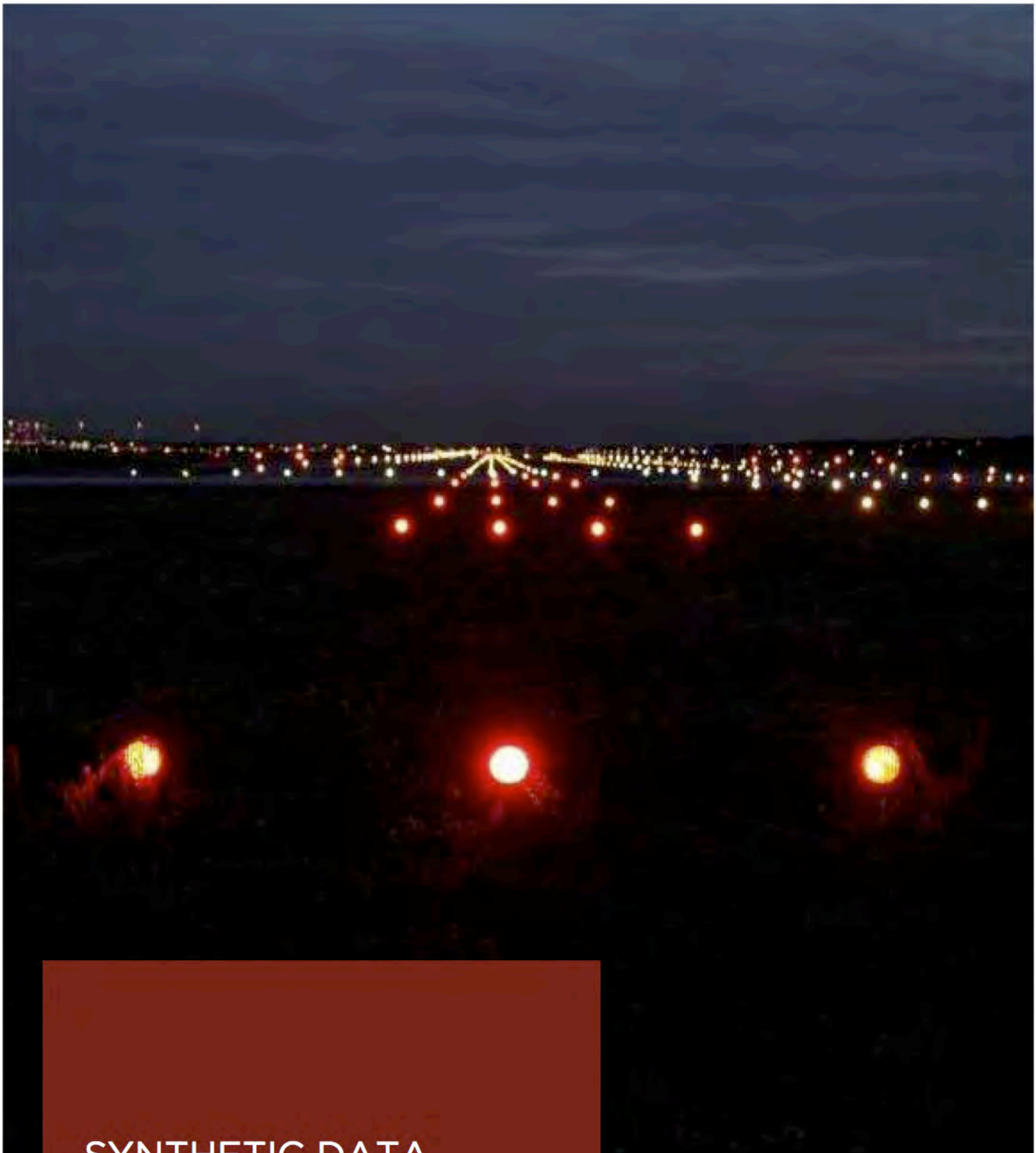
THE FUTURE:
PLANNING FOR SUSTAINABLE GROWTH

According to certified KPMG data, the capital's airport is confirmed as an outright best practice at European level in the various sectors fundamental in environmental terms, such as separate waste collection, water savings and re-use, energy production and reduced land occupation.

LEONARDO DA VINCI AIRPORT

TOP EUROPEAN HUB FOR SERVICE QUALITY

According to ACI figures, in the third quarter of 2016 Leonardo da Vinci Airport was ranked number 1 of all the major EU airports in terms of passenger satisfaction.
This is the best performance ever recorded in the airport's history.



SYNTHETIC DATA **AND GENERAL INFORMATION**

MESSAGE TO THE SHAREHOLDERS

The ADR Group achieved satisfactory results in a year as difficult as 2016, a year in which numerous events gave rise to strong uncertainty, such as serious terrorist attacks and the UK's exit from the European Union ("Brexit"), with a negative impact on financial market stability and on the international economy as a whole.

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

2016 confirmed the constant growth trend for traffic recorded in recent years, with over 47 million passengers traveling through Rome's airports (the best performance ever) up 1.8% on the previous year. Fiumicino airport recorded a 3.2% increase in volume, whilst Ciampino traffic volumes fell by -7.5%, in relation to a number of flights that had been transferred from Fiumicino in the period May-July 2015 due to temporary capacity restrictions following the fire in T3.

The growth in traffic was driven by the international segment and, in particular, flights to and from Non-EU destinations which, compared to 2015, saw a 3.6% increase in the number of passengers carried. This confirms the Group's strategy targeting constant development and an increase in new routes to the main global destinations. Once again this year, Fiumicino was one of the European airports with the most direct flights to and from China.

The ADR Group's development also relates to the acquisition of new key assets as part of the Atlantia Group growth strategies in the international airports sector. Note in this respect the acquisition in November 2016, in a consortium with the parent company Atlantia (with a majority shareholding) and EDF Invest, of the equity investment in Azzurra Aeroporti, a company with indirect control of the Nice, Cannes and Saint Tropez airports.

As regards Rome's airports, the modernization and development works continued at full pace, completely on schedule with the Infrastructural Plan. In 2016 the Group made over 440 million euros' worth of investments, around a third more than in 2015.

In this respect, December 21 saw the inauguration of the new Departure Area E, a significant milestone in ADR's history. The completed works, 130,000 square meters (around 60%) of which open to the public, will play a role of fundamental importance as much to increasing the capacity of Fiumicino airport as to enhancing commercial performance through the opening of the Front Building which, with over 53,000 square meters dedicated to end user comfort and retail activities, will allow a further increase in the customer experience of passengers. On that same date the new facade of Terminal 3 was inaugurated, completing the works to restore the facade to its original 1960s architecture.

Again with a view to increasing quality standards in terms of passenger comfort and to boost the efficiency of pre- and post-flight operations, new baggage handling systems were released to Terminal 1 and Terminal 3 at Fiumicino, new offices were made available to the State Police and new automatic readers for passport control were introduced.

The focus on service quality remains at the heart of the Group's strategy. In this respect both the quality perceived by passengers and that provided were higher than the 2015 figure. In the third quarter of 2016, Fiumicino airport was the best liked by passengers among the main hubs in the European Union[1].

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

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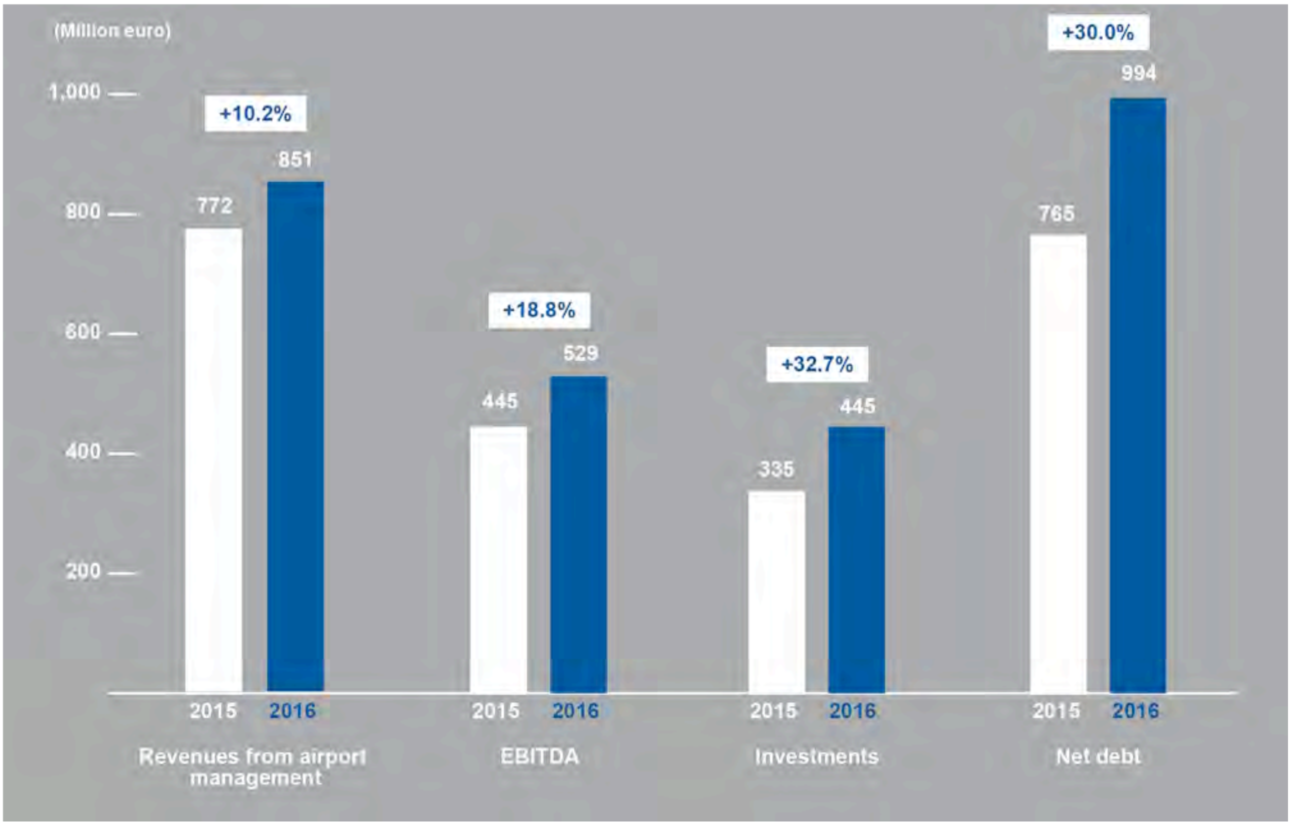
[1] Source: *Airport Service Quality - Airports Council International*

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

The Chairman **The Managing Director**

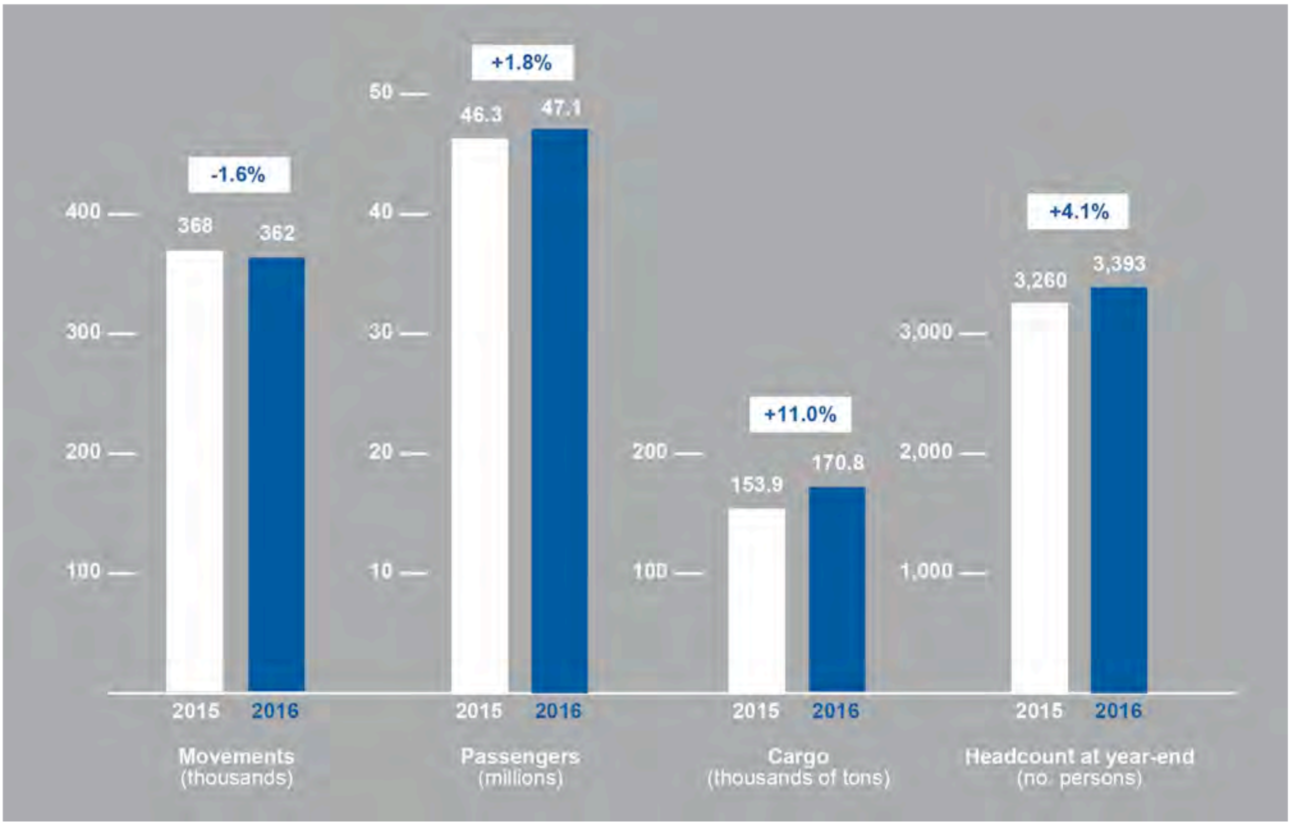
MAIN ECONOMIC AND FINANCIAL HIGHLIGHTS OF THE GROUP



	2016	2015
CONSOLIDATED ECONOMIC-FINANCIAL RESULTS (€/000)		
Revenues from airport management	850,608	772,032
Gross operating income (EBITDA)	528,986	445,405
EBITDA %	62.2%	57.7%
Operating income (EBIT)	393,368	268,118
EBIT %	46.2%	34.7%
Net income (loss)	219,727	136,575
Group share of income (loss)	219,727	136,575
Investments	444,875	335,330
	12.31.2016	**12.31.2015**
Net invested capital	2,100,874	1,855,467
Shareholders' Equity (including minority interests)	1,106,402	1,090,681
Group Shareholders' Equity	1,106,402	1,090,681
Net debt	994,472	764,786
Net debt/Shareholders' equity	0.9	0.7
CONSOLIDATED ECONOMIC-FINANCIAL RESULTS (€/000)	**2016**	**2015**
Net debt/EBITDA	1.9	1.7
R.O.I. (Operating income/Net invested capital)	18.7%	14.5%
RATING	**12.31.2016**	**12.31.2015**
Standard & Poor’s	BBB+	BBB+
Moody’s	Baa1	Baa2/Baa1 *
Fitch Rating	BBB+	BBB+

* on Romulus “secured” issue.

OPERATING HIGHLIGHTS OF THE GROUP



	2016	2015
TRAFFIC VOLUMES		
Movements (no./000)	362	368
Total passengers (no./000)	47,140	46,297
Total cargo (tons)	170,780	153,883
GROUP HUMAN RESOURCES		
Average headcount (no. of individuals)	3,039	2,808
Headcount at year-end (no. of individuals)	3,393	3,260
Average hours of training per employee	26	16
Number of accidents (no.)	298	561
Accident severity index	3.9%	6.1%
SERVICE QUALITY - FIUMICINO (%)		
Waiting time for baggage security checks*	97.5	94.8
Waiting time for last baggage claim - domestic*	93.1	89.1
Waiting time at domestic check-in desk*	94.3	95.9
ENVIRONMENT		
Electricity consumption (kWh)	161,284,639	163,320,314
Water withdrawal (m^3)	1,915,000	2,047,000
Waste produced (tons)	11,830	10,877

* within time limits set by the Service Charter.

CORPORATE BODIES

Board of Directors
(in office until the Meeting to approve the Financial Statements 2016)

CHAIRMAN
Monica Mondardini

MANAGING DIRECTOR
Ugo de Carolis

DIRECTORS
Giuseppe Angiolini
Luigi Barone
Carlo Bertazzo
Giovanni Castellucci
Michelangelo Damasco
Giancarlo Guenzi
Gennarino Tozzi

SECRETARY
Guglielmo Bove

Board of Statutory Auditors
(in office until the Meeting to approve the Financial Statements 2018)

CHAIRMAN
Giampiero Riccardi

STATUTORY AUDITORS
Alessandro Bonura
Mauro Romano
Mario Tonucci
Pier Vittorio Vietti

ALTERNATE AUDITORS
Fabio Margara
Massimiliano Troiani

General manager

Gian Luca Littarru

Independent auditor
(years 2013-2021)

EY S.p.A.

THE GROUP’S STRUCTURE

(as of December 31, 2016)

Local authorities

- Latium Regional Board	1.3%
- Municipality of Rome	1.3%
- Metropolitan city of Rome	0.3%
- Municipality of Fiumicino	0.1%
Others	0.3%

Atlantia

96.7%

V V

Aeroporti di Roma (*)

Subsidiaries undertakings

ADR Tel SpA
99%

1%

ADR Sviluppo Srl
100%

ADR Assistance Srl
100%

ADR Security Srl
100%

ADR Mobility Srl
100%

Airport Cleaning Srl
100%

Investments in other companies

Pavimental SpA
20%

Spea Engineering SpA
20%

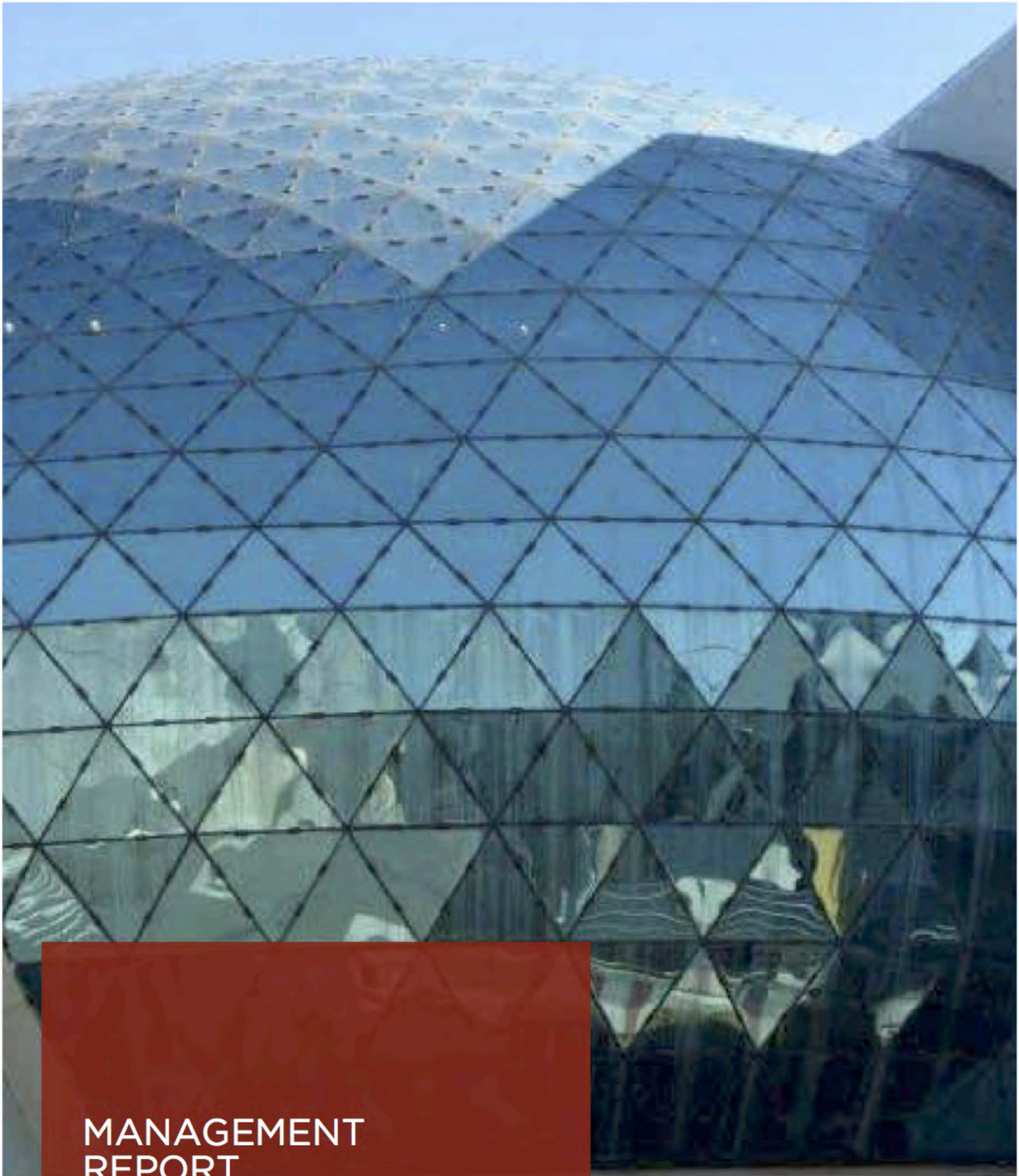
S.A.CAL. SpA
16.57%

Aeroporto di Genova SpA
15%

Leonardo Energia Scarl
10%

Azzurra Aeroporti Srl
10%

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



MANAGEMENT REPORT **ON OPERATIONS**

MANAGEMENT REPORT ON OPERATIONS

CORE
BUSINESS

Reference scenario

Airport sector performance

Aeronautical

Global economy growth alongside the drop in oil prices once again in 2016 aided an important increase in air traffic. Traffic at airports worldwide recorded movements for about 6.2 billion passengers and 92.5 million tons of transported cargo, rising by 5.5% and 3.5% respectively, compared to 2015[2].

The growth in traffic worldwide derives from the combined effect of development of the international segment (+6.5%) and domestic segment (+4.9%): an overall positive performance was seen in all geographic areas (especially Asia South Pacific, +9.0%), with Africa (-1.9%) as the only exception.

At European level, 2016 marked a significant growth in passenger traffic (+5.0% compared to 2015), to which both market segments (international +5.2% and domestic +5.3%) contributed in essentially equal terms.

In Italy, a consistent development in transported volumes was seen in 2016[3]: passenger traffic increased by +4.6%, with international traffic up +6.2%, whilst the rise in domestic traffic was slower (+2.2%). Cargo traffic volumes also grew by +5.9%.

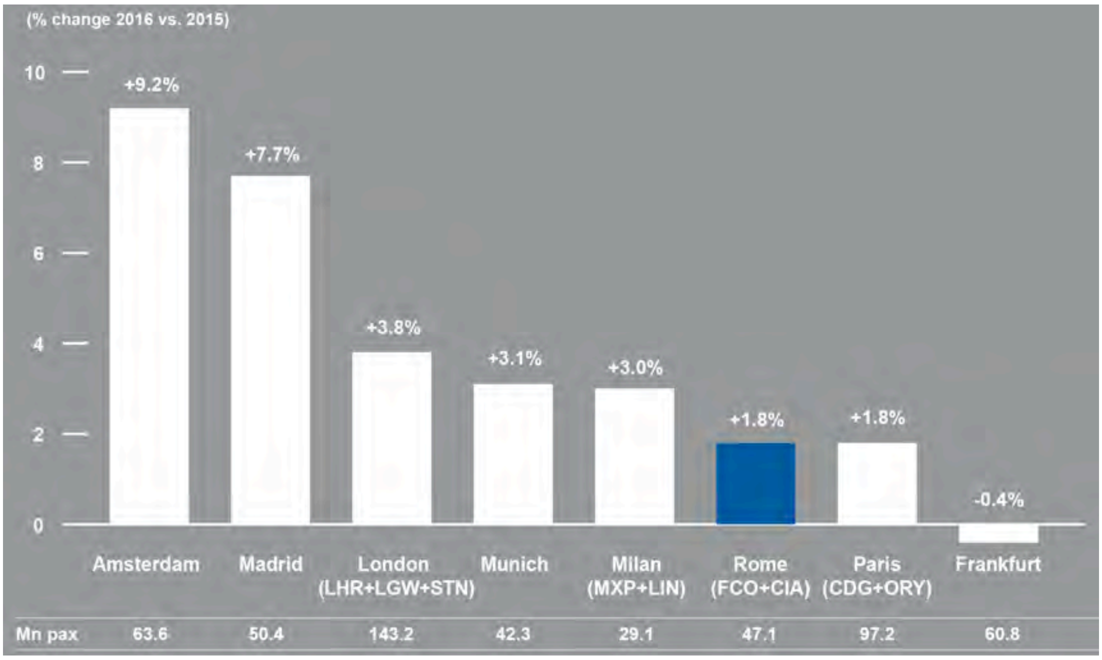
GRAPH 1. Percentage change in passenger traffic vs 2015: World, Europe and Italy

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
World	6.9%	9.2%	5.7%	3.4%	4.6%	4.5%	5.4%	3.6%	6.3%	5.1%	5.6%	7.3%
Europe	5.8%	10.1%	7.0%	2.4%	3.6%	2.1%	3.9%	1.9%	4.9%	5.8%	7.5%	11.3%
Italy	4.3%	9.8%	5.9%	0.2%	4.4%	3.3%	5.3%	3.2%	3.5%	3.0%	5.9%	10.3%

[2] Source: ACI Pax/Freight Flash Report (2016).
[3] Source: Assaeroporti (2016).

The Roman airport system is the sixth in Europe in terms of passenger traffic volumes. In 2016 the main European airport operators recorded results ranging between -0.4% for Frankfurt and +9.2% for Amsterdam; the graph below shows overall traffic volumes and the related percentage differences compared to the previous year.

GRAPH 2. Results of the main airport systems in Europe



Source: ACI Pax Flash (2016)

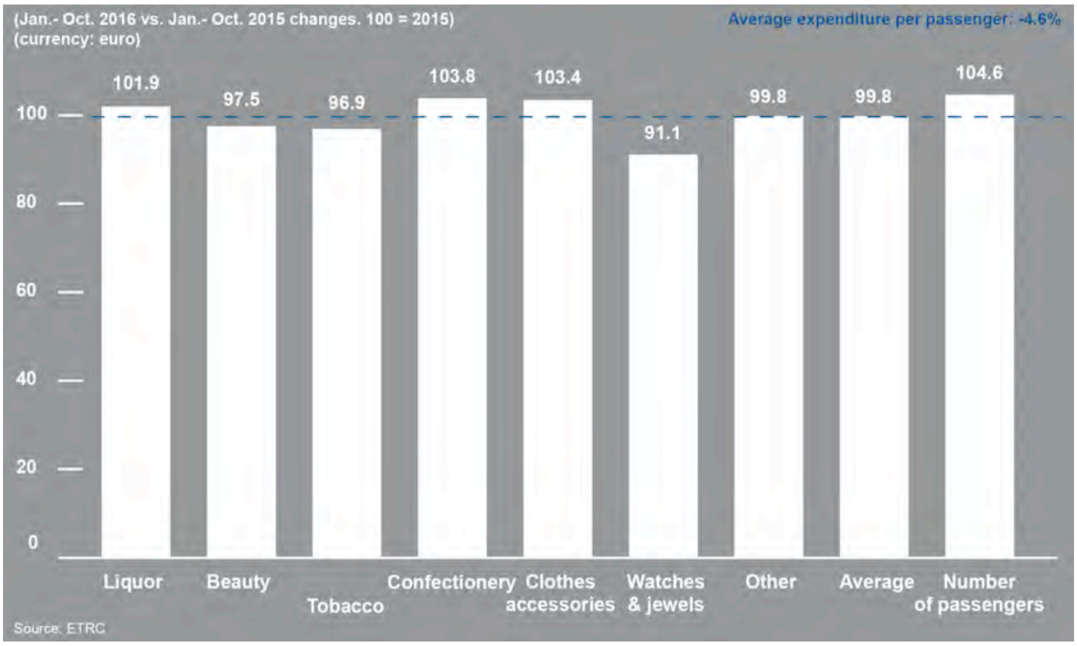
Non-aeronautical

The Travel Retail market recorded an overall negative trend at both national and international level. In Europe, this segment recorded a decline in passenger expenditure of 4.6%, despite the higher number of passengers.

The results in Europe were affected by the currency component which, especially in the first part of the year, were unfavorable to the category of high-spending capacity passengers (e.g. Russia). In addition, the results are compared against those of 2015 which were particularly positive for Travel Retail.

As shown in Graph 3, the categories with the greatest growth rate were: Candy, Clothing and Accessories (including the “Luxury” segment) and Liquor. Declines were recorded by Watches and Jewelry, Beauty Products and Tobacco.

GRAPH 3. Travel Retail, Percentage change in expenditure volumes by category compared to 2015[4]



[4] ETRC (European Travel Retail Confederation) Sales Index – Data relating to the period January-October 2016.

The Roman Airport System

Aeronautical

During 2016, more than 47.1 million passengers used the Roman airport system, up 1.8% on the previous year. In terms of capacity, a decrease was recorded in movements (-1.6%), while aircraft tonnage (+1.4%) and seats available (+0.7%) saw a slight increase. The more than proportional increase in passengers compared to capacity offered resulted in an improved average load rate (78.2%), which grew by around 1 percentage point.

TABLE 1. Main traffic data of the Roman airport system

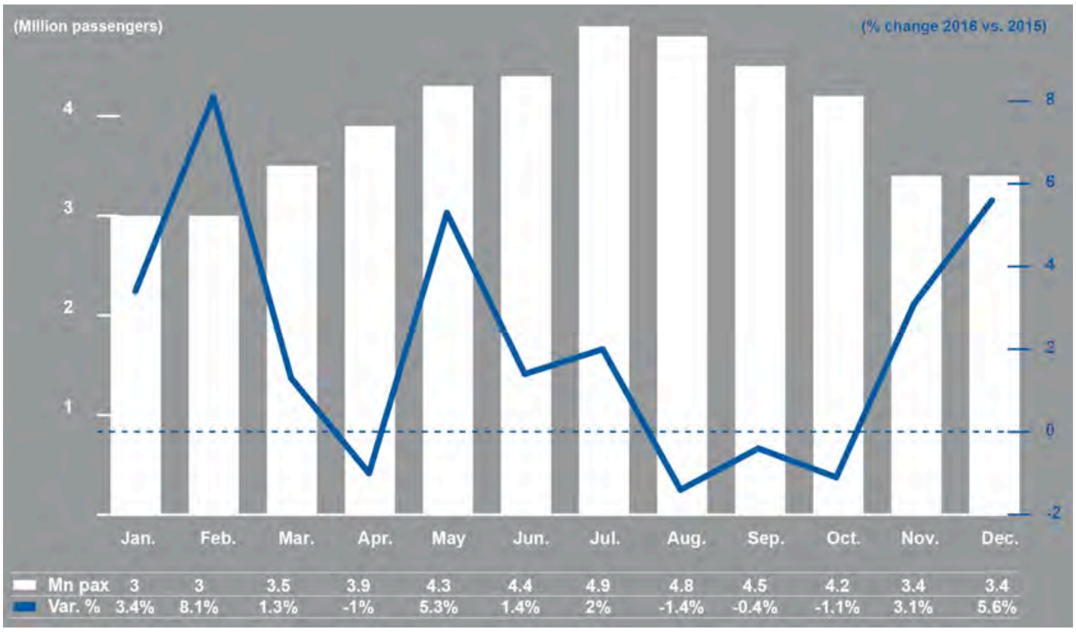
	2016	2015	Δ%
Movements (No.)	**362,419**	**368,370**	**(1.6%)**
Fiumicino	314,167	315,217	(0.3%)
Ciampino	48,252	53,153	(9.2%)
Passengers (No.)	**47,140,468**	**46,297,409**	**1.8%**
Fiumicino	41,744,769	40,463,208	3.2%
Ciampino	5,395,699	5,834,201	(7.5%)
of which: boarded	23,503,956	23,080,357	1.8%
Fiumicino	20,798,925	20,160,195	3.2%
Ciampino	2,705,031	2,920,162	**(7.4%)**
Cargo (t.)	**170,780**	**153,883**	**11.0%**
Fiumicino	155,013	138,235	12.1%
Ciampino	15,767	15,648	0.8%
Carriers (no.)[5]			
Fiumicino	91	93	(2.2%)
Ciampino	2	2	0.0%
Destinations (no.)[5]			
Fiumicino	206	213	(3.3%)
Ciampino	56	66	(15.2%)

The network was gradually and progressively expanded during 2016, in terms of both new connections and increased offer on the destinations already served, allowing a rise in traffic volumes.

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

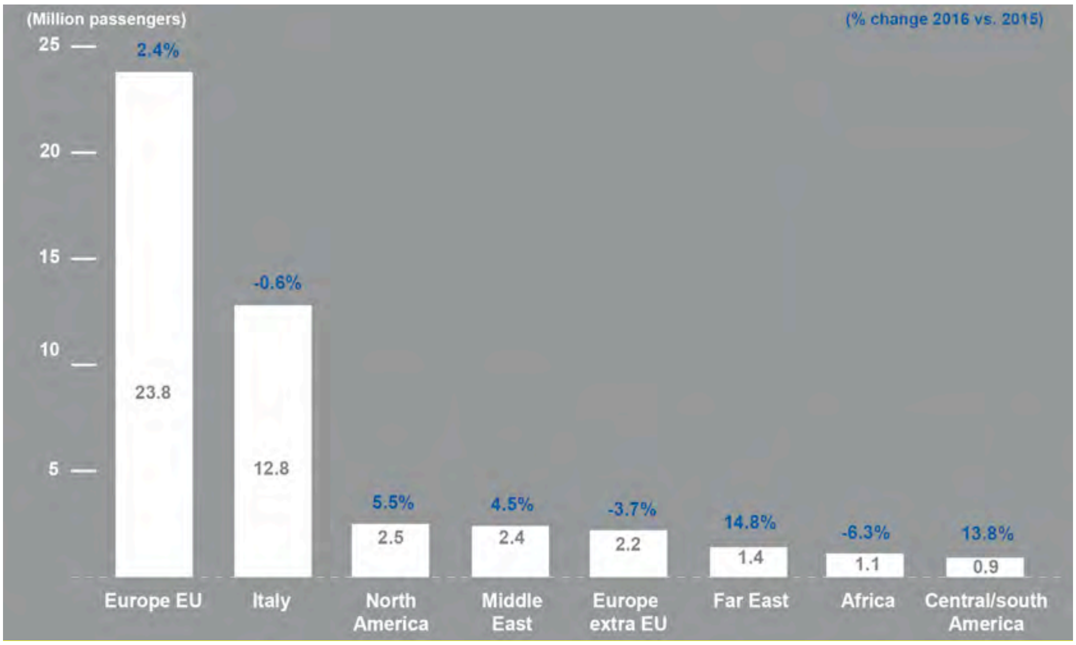
[5] Determined on the basis of commercial passenger traffic which took at least one single/return flight a week during the year (or 104 movements a year).

GRAPH 1. Monthly trend in passenger traffic in the Roman airport system compared to 2015



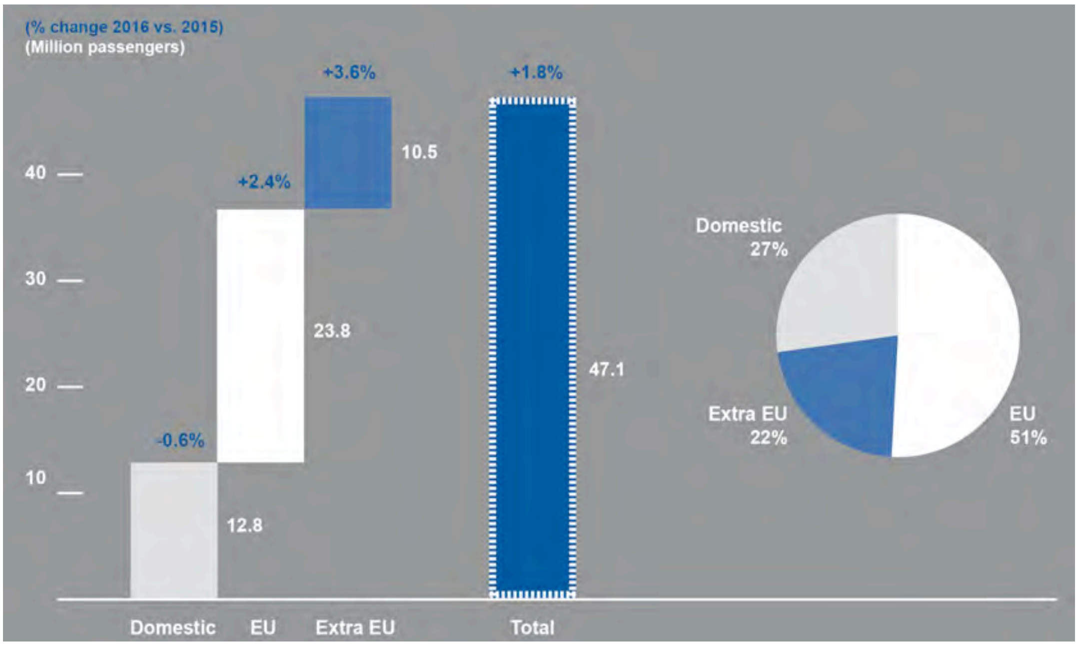
In terms of distribution of passengers by geographic area, mention should be made of the growth in the Far East (+14.8%), Central/South America (+13.8%), North America (+5.5%), the Middle East (+4.5%) and EU Europe (+2.4%). Domestic traffic remained essentially stable (-0.6%), against the decreases recorded in Africa (-6.3%) and Non-EU Europe (-3.7%).

GRAPH 2. Passenger traffic distribution of the Roman airport system by Geographic Area



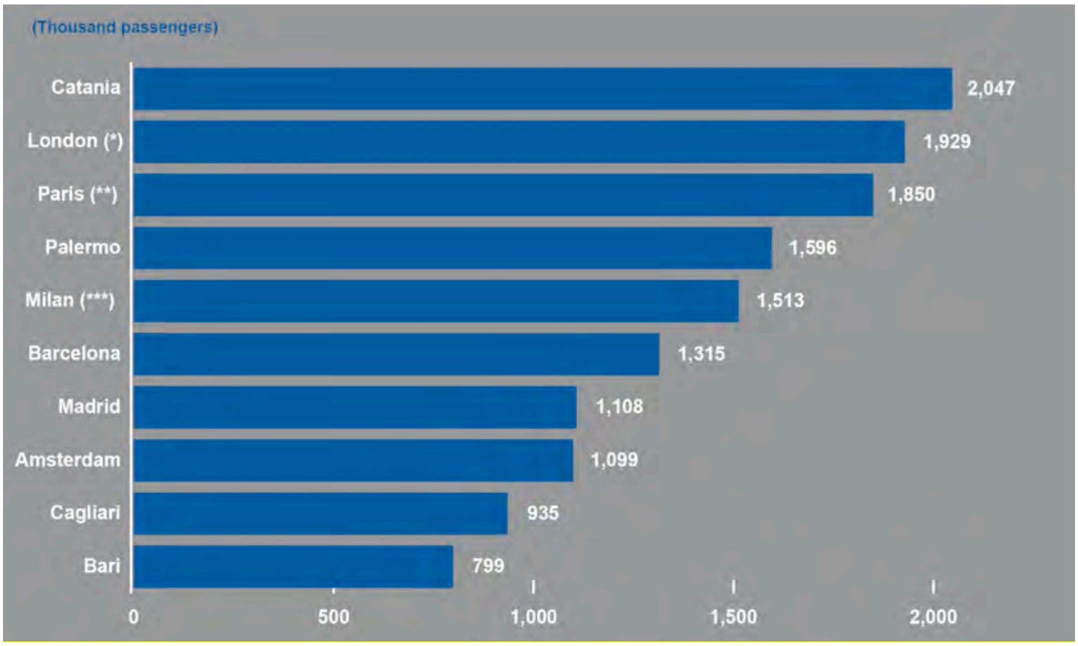
A more synthetic breakdown by sector shows how the Asian segment represents the main growth driver for the Roman airport system (+8.1%), sustained by the improvement also seen in the America segment (+7.6%).

GRAPH 3. 2016 traffic composition for the Roman airport system



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

GRAPH 4. Main destinations served

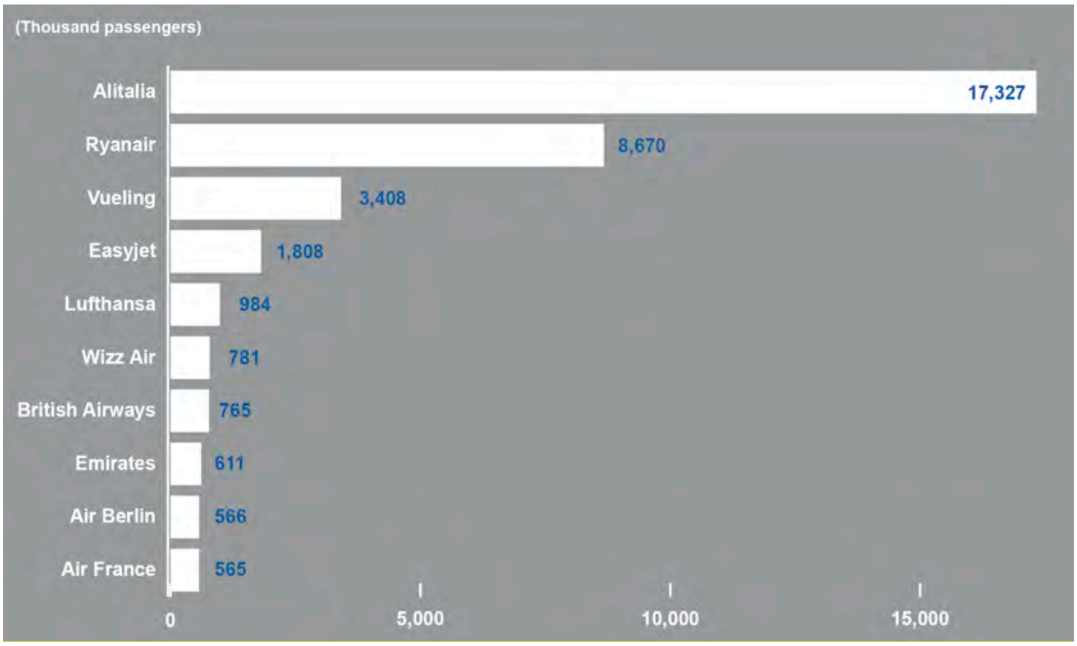


(*) London: Heathrow, Gatwick, Stansted, Luton, London City

(**) Paris: Charles de Gaulle, Orly, Le Bourget

(***) Milan: Linate, Malpensa

GRAPH 5. Main carriers



Fiumicino

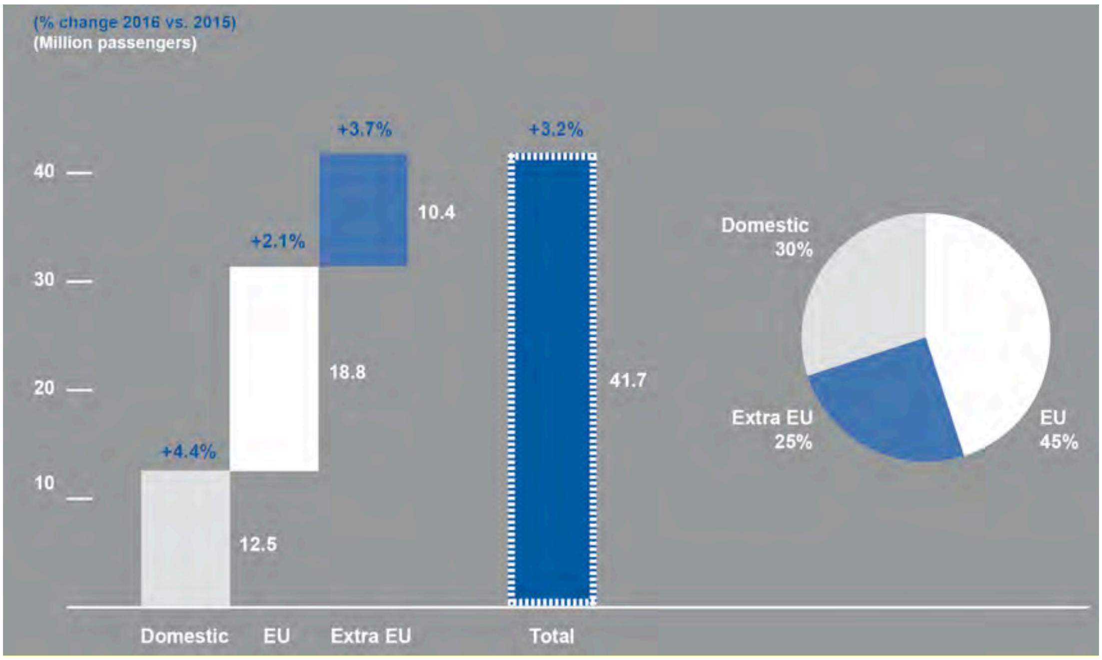
Fiumicino airport, which permanently connected Rome with more than 200 destinations, welcomed about 41.7 million passengers (around 1.3 million more than in 2015, equal to +3.2%).

An analysis of the individual geographic areas reveals how the enhanced volumes are the combined effect of the improved domestic and international market, except the strongly declining African market.

International flows rose by +2.7%, with a growth of about 760 million additional passengers, for a total of about 29.2 million passengers. This increase is mainly due to traffic with EU destinations (over 18.8 million passengers, +2.1%), with good performances also seen in the non-EU market (around 10.4 million, +3.7%). The domestic segment consolidated its growth again in 2016, with over 12.5 million passengers transported recorded a +4.4% increase (+523 thousand passengers vs. 2015), largely the result of the good performance recorded by Alitalia, mainly developing traffic volumes to Southern Italy and the Islands.

The average load factor stands at 77.2%, up by around 1 percentage point on the previous year.

GRAPH 6. 2016 traffic composition at Fiumicino airport



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

- Europe (+1.5%): overall traffic from/to Europe (EU and non-EU) accounted for 50.3% of passenger traffic at Fiumicino. EU Europe destinations, that contributed most to the overall performance, recorded a passenger growth of +2.1%. A more detailed analysis of the data by country shows the good performance of the connections with Spain (+228 thousand passengers), London (+70 thousand passengers) and Zurich (+11.4%, +46 thousand passengers). Non-EU traffic declined (-3.4%), however, especially Istanbul as a result of the terrorist attacks (-10%), Tirana and Moscow (-4.8% and - 2.2%, respectively);
- Middle East (+4.5%): the positive results are attributable to the developing traffic with countries on the Arabian Peninsula, which recorded a considerable increase especially for Alitalia (+14.8%, thanks to the increased frequencies for Tel Aviv and Teheran), the introduction of Vueling's Tel Aviv flight and the consolidation of routes started in previous years (Dubai with Emirates, Abu Dhabi with Etihad);
- North America (+5.5%): the increase in traffic is mainly attributed to Delta, after doubling its frequencies for Atlanta in the peak summer months and opening of the seasonal route for Minneapolis, as well as Air Canada's higher capacity for Montreal and Toronto in S16 and the seasonal opening of Air Transat for Vancouver;
- Far East (+14.8%): the growth is attributable to a series of new connections introduced in 2015 to China, which also had a positive impact throughout 2016, to the Alitalia growth (+31.6%, also as a result of the new Alitalia connection to Beijing) and the enhancement of numerous routes (Seoul, Xi'an, Singapore);
- Central South America (+13.8%): the positive results mainly derive from Alitalia's excellent performance (+16.9%), thanks to the Summer 16 start-up of flights for Santiago in Chile and for Mexico City;
- Africa (-6.9%): the performance is conditioned by the intensifying geopolitical issues, which led to a generalized shrinking of traffic flows for North Africa.

The following table summarizes the additional developments (new connections and increases in frequency on routes already served) in 2016.

TABLE 2. New connections and increases in frequency in 2016

SEGMENT	TYPE	CARRIER	DESTINATION
DOMESTIC	Main new flights	Ryanair	Trapani A, Crotone S
EU	Main new flights	Vueling	Geneva A, Zurich A, Copenhagen S, Edinburgh A, Fuerteventura A, Manchester A, Tenerife A, Kalamata S, Tallin S (all from Sum16)
		Ryanair	Malaga A, Alicante A, Corfu S, Chania S, Malta S, Kos S, Lanzarote A
		Alitalia	Larnaca S, Tenerife A
		Blue Panorama	Kefallinia S, Corfu S
		Eurowings	Vienna A
		Norwegian	Malaga A, Tenerife A, Las Palmas S
	The main frequency/capacity increases on existing routes	Alitalia	Prague A, Munich A, Marseilles A, Nice A
		CSA	Prague A
		Monarch	Birmingham A
		Norwegian	Stockholm A; Helsinki A, Copenhagen A
		Ryanair	Barcelona A, Brussels A
		Vueling	Amsterdam A
NON-EU	Main new flights	China Eastern	Wenzhou A
		Alitalia	Santiago A, Mexico City A, Beijing A, Havana A
		Air Transat	Vancouver S
		Delta Airlines	Minneapolis S
		Hainan	Haikou A
		Neos	Tianjin S
		Vueling	Tel Aviv A, Oslo S, Kiev S
	Main frequency/capacity increases on existing routes	Hainan	Xi'an A
		Alitalia	Teheran A, Tel Aviv A, Beirut A
		Aeroflot	Moscow A
		Delta Airlines	Atlanta S
		Norwegian	Oslo A
		Ukraine	Kiev A
		Korean	Seoul A
		Asiana	Seoul A
		Air China	Beijing A
		Air Canada	Montreal S, Toronto S

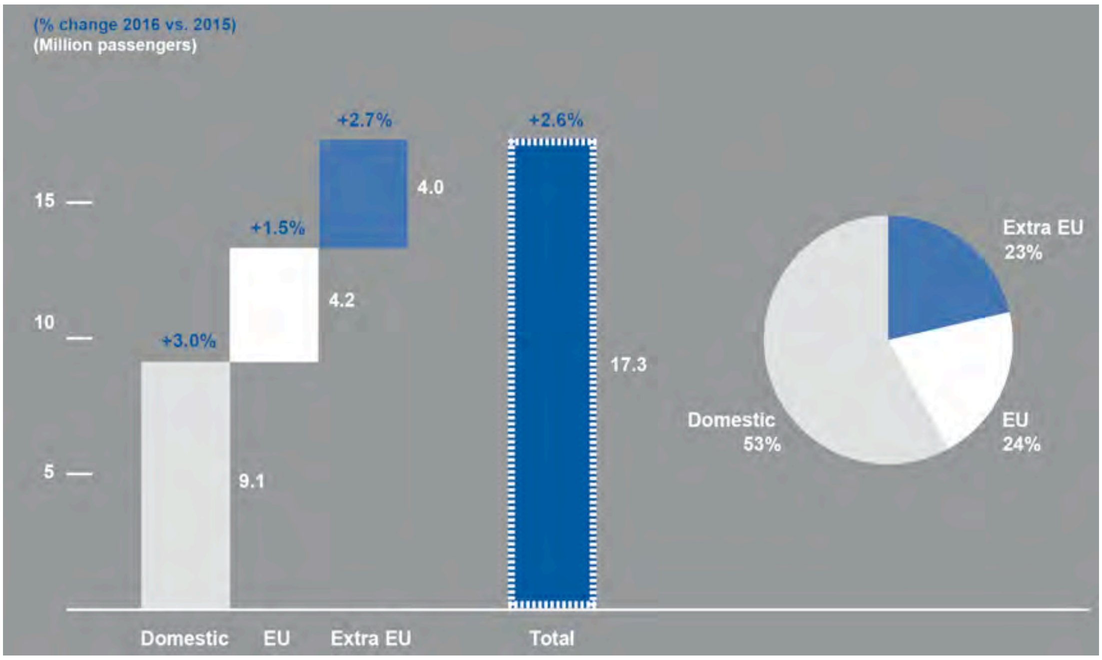
A: Annual

S: Seasonal

Passenger traffic trends at Fiumicino airport are influenced by the performance of the main carrier (Alitalia, with a share of around 42%), whose performance in 2016 experienced an increase in passengers transported equal to +2.6% compared to the previous year, driven by the growth of the domestic market (+3%, around +270 thousand passengers) and, though to a lower extent, the international market (+2.1%).

With reference to the latter, the non-EU segment grew more strongly (+2.7%) than the EU Europe segment (+1.5%).

GRAPH 7. 2016 traffic composition for the carrier Alitalia

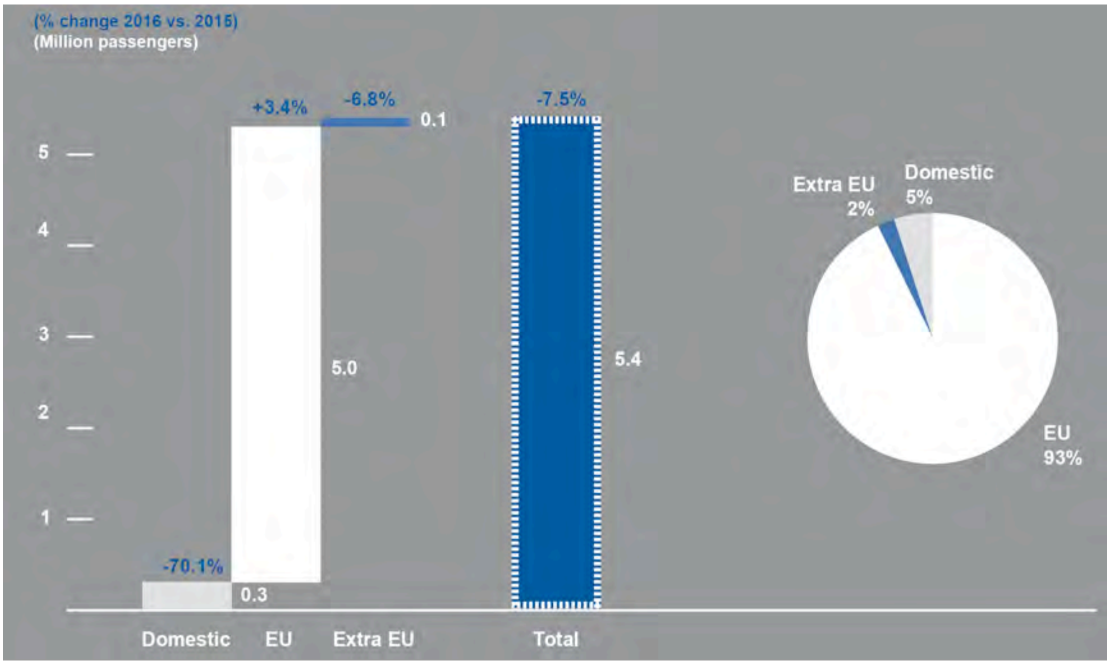


Ciampino

Ciampino airport in 2016 recorded a decline in passengers transported of -7.5%, a decrease in movements (-9.2%) and in seats offered on board the aircraft (-9.9%). The load factor rose (+2.2 percentage points), to reach 86.9%. It is important to mention, however, that part of the negative results can be attributed to the decline in capacity and traffic following the migration of Fiumicino flights transferred to Ciampino during 2015 because of the fire that reduced the operating capacity of Rome's main airport. Then in October 2016 the airport was closed to traffic for two weeks whilst runway resurfacing works were carried out.

In reference to traffic to the main geographic areas, the passengers transported to EU destinations represented 93% of total traffic, recording a +3.4% increase due to the introduction of new Ryanair routes (the airport's main carrier) to Nuremberg, Sofia, Prague and the increased frequencies for Berlin, Manchester, Budapest and Athens. Lastly, the domestic segment saw a decline of -70.1%, essentially due to the transfer back to Fiumicino of the Ryanair flights for Bari, Brindisi and Comiso.

GRAPH 8. 2016 traffic composition for Ciampino airport



Non-aeronautical

Non-aeronautical activities within the Roman airport system generated 25.0% of revenues from airport management deriving from the activities of the Aeroporti di Roma Group (“ADR Group”).

This segment’s performance increased by 4.0% compared to 2015. In particular, growth was recorded in the commercial sub-concessions (+5.0%), due mainly to the gradual reopening of commercial outlets affected by the fire in 2015 and despite the scope restrictions. The Core Categories recorded positive performances (+1.1%), supported by the growth in traffic but negatively affected by the gradual reopening of shops in the Specialist Retail segment. Food & Beverage recorded a 7.9% increase, essentially due to the gradual reopening of activities after the fire in 2015. The Specialist Retail segment benefit most from the reopenings (10.5%), despite a number of outlets affected by the damage remaining permanently closed.

TABLE 1. Main indicators of non-aeronautical activities for Fiumicino

	M.U.	2016	2015	Δ%
Shop average spending	€ / outbound passenger	12.23	12.18	0.4%
Retail area per million passengers	average m^2	534	639	-16.3%
Refreshment average spending	€ / outbound passenger	4.81	4.73	1.4%
Refreshment outlet per million passengers	average m^2	576	603	-4.4%
Passenger car parking average spending	€ / outgoing passenger	1.34	1.42	-5.3%

TABLE 2. Main indicators of non-aeronautical activities for Ciampino

	M.U.	2016	2015	Δ%
Shop average spending	€ / outbound passenger	5.18	4.77	8.8%
Retail area per million passengers	average m^2	310	287	8.0%
Refreshment average spending	€ / outbound passenger	3.19	3.12	2.3%
Refreshment outlet per million passengers	average m^2	264	230	14.9%
Passenger car parking average spending	€ / outgoing passenger	0.77	0.72	7.2%

Consolidated financial review

Consolidated economic performance

Negotiations with insurers began at the end of 2016 for the definition of a settlement agreement on the consequences of the loss which in 2015, as a result of the fire, affected part of Fiumicino's Terminal 3. It is currently hypothesized that an agreement may be reached by the first quarter of 2017.

In addition to reflecting the above, 2016 accounts were still marginally affected, though more significantly in the comparison period, by the permanent loss of commercial outlets under sub-concession that were most badly damaged in 2015 and could not be rebuilt in 2016, as well as recording a residual amount of extra costs which, in the first part of the year, were still associated with extraordinary operating arrangements - to guarantee necessary operating and safety conditions - that began in May 2015 and were finally eliminated at the end of April in the year under review, following the operational start-up of the new transit corridor in Terminal 3.

Passenger traffic recorded a 1.8% growth which had a positive impact on the aeronautical component and on the commercial revenues of the ADR Group.

TABLE 1. Reclassified consolidated income statement

(THOUSANDS OF EUROS)	2016	2015	Change	% Change
Revenues from airport management of which:	850,608	772,032	78,576	10.2%
aeronautical revenues	635,700	*565,312*	*70,388*	*12.5%*
non-aeronautical revenues	214,908	*206,720*	*8,188*	*4.0%*
Revenues from construction services	302,777	155,055	147,722	95.3%
Other operating income	32,773	29,982	2,791	9.3%
Total revenues	**1,186,158**	**957,069**	**229,089**	**23.9%**
External operating costs	(172,609)	(185,905)	13,296	(7.2%)
Costs for construction services	(291,215)	(148,509)	(142,706)	96.1%
Concession fees	(34,711)	(33,599)	(1,112)	3.3%
Payroll costs	(158,637)	(143,651)	(14,986)	10.4%
Total net operating costs	**(657,172)**	**(511,664)**	**(145,508)**	**28.4%**
Gross operating income (EBITDA)	**528,986**	**445,405**	**83,581**	**18.8%**
Amortization and depreciation, write-downs and reversals	(75,751)	(70,827)	(4,924)	7.0%
Allocation to provisions and other adjusting provisions	(59,867)	(106,460)	46,593	(43.8%)
Operating income (EBIT)	**393,368**	**268,118**	**125,250**	**46.7%**
Financial income (expense)	(47,646)	(49,047)	1,401	(2.9%)
Share of profit (loss) of associates accounted for using the equity method	(5,210)	3,757	(8,967)	(238.7%)
Income (loss) before taxes from continuing operations	**340,512**	**222,828**	**117,684**	**52.8%**
Taxes	(120,785)	(86,253)	(34,532)	40.0%
Net income (loss) from continuing operations	**219,727**	**136,575**	**83,152**	**60.9%**
Net income (loss) from discontinued operations	0	0	0	0
Net income (loss) for the year	**219,727**	**136,575**	**83,152**	**60.9%**
Share of income (loss) for the year pertaining to third party shareholders	**0**	0	0	0
Group share of income (loss) for the year	**219,727**	**136,575**	**83,152**	**60.9%**

Revenues

- Revenues from airport management, equal to 850.6 million euros, rose by 10.2% compared to the previous year, essentially due to the development of aeronautical activities (+12.5%), attributable to the tariff adjustment component and the positive traffic performance (passengers +1.8%). The performance of the non-aeronautical segment showed a 4.0% growth, mainly as a consequence of the greater spaces available compared to 2015, heavily impacted by the fire at T3, with sub-concessions of retail outlets and real estate management rising by 4.8%. For more details, see “ADR Group activities”.
- Revenues from construction services equaled 302.8 million euros and increased considerably (+147.7 million euros) compared to the comparative period, in line with the infrastructural development program governed by an agreement with ENAC.
- Other operating income amounted to 32.8 million euros, up 2.8 million euros compared to the previous year. In 2016 this item was affected by the definition of the extent of the insurance claim referring to coverage of the extra costs and the restoration and salvage costs incurred as a result of the fire. This sum supplements the compensation value already posted as an estimate in the comparison year.

Net operating costs

- External operating costs, equal to 172.6 million euros, fell by 13.3 million euros overall compared to the comparative period in relation to:
  - decrease in costs for raw materials and consumables for 0.5 million euros, due to the combined effect of the lower electricity costs attributable both to lower consumption and the price component, and the reduced cost of fuel, partly offset by higher purchase costs for telephony and network materials;
  - total decrease in service costs of 11.9 million euros mainly related to the decrease in the costs related to the fire, which in 2015 included the costs of securing, restoring and salvaging the areas affected by the loss, whereas in the period under review the item included extra costs incurred for operating penalizations caused by the fire. This performance was partially offset by the costs incurred for quality improvement (ordinary maintenance and security/supervisory services) and to business development (promotional initiatives);
  - 0.9 million euros decline in costs for the use of third party assets and other operating costs.
- Costs for construction services, equal to 291.2 million euros, rose by 142.7 million euros compared to 2015, in relation to the already mentioned implementation of the infrastructural plan.
- The liability for concession fees amounts to 34.7 million euros, up 1.1 million euros as a result mainly of the increase in traffic.
- Payroll costs, amounting to 158.6 million euros, rose by 10.4% (+15.0 million euros) due mainly to the higher average headcount of the ADR Group (+231.3 FTE). This rise is attributable to the increased security measures following the terrorist attacks in Paris and Brussels, the review of quality objectives (shorter queuing times at checkpoints and new e-gates for boarding passes and passports), the gradual insourcing of cleaning activities entrusted to the subsidiary undertaking Airport Cleaning and the relative area expansion and recruitments linked to the progressive implementation of the Development Plan, as set forth in the Planning Agreement.

Gross operating income (EBITDA)

The gross operating income (EBITDA), equal to 529.0 million euros, rose by 83.6 million euros compared to the previous year (+18.8%).

Amortization and depreciation

Amortization of intangible assets and depreciation of tangible assets stood at 75.7 million euros and mainly represented amortization of the airport concession owned by the Parent Company Aeroporti di Roma S.p.A. (hereinafter “ADR”, the “Parent Company” or the “”). The 4.9 million euros increase compared to 2015 is attributable to the operational start-up of new systems and infrastructures associated with the current investment plan.

Allocation to provisions and other adjusting provisions

This item, totaling 59.9 million euros (106.5 million euros in the comparison period), is broken down as follows:

- provisions to the airport infrastructures renovation fund, amounting to 54.1 million euros (83.9 million euros in the comparison period), as a result of the updated estimate of the expenses for restoration and replacement work scheduled in the latest business plan approved. This category includes the investments whose execution is a condition guaranteeing the compliance with a suitable state of efficiency and security, in accordance with the concession obligations, of the airport systems and infrastructure under concession.

- allowances for risks and charges for 3.9 million euros. The decrease of 17.0 million euros compared to 2015 is attributable to lower exposure to the risk of potential liability on past disputes and to the impact on 2015 of the risk assessment after the fire;
- provisions for doubtful accounts, amounting to 1.9 million Euros and essentially in line with the comparison period (up 0.2 million Euros on 2015).

Operating income (EBIT)

Operating income (EBIT) was equal to 393.4 million euros, increasing by 125.3 million euros (+46.7%) compared to the previous year.

Financial income (expense)

Net financial expense amounted to 47.6 million euros, decreased by 2.9% due mainly to recognition in the income statement in 2015 of a portion (1.6 million euros) of the fees paid to the monoline insurance company Ambac for extinguishing the guarantee on Romulus A4 bonds.

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

This item includes revaluation of the equity investment in the associate Spea Engineering S.p.A. for 3.5 million euros (3.1 million euros in 2015) and the write-down of the associate Pavimental S.p.A. for 8.7 million euros (revaluation of 0.6 million euros in 2015), deriving from these investments being accounted for using the equity method.

Group share of income (loss) for the year

Net of the tax burden estimated for current and deferred taxes of 120.8 million euros (86.3 million euros in the previous year), in 2016 the ADR Group recorded a net income of 219.7 million euros, up by 83.2 million euros.

TABLE 2. Consolidated Statement of Comprehensive Income

(THOUSANDS OF EUROS)	2016	2015
NET INCOME FOR THE YEAR	**219,727**	**136,575**
Profits (losses) from fair value measurement of the cash flow hedges	(3,607)	(2,255)
Tax effect	619	(1,708)
Share pertaining to the “other components of comprehensive income” of equity investments accounted for using the equity method	(89)	(8)
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect	**(3,077)**	**(3,971)**
Income (loss) from actuarial valuation of employee benefits	(566)	771
Tax effect	101	(273)
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect	**(465)**	**498**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT	**(3,542)**	**(3,473)**
COMPREHENSIVE INCOME FOR THE YEAR	**216,185**	**133,102**
of which		
Comprehensive income attributable to the Group	216,185	133,102
Comprehensive income attributable to minority interests	0	0

Consolidated financial performance

TABLE 3. Reclassified consolidated balance sheet

	(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	Change
	Intangible fixed assets	2,275,581	2,040,829	234,752
	Tangible fixed assets	52,980	36,349	16,631
	Non-current financial assets	75,120	31,023	44,097
	Deferred tax assets	101,346	122,567	(21,221)
	Other non-current assets	432	472	(40)
A	**FIXED ASSETS**	**2,505,459**	**2,231,240**	**274,219**
	Trade assets	293,774	272,733	21,041
	Other current assets	51,392	53,285	(1,893)
	Current tax assets	8,348	14,436	(6,088)
	Trade liabilities	(289,739)	(231,298)	(58,441)
	Other current liabilities	(140,861)	(121,651)	(19,210)
	Current tax liabilities	(21,816)	(17,430)	(4,386)
B	**WORKING CAPITAL**	**(98,902)**	**(29,925)**	**(68,977)**
	Provisions for employee benefits	(1,437)	(900)	(537)
	Provision for renovation of airport infrastructure	(98,610)	(101,168)	2,558
	Other allowances for risks and charges	(52,013)	(36,919)	(15,094)
C	**CURRENT SHARE OF PROVISIONS**	**(152,060)**	**(138,987)**	**(13,073)**
D = B + C	**WORKING CAPITAL NET OF THE CURRENT SHARE OF PROVISIONS**	**(250,962)**	**(168,912)**	**(82,050)**
	Non-current liabilities	(153,623)	(206,861)	53,238
E	**NON-CURRENT LIABILITIES**	**(153,623)**	**(206,861)**	**53,238**
F = A + D + E	**NET INVESTED CAPITAL**	**2,100,874**	**1,855,467**	**245,407**
	Group Shareholders' Equity	1,106,402	1,090,681	15,721
	Minority Interests in Shareholders' Equity	0	0	0
G	**SHAREHOLDERS' EQUITY**	**1,106,402**	**1,090,681**	**15,721**
	Non-current financial liabilities	1,042,518	973,715	68,803
	Other non-current financial assets	(11,236)	(2,925)	(8,311)
H	**NON-CURRENT NET DEBT**	**1,031,282**	**970,790**	**60,492**
	Current financial liabilities	37,349	23,105	14,244
	Current financial assets	(74,159)	(229,109)	154,950
I	**CURRENT NET DEBT**	**(36,810)**	**(206,004)**	**169,194**
L = H + I	**NET DEBT**	**994,472**	**764,786**	**229,686**
G + L	**HEDGING OF INVESTED CAPITAL**	**2,100,874**	**1,855,467**	**245,407**

Fixed assets

Fixed assets as of December 31, 2016 equaled 2,505.5 million euros, rising by 274.2 million euros compared to the end of 2015, mainly due to:

- an increase in intangible and tangible fixed assets (+234.8 million euros and +16.6 million euros, respectively), in relation to the investments for the year (338.3 million euros, including advances to suppliers for 5.6 million euros), partly offset by amortization and depreciation (75.7 million euros) and the recovery of advances paid to suppliers (11.2 million euros);
- an increased in financial fixed assets for 44.1 million euros, mainly due to acquisition (for 52.0 million euros) of the 10% equity investment and subsequent capitalization of Azzurra Aeroporti S.r.l., which later purchased 64% of the capital of Aéroports de la Côte d'Azur (ACA), the company that owns the airports of Nice, Cannes-Mandelieu and Saint Tropez; The residual change (-7.9 million euros) refers to the valuation of associated companies accounted for using the equity method, which takes into account the dividend distribution resolved by Spea Engineering S.p.A. (2.3 million euros), offset by the pro rata result for the year (+3.5 million euros), and the write-down of the investment in Pavimental (8.7 million euros). Also written down was the investment, recognized at cost, in S.A.CAL. S.p.A. for 0.4 million euros based on their present consideration as impairment losses;
- decrease in deferred tax assets for 21.2 million euros mainly in relation to the trend of the provisions for renovation of airport infrastructures.

Working capital

The Working Capital, with a negative 98.9 million euros, reduced by 68.9 million euros compared to December 31, 2015 due to the events described below.

- Trade assets increased by 21.0 million euros due mainly to the growing receivables from commercial customers (+49.6 million euros), partly offset by a reduction of 28.2 million euros in receivables for construction services accrued in previous years from the Italian Civil Aviation Authority ("ENAC") and paid in September 2016. The expansion of receivables due from customers reflects the lengthening of average collection times, mainly attributable to the aeronautical component of the business most affected by the difficult situation reported towards the end of the year by the main national carrier; in this regard, it notes that the credits expired at the end of the year under review were subsequently collected.
- Other current assets showed a 1.9 million euros decline, due mainly to a 13.7 million euros decrease in VAT credits and the partial reimbursement for 3.8 million euros of amounts due from the Customs Office following settlement of the dispute relating to duty free sales in the period 1993-1998, most of which offset by the increase in receivables due from insurance companies recognised in accordance with settlement agreements pending definition.
- Current tax assets recorded a 6.1 million euros decline attributable to the decrease in IRAP receivables in relation to the estimated tax burden for the year.
- Trade liabilities rose by 58.4 million euros, essentially due to the increase in trade payables attributed to the expansion in investments for the year.
- Other current liabilities increased by a total of 19.2 million euros, mainly as the combined effect of:
  - an increase in payables to personnel for 5.9 million euros attributable to the rise in current payables and to the reclassification to current payables from the item Non-current liabilities;
  - 3.1 million euros reduction in payables to the Customs Office regarding the dispute on electricity;

- an increase in the payables for surtax on passenger boarding fees of 12.5 million euros due to the effect of the period performance of corresponding collections from carriers, as well as in increase in the surcharge of 2.5 euros from January 1, 2016 until August 31, 2016. For this type of charge, ADR is an intermediary in the collection of surcharges, which it pays back to the end beneficiaries in the month after the month of collection;
- an increase of 2.9 million euros in IRESA payables, the tax charged to carriers by the Lazio Regional Authority. This payable, which is posted at the time of the receivable arising from amounts charged to the carriers, is settled in line with the collection performance with repayment back to the end beneficiaries by ADR on a bimonthly basis.

- Current tax liabilities increased by 4.4 million euros due to the estimated tax burden for the year, net of payment of the 2015 balance and the advances paid for 2016.

Current share of provisions and Non-current liabilities

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	Change
Provisions for employee benefits	21,196	21,499	(303)
Provision for renovation of airport infrastructure	205,429	259,956	(54,527)
Other allowances for risks and charges	78,123	60,498	17,625
TOTAL	**304,748**	**341,953**	**(37,205)**
of which:			
- current share	152,060	138,987	13,073
- non-current share[6]	152,688	202,966	(50,278)

The renovation provision, which includes the current value of the estimate of charges to be incurred for the contractual obligation to restore and replace assets under concession, decreased by 54.5 million euros due to the operating uses, net of provisions for the year, which absorb the values resulting from updating the scheduled replacement/renovation actions included in the latest long-term plan approved by the ADR Group.

Other allowances for risks and charges increased overall by 17.6 million euros, as a result of provisions classified as “Allocation to provisions and other adjusting provisions” for 3.9 million euros, as well as allocations for 15.6 million euros to “Other operating income” recorded net of the related insurance reimbursement. Uses for the year amounted to 1.9 million euros.

Net invested capital

The consolidated net invested capital, equal to 2,100.9 million euros as of December 31, 2016, showed an increase of 245.4 million euros compared to the end of the previous year.

Shareholders' equity

The Group shareholders’ equity, equal to 1,106.4 million euros, increased by 15.7 million euros compared to December 31, 2015, due to the dividends distributed on 2015 net income (equal to 134.4 million euros) and the advance on 2016 dividends (67.2 million euros), partly offset by the overall net income for the year (216.2 million euros, which includes the negative change in the fair

[6] Non-current liabilities also include the item Other liabilities equal to 935 thousand euros as of December 31, 2016 and 3,895 thousand euros as of December 31, 2015.

value of derivatives) and the increase in shareholders' equity reserves for 1.1 million euros relating to the fair value accrued on the management incentive plans of the ADR Group based on Atlantia S.p.A's shares (hereafter "Atlantia").

Net debt

Net debt as of December 31, 2016 amounts to 994.5 million euros, up 229.7 million euros compared to the end of 2015.

TABLE 4. Consolidated net debt

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	Change
Non-current financial liabilities	1,042,518	973,715	68,803
Bonds	834,195	874,108	(39,913)
Medium/long-term loans	69,804	0	69,804
Financial instruments - derivatives	138,519	99,607	38,912
Other non-current financial assets	(11,236)	(2,925)	(8,311)
NON-CURRENT NET DEBT	**1,031,282**	**970,790**	**60,492**
Current financial liabilities	37,349	23,105	14,244
Current share of medium/long-term financial liabilities	15,955	15,898	57
Financial instruments - derivatives	21,394	7,207	14,187
Current financial assets	(74,159)	(229,109)	154,950
Cash and cash equivalents	(74,159)	(218,593)	144,434
Other current financial assets	0	(10,516)	10,516
CURRENT NET DEBT	**(36,810)**	**(206,004)**	**169,194**
NET DEBT	**994,472**	**764,786**	**229,686**

Non-current net debt

The non-current net debt amounts to 1,031.3 million euros, up by 60.5 million euros as a result of the changes described below.

- Bonds (834.2 million euros) refer to Tranche A4 in Pounds Sterling of the bonds originally issued by Romulus Finance for 239.1 million euros and to the EMTN ("Euro Medium Term Note Program") bond loan issued by ADR in December 2013 for 595.1 million euros. The 39.9 million euros decrease is essentially attributable to the adjustment of Tranche A4 to the year-end exchange rate.
- Medium/long-term loans equal 69.8 million euros (0 at the end of the previous year) and include the bank loan granted by BNL for a total of 100 million euros and used for 70 million euros.
- Derivative financial instruments, amounting to 138.5 million euros and comprising Cross Currency Swaps to hedge the Tranche A4 in pounds sterling, showed a negative fair value, up by 38.9 million euros, due to the general worsening of the exchange rate component.
- Other non-current financial assets (11.2 million euros) increased by 8.3 million euros, mainly due to the positive fair value (7.8 million euros) of three forward starting Interest Rate Swaps (with deferred application: February 20, 2020), signed by the Parent Company ADR on October 18, 2016, for a total notional amount of 300 million euros.

Current net debt

The current portion of net debt is equal to the net funds of 36.8 million euros, decreasing by 169.2 million euros compared to December 31, 2015, as a result of the combined effects of the following changes.

- Current financial liabilities, amounting to 37.3 million euros, rose by 14.2 million euros in relation to the increase in Financial instruments - derivatives, which includes the negative fair value (20.8 million euros) of two forward starting Interest Rate Swaps (with application deferred to February 9, 2017, compared to the original June 20, 2016), signed on June 15, 2015 by the Parent Company ADR for a notional 250 million euros, and the negative fair value (0.4 million euros) of the forward starting Interest Rate Swap (with deferred application: June 20, 2017), signed on February 25, 2016 by ADR, for a notional amount of 50 million euros.
- Current financial assets, equal to 74.2 million euros, decreased by 154.9 million euros as a result of the lower cash and cash equivalents (-144.4 million euros) and the decrease in loans (-10.5 million euros).

Note that on July 11, 2016, a new revolving line of credit (RCF) was signed for 250 million euros, benefiting from a prolonged three-year maturity (2021) and the option of a further two years. The agreement on the new RCF was reached with the same pool of banks as in 2013. In addition to including updates aimed at simplifying the arrangement, such as, for example, the removal of financial covenants previously included to ensure necessary alignment with the complex contractual structure of the so-called “Romulus” debt, it also envisages a tangible improvement in the economic conditions, obtained as a result of ADR’s stronger creditworthiness and a more favorable market context than in the recent past.

TABLE 5. Consolidated Statement of Cash Flows

(THOUSANDS OF EUROS)	2016	2015
Net income for the year	**219,727**	**136,575**
Adjusted by:		
Amortization and depreciation	75,751	70,827
Allocation to the provisions for renovation of airport infrastructure	54,097	93,925
Financial expenses from discounting of provisions	3,811	3,155
Change in other provisions	16,558	14,042
Write-down (revaluation) of non-current financial assets and equity investments	350	0
Share of profit (loss) of associates accounted for using the equity method	5,210	(3,757)
Net change of the deferred (prepaid) tax (assets) liabilities	21,942	11,498
Other non-monetary costs (revenues)	3,629	3,107
Changes in working capital and other changes	66,018	(25,603)
Net Cash Flow From Operating Activities (A)	**467,093**	**303,769**
Investments in tangible assets	(25,043)	(24,202)
Investments in intangible assets (*)	(313,246)	(142,324)
Works for renovation of airport infrastructure	(112,237)	(150,996)
Equity investments and minority shareholdings in consolidated companies	(52,001)	0
Dividends received from equity investments accounted using the equity method	2,295	0
Gains from divestment of tangible and intangible assets and equity investments	11,154	7,412
Net change in other non-current assets	40	(15)
Net Cash Flow From Investment Activities (B)	**(489,038)**	**(310,125)**
Dividends paid	(201,608)	(128,183)
Increase in bonds	0	6,444
Raising of medium/long-term loans	69,797	0
Repayment of bonds	0	(10,645)
Net change in other current and non-current financial liabilities	129	(29)
Net change in current and non-current financial assets	9,193	1,296
Net Cash Flow From Funding Activities (C)	**(122,489)**	**(131,117)**
NET CASH FLOW FOR THE YEAR (A+B+C)	**(144,434)**	**(137,473)**
Cash and cash equivalents at the start of the year	218,593	356,066
Cash and cash equivalents at the end of the year	74,159	218,593

(*) in 2016 including advances to suppliers for 5,652 thousand euros

Additional information to the statement of cash flows

(THOUSANDS OF EUROS)	2016	2015
Net income taxes paid (reimbursed)	88,377	65,107
Interest income collected	510	468
Interest payable and commissions paid	41,383	53,975

Operations of the ADR Group generated cash flow of 467.1 million euros in 2016, rising by 163.3 million euros compared to the previous year, due mainly to the stronger contribution from the working capital.

The net cash flow from operating activities was for the most part absorbed by investment activities, which recorded a final negative cash flow of 489.0 million euros compared to the -310.1 million euros in 2015.

The net cash flow from funding activities was negative for 122.5 million euros due mainly to the distribution of dividends (201.5 million euros, compared to 128.2 million euros in the previous year), partly offset by new medium/long-term loans for 68.5 million euros.

As a result of the trends described above, the net cash flow for the year, which was negative for 144.4 million euros, decreased the cash and cash equivalents at the end of the year to 74.2 million euros compared to the opening balance of 218.6 million euros.

Alternative performance indicators

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

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

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

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

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

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

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

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

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

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

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

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

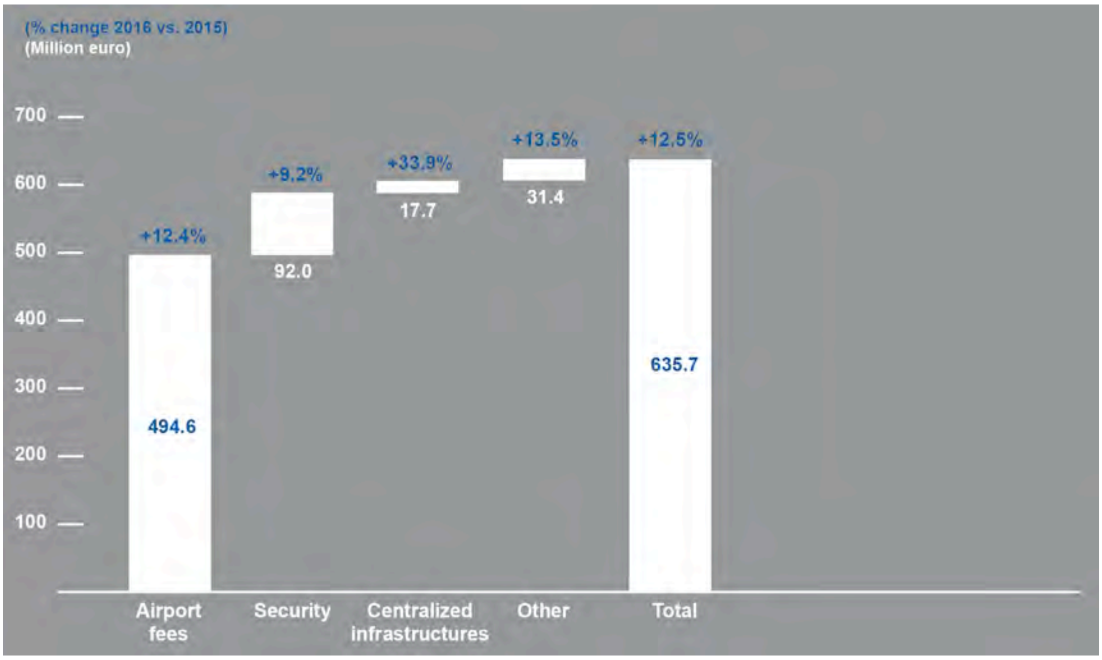
	RECLASSIFIED CONSOLIDATED BALANCE SHEET	SOURCE/CALCULATION METHOD
	Intangible fixed assets	corresponding to the item Intangible assets in the consolidated financial statements
	Tangible fixed assets	corresponding to the item Tangible assets in the consolidated financial statements
	Non-current financial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

ADR Group activities

Aeronautical activities

The aeronautical activities, i.e. those directly linked to the aeronautical activities carried out at the airports and including airport fees, security services, centralized infrastructures, etc., generated revenues for 635.7 million euros in 2016, up by 12.5% compared to the previous year (+70.4 million euros).

GRAPH 1. Economic performance of aeronautical activities



Airport fees

Revenues from airport fees in 2016 amounted to 494.6 million euros, with an increase of 12.4%.

The positive result recorded is attributable to:

- landing, take-off and parking fees: for 142.0 million euros, up 14.9% as the consequence of a number of movements slightly lower than in the previous year (-1.6%), though with greater aircraft tonnage (+1.4%), in addition to being positively influenced by the increase in prices as of March 1, 2016, in accordance with the Planning Agreement in force;
- passenger boarding fees: these amount to 349.7 million euros and recorded an increase of 11.4% compared to the previous year. This result is a consequence of the increase in passenger traffic (+1.8%) as well as the already mentioned adjustment of the prices as of March 1, 2016, as set forth in the Planning Agreement;
- cargo revenues: these amounted to 2.9 million euros, a +12.1% increase compared to the final figure for the previous year, as a consequence of the increase in cargo transported (+11.0%).

Security services

Security services (security checks on passengers, carry-on and checked baggage, explosive detection checks and services on demand) generated revenues of 92.0 million euros during 2016, up 9.2% compared to the previous year. This result is the consequence of the increased passenger traffic and is positively affected also by the above mentioned annual adjustment of the prices as of March 1, 2016.

Centralized infrastructures

The management of centralized infrastructures, essentially attributable to the revenues from loading bridges, recorded a turnover of 17.7 million euros, up by 33.7% compared with 2015, as a consequence of the greater use of such infrastructures (also in relation to the unavailability of the departure bridges of Pier D after the fire of May 2015, which had negatively impacted the result for 2015) and the annual adjustment of the unit price starting from March 1, 2016.

Other revenues

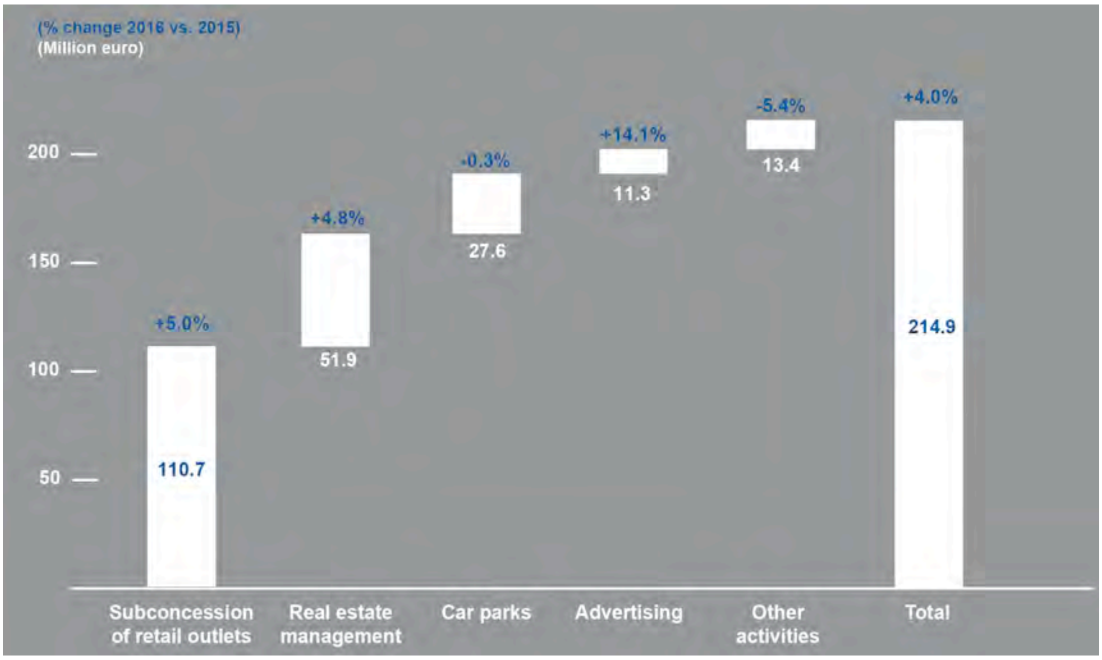
Revenues from other aeronautical activities stand at 31.4 million euros, growing by 13.5% compared with the figure of the previous year and essentially resulting from:

- assistance to passengers with reduced mobility (PRM), provided by ADR through a service agreement entrusted to the ADR Assistance subsidiary: revenues for 17.8 million euros, with a 16.4% increase resulting from the increase in passenger traffic and the rise in prices applied as at March 1, 2016, in accordance with the Planning Agreement, as well as from the decrease in the fees implemented as of March 1, 2015, negatively impacting the first two months of 2016;
- passenger check-in desks: revenues for 12.7 million euros, rising compared to the previous year (+10.4%), essentially due to the increased traffic, the annual adjustment of the unit prices applied from March 1, 2016 and the unavailability of check-in desks at Terminal 3 as a result of the fire of May 2015, which had negatively affected revenues in 2015;
- other aeronautical revenues: amounting to 0.9 million euros and consisting of the revenues for the use of the porterage and left luggage services which showed a slight improvement (+3.6%) compared with 2015.

Non-aeronautical activities

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

GRAPH 1. Economic performance of non-aeronautical activities



2016 benefited from the gradual reopening of shops closed after the fire in 2015, again almost all in operation in the second part of the year, also as a result of reopening of the Transit Hall.

Non-aeronautical revenues rose by 4.0% compared to 2015 and amounted to 214.9 million euros. The most significant components recorded the trends below.

Sub-concession of retail outlets

Sub-concessions of retail outlets, which relate to the sub-concessions for the retail sale of goods and services, recorded revenues of 110.7 million euros in 2016, increasing by 5.0% compared to 2015. This positive performance was particularly important in the Specialist Retail and Food&Beverage categories, which were strongly affected in 2015 by the previously mentioned fire. Also positive was the performance for the Core Categories, though less evident as the fire's impact was mitigated by the replication of this category's mix in multiple areas of the airport. In detail:

- *Core Categories*: the segment generated revenues from the sub-concession contract of LS Travel Retail Roma S.r.l., a company of the Lagardère Services group, for 41.1 million euros, up +1.1% compared to the previous year. The performances were affected by the gradual reopening of Specialist Retail shops, despite the increase in traffic and the favorable mix for commercial activities;
- *Specialist Retail*: revenues were recorded for 31.1 million euros, increasing by 10.5% mainly as a result of the gradual reopening of commercial activities after the fire. The categories recording the strongest growth were luxury, accessories and fine food. This positive impact was also influenced by the improved passenger mix;
- *Food & Beverage*: revenues in 2016 came to 29.8 million euros, with a growth of +7.9% due to the gradual reopening of commercial activities after the fire and to the general increase in passenger traffic;

- *Other commercial activities*: passenger service activities such as currency exchange counters, VAT Refunds and the luggage wrapping business recorded revenues for 8.7 million euros, down compared to the previous year (-3.0%), despite the growth recorded by the reference passenger segment (non-Schengen). This performance was due mainly to the closing of several businesses because of the fire.

Real estate management

The revenues from real estate management, which include the sub-concession of spaces (real estate, offices at the terminals, spaces and stands to car hire companies) and the relevant utilities and services, equaled 51.9 million euros in 2016, increasing by 4.8% compared to the previous year. These revenues are broken down as follows:

- *fees and utilities for retail and other sub-concessions*: the turnover equaled 43.4 million euros, up by 1.4 million euros (+3.4%) mainly as a consequence of the progressive reopening, after the fire, net of the loss from permanent closure of the Emirates VIP area and the shopping gallery;
- other fees charged at Fiumicino and Ciampino, calculated on the volumes of activities managed (hotels, car hire, car wash, fuel stations, etc.): revenues equaled 8.5 million euros, increasing by 0.9 million euros compared to the previous year, substantially attributable to the better performance of hospitality activities and car rental companies.

Car parks

Car park management, with turnover of 27.6 million euros, remained essentially in line with the previous year (-0.3%). This result was achieved despite the presence of reduced multi-storey car parking due to upgrading of the infrastructures under the “Car Parking Revitalization” initiative, completed in the first half of 2016. This initiative considerably increased the quality of the infrastructure, adapting it to the strictest and highest European standards. More areas were also made available for the sub-concessions of car rental companies. In detail, the following trends for the main items were recorded:

- passenger car parking: revenues for 22.7 million euros (-1.1%). This segment is the one that was most affected by competition in alternative means of transport to reach the airport; in particular, during the reference period, more frequent railway connections were made available, in addition to a generally better usability of the service, contributing to a decreased use of cars as a means of transport to reach Fiumicino airport. To make the car parks at the airport more attractive, new tariff actions were implemented aiming to recover profitability margins and volumes in the “passenger car parking” customer segments of the online booking and e-commerce channels; web marketing activities supporting the business and a new online booking platform were also further developed;
- airport operator car parking: revenues of 4.9 million euros, up in comparison with the previous year (+3.4%).

Advertising

Revenues from the sub-concession of advertising business activities in the form of royalties on the turnover by the sub-concessions, exclusively on these activities, amounted to 11.3 million euros in 2016, up by 1.4% million euros.

Other activities

Revenues from other activities in 2016 amounted to 13.4 million euros, down by 5.4%; the most significant items showed the following trends:

- revenues for the chargeback of cleaning and biological wastewater treatment for 3.6 million euros (in line with 2015);
- revenues for other sales (fuel, consumable materials, etc.), equal to 2.5 million euros, down 0.5 million euros;
- revenues for information systems amounting to 1.4 million euros, down by 0.2 million euros.

ADR Group investments

The initiatives implementing the Planning Agreement continued in 2016.

TABLE 1. Breakdown of ADR Group investments in 2016

(MILLIONS OF EUROS)	2016			2015		
	INVEST-MENTS (*)	RENEWALS (**)	TOTAL	INVEST-MENTS (*)	RENEWALS (**)	TOTAL
Departure area E/F (Pier C and 3rd BHS)	194.6	0.0	194.6	79.7	0.0	79.7
HBS/BHS Terminal 1	28.4	0.0	28.4	22.4	0.0	22.4
Maintenance works and terminal optimization	5.1	17.6	22.7	4.2	23.8	28.0
Works on baggage systems and new x-ray machines	17.9	2.3	20.2	15.1	0.8	15.9
Fiumicino - maintenance, electrical network and air-conditioning works	1.1	18.4	19.5	0.2	4.9	5.1
Fiumicino - civil maintenance work (var. buildings)	5.6	11.3	16.9	2.8	18.1	20.9
Ciampino - airside system and airport terminals upgrade	3.8	9.7	13.5	0.0	0.1	0.1
Fiumicino - electrical equipment maintenance works	4.9	8.4	13.3	0.0	3.9	3.9
East Airport System	12.7	0.0	12.7	24.7	0.0	24.7
Works on runways and aprons, extension of the East area aprons, AZ area	6.4	5.0	11.4	1.7	11.8	13.5
Urbanization of west area / aprons "W" 1st phase	9.5	0.0	9.5	0.0	0.0	0.0
Ciampino - infrastructure adaptation works	2.0	6.9	8.9	0.5	4.0	4.5
Terminal 3 - restructuring	8.7	0.0	8.7	0.7	0.0	0.7
Infrastructural restoration works at T3	0.0	8.4	8.4	0.0	0.7	0.7
Works on commercial areas and multilevel car parks	4.1	3.3	7.4	5.7	5.0	10.7
Fiumicino - electromechanical maintenance works	0.1	6.0	6.1	1.5	7.5	9.0
New ADR HQ	4.4	0.0	4.4	0.7	0.0	0.7
Vehicle and equipment purchases	4.3	0.0	4.3	3.5	0.1	3.6
Works on airport access	0.5	3.7	4.2	1.1	8.9	10.0
Ciampino - airport reconfiguration from military to civil	0.0	3.6	3.6	0.0	2.1	2.1
Fiumicino Nord - long-term capacity development	2.5	0.0	2.5	7.6	0.0	7.6
Fiumicino - sewer and water network maintenance works	0.0	2.5	2.5	0.0	2.9	2.9
T5 reconfiguration and T1/T3 sensitive flights	2.3	0.0	2.3	0.0	0.0	0.0
Maintenance works on buildings managed by sub-concessionaires	1.3	0.2	1.5	1.5	0.2	1.7
Energy saving actions	1.2	0.0	1.2	1.4	0.0	1.4
Runway 3	0.0	0.0	0.0	0.0	54.7	54.7
Other	11.3	4.9	16.2	9.3	1.5	10.8
TOTAL	**332.7**	**112.2**	**444.9**	**184.3**	**151.0**	**335.3**

(*) Inclusive of works under ENAC responsibility for (0 million euros in 2016 and 17.8 million euros in 2015)

(**) These amounts are for the use of the provision for renovation of airport infrastructures

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

Runways and aprons

The works to extend the quadrant 200 aprons were completed, including the installation of the aircraft pre-conditioning systems.

Works are underway to create the West aprons (1st phase), as are activities to upgrade the shoulders between taxiway A, taxiway B and the BA/BB connections.

Works are nearing completion on the new ULD (Unit Load Device) storage areas in the West section, whilst the new ULD (Unit Load Device) storage areas in the East section for Alitalia have been completed.

Works began on construction of the quadrant 300 aprons in the new boarding area A.

Works were carried out to upgrade the flight infrastructures at Ciampino airport (runways and taxiways).

The work on the upgrade of the access roads to the airports (curbside) and of the underpasses of Terminal 1, were completed.

The final design of the new Flight Runway no. 4 and related taxiways, as well as the expansion of the aircraft aprons in the East Area, was completed. At ENAC’s specific request, ADR finalized the Masterplan up to 2030, with related Environmental Impact Study, of which these infrastructures form an integral part.

Following the examination of the archeological findings, the project design regarding the completion of the doubling of the Bravo taxiway was resumed.

Terminals

On December 21, 2016, the new Front Building of Terminal 3 and the first section of boarding area E (formerly Pier C) were inaugurated and opened to the public. Representatives from the highest level institutional authorities attended the inauguration. The new infrastructure, among the largest inaugurated in Europe in 2016, includes not only the commercial activities (retail, food&beverage, duty free), but also 8 remote gates and 4 bridged gates. Towards the end of the year, the remaining areas of the new Pier were also completed, for which finishing works, system adjustments, testing and ancillary works are under way through specific and separate works contracts.

Again on December 21, 2016, the new facade of Terminal 3 was inaugurated, for which works had been completed around mid-month, more than two months earlier than the contractual date, in this way completing the restoration of the facade - in compliance with MiBACT provisions - to its original 1960s architecture designed by Morandi. The works began in February 2016, with dismantling of the pedestrian walkway to the rail station that compromised the style integrity of the facade.

At Terminal 3 and Terminal 1, internal renovation works also began to transfer sensitive flights operating from Terminal 5, with subsequent civil and system restructuring of the areas concerned to adapt them to the specific operating and security requirements for such flights.

On April 29, 2016, less than one year after the fire of May 7, 2015, the areas of T3 of the transit tunnel, which were statically and functionally compromised by the event, were reopened to the public after having been restored and, where necessary, entirely rebuilt, repositioning the passport controls of the non-Schengen departures; connections were resumed with the east and west areas of the airport, with had been interrupted due to the fire.

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

- the works for the roof resurfacing of the East and West Piers and the terrace of the main areas of Terminal 3, were completed;
- the replacement of the flooring at the departure levels of Terminal 1 with high-end materials and greater resistance characteristics, has been completed;
- the activities related to the restructuring of the Immigration Area of Terminal 3, located at the arrival point of Station E, have been completed, with particular attention given to the circulation areas of the passengers and the passport controls; these activities involved an increase in the number of passport control stations (traditional and e-gate stations), the expansion of the area set up for the line for passport controls and the alignment of the finishings to the highest standards set out for the infrastructures under construction;
- the works regarding installation of the new vertical connection between the arrivals level and the departures level at Terminal 3, comprising two escalators and one staircase, have been completed;
- the new tax refund boxes were installed for the new “Otello” VAT refund system at Terminal 3 land side and installation was completed of the new boxes at Terminal 3 air side;
- two reception areas have been created at Terminal 1 (departures area) and Terminal 3 (transit area). A third area is being fitted out in the departures area of Terminal 1.
- the installation of three service elevators at the airports serving the Consolidation Center activities, was completed;
- the offices of the Criminal Police, Boarding Team and the Educational Center of the State Police on the mezzanine floor of Terminal 3, were completed;
- the works to upgrade and restyle the boarding/departure areas B14-B23, were completed;
- the works for upgrading the baggage reclaim area of Terminal 3, involving flooring, false ceilings, wall coatings and lighting systems, were completed.
- renovation and restyling works are in progress in the former boarding area H, including the area in front of the State Ceremonial hall and the One Stop Security checkpoints.

As regards Ciampino airport, a complete renovation of the arrivals hall in the Commercial Aviation Terminal was arranged, whilst renovation works on the General Aviation Terminal have reached completion stage.

Investments continued at both Fiumicino and Ciampino airport for the restyling of the advertising assets through the installation of innovative systems and the enhancement of the digital network at the terminals.

The executive design of Lot 1 of the East Terminal System, including the Front Building of Terminal 1 and the new boarding area A, with related aircraft aprons, has reached final approval stage. The design of Lot 2 of the East Airport System of Fiumicino airport, including the expansion of Terminal 1, the reconfiguration of boarding/departure area C and the creation of the hub for boarding/departing area D, is essentially complete.

Systems

Installation works have been completed on the new baggage processing and sorting system for Terminal 1 (HBS/BHS T1), all portions of the system were successfully tested and started up for the various phases and all check-in islands 1, 2 and 3 of Terminal 1 were hooked up to the new system.

The works for doubling the medium voltage electrical ring towards the electrical switch box of the former Cargo Alitalia were completed, as part of the activities to develop Fiumicino East area.

Regarding the new high/medium voltage electric sub-station, the civil works are being carried out following the new positioning agreed with ANAS.

The works to build the new electrical network for the runways continued, with the completion of the medium voltage ring at Runway 3; the creation of the medium voltage ring at Runways 1 and 2, the resurfacing of the first electric switch boxes serving runway 3 and the civil works at the central units of the UPS generators A and B are all underway.

The work on the air-conditioning systems at the Terminals was completed to ensure comfort during the summer months.

The replacement of air conditioning units was completed at the hanging gardens of Terminal 3.

Work was completed on the upgrade of the technological center, replacing all the medium voltage panels, as well as the panel for emergency unit automation serving the generators activated in case of a power outage.

The works to design and create the new switchboards and the low voltage distribution systems as well as to compartmentalize the technical rooms are in progress, as part of the adjustment activities for the issue of the Fire prevention Certificate for Fiumicino and Ciampino airports.

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

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

Works are in progress to integrate the Terminal 3 baggage system with that of boarding area E and to revitalize the existing baggage lines.

As regards Ciampino airport, 2016 saw the conclusion of major upgrades to the power network of the Commercial Aviation terminal and streamlining and compartmentalization of the terminal's technical rooms.

Infrastructure and buildings

The work to upgrade the building for the offices of the new ADR headquarters, formerly Alitalia offices, is in progress.

The work on the new Advanced Medical Center has been completed.

The upgrade, both civil and structural, of the head office and the Delta Fire Department was completed.

The aesthetic and functional upgrade of the elevated walkways linking the Terminals, train station and parking areas, was completed.

After the works carried out at the end of 2015 at the multilevel and short-stay parking areas in Fiumicino (Car Parking Revitalization), 6 Gold ESPA (European Standard Parking Awards) certifications were received from the European Parking Association ("EPA"). Fiumicino is thus the first European airport to have all the car parks at the front of the terminal EPA certified.

Preliminary works on additional storeys are under way with metal structural units constructed on the P5 passenger car park at Ciampino and the PR8 operators car park at Fiumicino.

The preliminary design is nearing finalization for the "Business City West", a hub characterized by a mix of add-on services (Retail, F&B, personal services, etc.) with the aim of meeting the demand for efficient, high-quality office space, also available to the open market. The planned location for this infrastructure is the area used currently as ADR's offices. A third "Airport Offices Building" (EPUA 3), located in the area in front of Terminal 1, is at planning stage.

The vehicle fleet of the subsidiary undertaking ADR Assistance has been partly renewed with the purchase of 6 Ambulifts and 5 minibuses.

ICT infrastructures and systems

As part of the initiatives aimed at improving the passenger experience, in terms of automation of the check points, traveling through the airport (Fast Travel) and journey simplification with customized services and information (Smart Travel), numerous ICT-related activities continued to be carried out during 2016.

- In order to make the access flow to the security check points more fluid, after the installation in 2015 of 12 stations for reading and checking boarding passes at T1, the installation of another 23 automatic stations was completed at Terminal 3 (11 stations), Terminal 2 (5 stations), the new central check point of Terminal 3 (5 stations) and Terminal 3 Schengen departures (2 stations). These actions also concerned Ciampino airport, with the installation of 4 stations for the automatic reading of boarding passes in the security check area at departures.
- At T1 and T3, the monitoring systems of the lines at security check points and at passport check points at Arrivals, Transits and Departures were also completed, using wi-fi/bluetooth technologies which allow for an accurate reading of passenger flows.
- As regards the improvement of the flows at passport check points, 20 extra automatic stations were installed at Fiumicino airport for passport control, to be added to those already installed in 2015, bringing the total number of automatic stations to 32 at Fiumicino (16 in arrivals, 8 in transit and 8 in departures) and 6 at Ciampino.
- In the passport control areas of Terminal 3 Arrivals and Departure/Transit at Fiumicino a new passenger information system was installed to indicate the open passport desks and the types of checks (EU, all passports, Visa Not Required, etc.) and to optimize the flow management of passengers waiting for passport controls, setting up 52 stations with information monitors as well as control and ultrasound sensors to detect the passenger presence.
- At Fiumicino airport, the installation was completed of a system for providing information to the passengers about the times of the first and last piece of luggage being delivered for each flight, through operators' use of palmtops. This system is available at all baggage carousels.
- Phase 1 of the system monitoring the passenger flow at the airport has been completed to allow the detection of possible overcrowding situations in some specified areas. Phase 2 has started, which will enable the monitoring of the flows and travel time between the different areas of the airport.
- A first phase was completed at Terminal 1 and departure area B to predispose the beacon technology infrastructure for interaction with mobile devices (smartphones) and support indoor localization and proximity marketing applications.
- All the check-in desks at Fiumicino were fitted with boarding pass readers in order to automate the capture of all the data, with the advantage of shortening the data entry and baggage acceptance times and eliminating data entry errors. In fact, the increasingly frequent use of electronic boarding cards or printed versions generated from acceptance transactions performed via web check-in, home check-in, kiosks, etc. calls for the entry of personal details of the passenger and flight-related information if the passenger has baggage for the hold.

- With reference to the free wi-fi service for passengers, coverage has been increased and the service capacity enhanced, allowing more than a million connections per month in the peak traffic period (June-October) and maintaining an average number of connections of around 25% of the number of passengers. The new security infrastructure was also completed to protect the service from cyber threats from the Internet.
- With reference to infrastructural installation activities at the new Pier and Front Building (boarding area E), self-boarding equipment was fitted (59 in total). In addition, works were completed for the installation of fiber optic connections linked to the rest of the airport network, secondary wiring of the Front building for network link-up of all terminal equipment/systems, wi-fi network coverage, technical rooms with activated network devices and the installation and operational start-up of 117 public information monitors.
- The activity was completed to equip Ciampino airport with a radio digital Tetra technology communication system to manage emergency calls, already operational at Fiumicino since November 2015.
- As regards the subsidiary ADR Tel, preparation of the new public switchboards has been completed for handling telephone traffic to and from the National Telephone Network (RTN). The new system, characterized by a latest generation architecture based entirely on IP technology will replace the current traditional telephone technology (TDM) upon start-up next year.

Innovation, research and development

In 2016, the execution phase was completed and the testing took place of the Smart Grid pilot project, as part of the initiatives aimed at saving power and a more effective management of the internal distribution networks. This project entails the creation of a “power island” that draws electricity from several renewable sources, making it available for electric car charging and in case of need (potential faults in electricity network components).

Risk factors of the ADR Group

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

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

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

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

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

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

Strategic risks

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

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

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

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

Operational risks

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

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

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

Financial risks

The net debt of the ADR Group amounts to 994.5 million euros as of December 31, 2016 (764.8 million euros as of December 31, 2015).

The gross nominal debt of the ADR Group is entirely on the Parent Company ADR (995.0 million euros) and mostly refers to the unsecured 8-year senior bond issue in December 2013 for 600.0 million euros and referred to the Euro Medium Term Note (EMTN) Program launched by ADR at the same time for 1.5 billion euros in total. In addition to the above mentioned bond debt, there is a 20-year bond tranche in pounds sterling known as “Class A4 Notes” issued in 2003 (and the related hedging derivative described below), as well as the first tranche for 70 million euros of a bank loan signed with Banca Nazionale del Lavoro (“BNL”) maturing in 2020 for a total of 100 million euros.

The bond tranche Class A4 Notes of 215 million pounds sterling has been, right from the beginning, hedged against exchange rate risk and interest rate risk, through cross currency swap contracts for a total value of 325 million euros, at a fixed rate of 6.4%. Moreover, with the “issuer substitution” transaction of March 2016, implemented in the form of novation, ADR actually became the direct debtor towards the A4 shareholders in place of the securitization special purpose vehicle Romulus

Finance. As a consequence, the loan agreement between Romulus Finance and ADR – aimed at providing the vehicle Romulus Finance with the funds needed to serve its debt to the shareholders – was terminated, and all the related guarantees were canceled with it, together with the complex system of constraints and obligations (i.e. the Security Package) regarding ADR since 2003, in relation to the securitization structure.

In particular, in March 2016, Romulus Finance and ADR concluded, with the consent of all the Romulus creditors, an agreement by virtue of which ADR would acquire, pursuant to article 1273 of the Italian Civil Code, all the assets and liabilities that the Special Purpose Vehicle Romulus Finance now holds towards: (i) the A4 noteholders, (ii) the hedge counterparties of the cross currency swap and (iii) the other counterparties of the securitization (i.e. Notes Trustee, Agents, etc.). This agreement, effective from March 20, 2016, is structured as follows:

- an Issuer Substitution through which ADR has assumed the payables and all the payment obligations regarding the Class A4 notes directly due to the A4 noteholders;
- a novation of the Cross Currency Swap in place aimed exclusively, with other conditions remaining equal, at replacing Romulus Finance with ADR as the swap counterparty in the current agreements;
- the cancellation by offsetting the residual A4 loan not yet repaid, between Romulus Finance and ADR as a consequence of the provisions of the first point above.

In particular, as a consequence of the entire redemption of the A4 line of credit between Romulus Finance (as lender) and ADR (as borrower), the entire Security Package was released. The Security Package was established in 2003 by ADR on its assets (current accounts, essential goods, receivables and investments in subsidiary undertakings) to support the A4 credit line. The redemption of the Security Package entailed, pursuant to the contractual conditions currently in effect, the termination of the Intercreditor Agreement and with it, of the entire contractual structure (and relative constraints) tied to the Romulus securitization, so as to allow for the complete independence of the various ADR loans.

With this transaction, which includes also an agreement between the parties for the cancellation of the "Account Bank Agreement", any residual interference of the Romulus securitization structure of 2003 on the existing financial contractual structure and on the agreements to be executed in the future, was definitively eliminated.

On July 11, 2016, a new revolving line of credit (RCF) was signed with the same pool of banks for the same amount agreed for the previous line in December 2013 (250 million euros). The new line benefits from a three-year extension (2021) with the option of a further two-year extension and characterized by an easing of constraints and financial covenants previously applied to guarantee the necessary alignment with the complex contractual structure of the "Romulus" debt. As a result of the new line, a tangible improvement of the economic conditions was achieved as a result of ADR's stronger credit rating and a more favorable market context than in the recent past.

On November 4, 2016, the above mentioned bank loan for a maximum 100 million euros was signed with BNL, a bank in the BNP Paribas Group which was already part of the banking pool for the RCF line. The loan will mature in November 2020 and is governed by contractual terms in line with the RCF facility and with cost conditions among the most favorable on the market.

In the second half of December 2016 two new contracts were signed with regard to the 300 million euros line resolved by the European Investment Bank ("EIB") in favor of ADR in 2014, with contracts partly with EIB (150 million euros) and, for the residual 150 million euros, with Cassa Depositi e

Prestiti (“CDP”). The EIB/CDP loan was subscribed by the two banks to support the “Aeroporti di Roma – Fiumicino Sud” project regarding the execution of the main works included in the project of infrastructural development of the existing airport perimeter of Fiumicino. These are fixed- or floating-rate amortizing loans with maturity up to 15 years and a period of availability of (i) 36 months for the EIB line and (ii) 18 months for the CDP line. As of December 31, 2016 these new funding lines have not yet been used. These loans, unlike the RCF contract and the bilateral BNL loan, feature a series of commitments requested by the EIB in consideration of the particular duration and especially of the specific type and objective of the loan, with “project” type purpose.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument fails to meet its obligations, thereby causing a loss. As of December 31, 2016, the ADR Group’s maximum exposure to this risk is the nominal value of the guarantees provided for third parties’ debt or commitments, the carrying value of the financial assets shown in the annual report and especially trade receivables due from customers.

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

Liquidity risk

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

The financial structure of the ADR Group is distinguished by a limited incidence of the financial leverage component, since net debt as of December 31, 2016 equals 1.9 times the EBITDA of the last 12 months.

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

Note that the cash and cash equivalents, for 74.2 million euros, and the RCF line of credit of 250 million euros help to ensure a more than adequate liquidity reserve for unexpected needs. As of December 31, 2016, 30 million euros were also available on the bilateral BNL bank facility - usable up to March 31, 2017 - and 300 million euros on the medium/long-term EIB/CDP lines, fully usable during 2017. Also see note 9.3 in the Notes to the Consolidated Financial Statements.

Interest rate risk

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

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

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

In this context, ADR signed: (i) (i) on June 15, 2015 a forward starting IRS contract with a total notional value of 250 million euros, effective from February 9, 2017, following the negotiated restructuring with the counterparties of June 20, 2016, for a duration of 10 years, (ii) a forward starting IRS contract on February 25, 2016 for a total notional value of 50 million euros, effective starting from April 20, 2017 for a duration of 9 years, (iii) on October 18, 2016 three forward starting IRS contracts for a total notional value of 300 million euros, effective starting from June 20, 2020 for a duration of 10 years.

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

Exchange rate risk

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

The ADR Group has a financial exposure in Pounds Sterling. For this reason, the Group uses currency swaps to manage its exposure to unfavorable fluctuations in exchange rates. Also see note 9.3 in the Notes to the Consolidated Financial Statements.

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

Risks related to outstanding loan agreements

Rating

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

In reference to the ratings assigned to ADR by the above mentioned agencies, it should be noted that on March 22, 2016, Moody’s upgraded the rating on the unsecured debt of ADR from Baa2 to Baa1 with “stable” outlook. Consequently, the rating assigned to the Class A4 Notes (formerly Baa1 as a secured debt) remained unchanged also after the debt assumption transaction described above. The outlook is stable also for these notes. Later, on December 13, 2016, following the change to the rating outlook for the Italian Republic - from “stable” to “negative” on December 7, 2016 - Moody’s adopted a similar decision for ADR’s outlook, at the same time confirming the Baa1 rating.

During 2016 no additional changes were made to the ratings assigned to ADR. In particular:

- Standard & Poor's: BBB+ with stable outlook (please note, in particular, that in 2016 the agency also upgraded the stand-alone credit profile from “a” to “a+”, three notches above the company rating and 5 notches, no less, above Italy’s rating);
- Fitch Ratings: BBB+ with stable outlook.

Security and financial covenants

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

ADR’s loan agreements include financial covenants among the contractual clauses, which are calculated on a historic basis with the contracts applied to the companies with full investment grade. Worth mentioning is the presence of the leverage ratio, respecting – in the most stringent hypothesis – a threshold value not exceeding 4.75, which drops to 4.25 in case of downgrade of the Company’s rating level to BBB-/Baa3.
The financial ratios must be checked twice a year, in accordance with the agreements, by applying the calculation formulas to the reference data of the Group (which must exclude any equity investments in companies funded through non-recourse financial debt) in the consolidated Yearly Financial Report as of December 31 and the Consolidated Interim Financial Report as of June 30.

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

The documentation of the EMTN Program, updated on April 28, 2016, after the debt assumption transaction described above, in line with market practice for “investment grade” issuers, does not envisage limitations to the charge of ADR nor the observance of financial covenants or obligations to perform/not perform (except for a negative pledging commitment, typical of the contractual documentation of a non-banking issuer).

Compliance risks

Risks of compliance with laws and regulations

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

Regulatory risks

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

ADR S.p.A.: financial performance

Economic performance

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

TABLE 1. Reclassified income statement

(THOUSANDS OF EUROS)	2016	2015	Change	% Change
Revenues from airport management of which:	836,341	757,980	78,361	10.3%
aeronautical revenues	*635,700*	*565,312*	70,388	12.5%
non-aeronautical revenues	*200,641*	*192,668*	7,973	4.1%
Revenues from construction services	301,986	154,419	147,567	95.6%
Other operating income	31,883	28,821	3,062	10.6%
Total revenues	**1,170,210**	**941,220**	**228,990**	**24.3%**
External operating costs	(252,141)	(259,926)	7,785	(3.0%)
Costs for construction services	(291,212)	(147,914)	(143,298)	96.9%
Concession fees	(34,712)	(33,599)	(1,113)	3.3%
Payroll costs	(84,554)	(76,990)	(7,564)	9.8%
Total net operating costs	**(662,619)**	**(518,429)**	**(144,190)**	**27.8%**
Gross operating income (EBITDA)	**507,591**	**422,791**	**84,800**	**20.1%**
Amortization and depreciation, write-downs and reversals	(75,402)	(70,728)	(4,674)	6.6%
Allocation to provisions and other adjusting provisions	(58,198)	(103,536)	45,338	(43.8%)
Operating income (EBIT)	**373,991**	**248,527**	**125,464**	**50.5%**
Financial income (expense)	(44,552)	(32,453)	(12,099)	37.3%
Income (loss) before taxes from continuing operations	**329,439**	**216,074**	**113,365**	**52.5%**
Taxes	(113,697)	(81,518)	(32,179)	39.5%
Net income (loss) from continuing operations	**215,742**	**134,556**	**81,186**	**60.3%**
Net income (loss) from discontinued operations	0	0	0	0.0%
Net income (loss) for the year	**215,742**	**134,556**	**81,186**	**60.3%**

Revenues

- Revenues from airport management, equal to 836.3 million euros, rose by 10.3% compared to the previous year, essentially due to the development of aeronautical activities (+12.5%), attributable to the tariff adjustment component and the positive traffic performance (passengers +1.8%). The performance of the non-aeronautical segment showed a 4.1% growth, mainly as a consequence of the greater spaces available compared to 2015, heavily impacted by the fire at T3, with sub-concessions of retail outlets up by 5.0% and real estate management rising by 3.8%.

- Revenues from construction services equaled 302.0 million euros and increased considerably (+147.6 million euros) compared to the comparative period, in line with the infrastructural development program governed by an agreement with ENAC.
- Other operating income amounted to 31.9 million euros, up 3.1 million euros. In 2016 this item was affected by the definition of the extent of the insurance claim referring to coverage of the extra costs and the restoration and salvage costs incurred as a result of the fire. This sum supplements the compensation value already posted as an estimate in the comparison year.

Net operating costs

- External operating costs, equal to 252.1 million euros, fell by 7.8 million euros overall, essentially due to the decrease in costs associated with the fire, compared to 2015 which had included the costs of securing and salvaging the areas affected by the loss.
- Costs for construction services, equal to 291.2 million euros, rose by 143.3 million euros compared to 2015, in line with the already mentioned infrastructural development process.
- The liability for concession fees amounts to 34.7 million euros, up 1.1 million euros mainly as a result of the increase in traffic.
- Payroll costs, equal to 84.6 million euros, rose by 7.6 million euros (+9.8%) in correlation to the higher average headcount of ADR (+79.9 average resources), as a result of initiatives to improve passenger assistance levels and to recruitments linked to implementation of the Development Plan envisaged in the Planning Agreement.

Gross operating income (EBITDA)

The gross operating income (EBITDA) equaled 507.6 million euros, up 84.8 million euros compared to the previous year (+20.1%).

Amortization and depreciation

Amortization and depreciation of intangible and tangible fixed assets amounted to 75.4 million euros (+4.7 million euros) and mainly represented the amortization of the airport concession which ADR holds. The 4.7 million euros increase compared to the previous year is attributable to the operational start-up of new systems and infrastructures associated with the current investment plan.

Allocation to provisions and other adjusting provisions

This item, totaling 58.2 million euros (103.5 million euros in the comparative period), is broken down as follows:

- provisions to the renovation fund, amounting to 52.7 million euros (81.3 million euros in 2015), as a consequence of the updated estimate of the expenses for restoration and replacement work scheduled in the latest business plan approved;
- allowances for risks and charges for 3.7 million euros compared to 20.6 million euros in the previous year. The decrease of 16.9 million euros compared to 2015 is attributable to lower exposure to the risk of potential liability on past disputes and to the impact on 2015 of the risk assessment after the fire;
- provisions for doubtful accounts, amounting to 1.8 million euros (+0.2 million euros compared to 2015).

Operating income (EBIT)

Operating income (EBIT) came to 374.0 million euros, rising by 125.5 million euros (+50.5%) compared to the previous year.

Financial income (expense)

Net financial expense amounts to 44.6 million euros, increasing by 12.1 million euros (+37.3%) due mainly to the decrease in dividends from investees (-1.7 million euros) and write-down of the investment in Pavimental (-7.2 million euros), as well as non-recurring income achieved in 2015 from the sale of A4 bonds in portfolio to Atlantia (2.7 million euros).

Net income (loss) for the year

Net of the tax burden estimated for current and deferred taxation, equal to 113.7 million euros, the Company closed 2016 with a net income of 215.7 million euros, increasing by +81.2 million euros compared to the previous year.

TABLE 2. Statement of Comprehensive Income

(THOUSANDS OF EUROS)	2016	2015
NET INCOME FOR THE YEAR	**215,742**	**134,556**
Effective part of the profits (losses) on cash flow hedges	753	(7,036)
Tax effect of other gains (losses)	(428)	1,935
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect	**325**	**(5,101)**
Actuarial gains (losses) on benefits to employees posted in Shareholders' equity	(329)	481
Tax effect of other actuarial gains (losses)	44	(132)
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect	**(284)**	**349**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT	**40**	**(4,752)**
COMPREHENSIVE INCOME FOR THE YEAR	**215,782**	**129,804**

Financial performance

TABLE 3. Reclassified balance sheet

	(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
	Intangible fixed assets	2,281,758	2,048,333	233,425
	Tangible fixed assets	51,033	35,578	15,455
	Non-current financial assets	79,689	35,228	44,461
	Deferred tax assets	100,577	109,135	(8,558)
	Other non-current assets	429	468	(39)
A	**FIXED ASSETS**	**2,513,486**	**2,228,742**	**284,744**
	Trade assets	294,410	273,639	20,771
	Other current assets	49,714	52,014	(2,300)
	Current tax assets	7,118	12,045	(4,927)
	Trade liabilities	(301,930)	(243,204)	(58,726)
	Other current liabilities	(129,521)	(110,868)	(18,653)
	Current tax liabilities	(21,862)	(17,089)	(4,773)
B	**WORKING CAPITAL**	**(102,071)**	**(33,463)**	**(68,608)**
	Provisions for employee benefits	(1,278)	(784)	(494)
	Provision for renovation of airport infrastructure	(95,796)	(97,990)	2,194
	Other allowances for risks and charges	(51,284)	(36,366)	(14,918)
C	**CURRENT SHARE OF PROVISIONS**	**(148,358)**	**(135,140)**	**(13,218)**
D = B + C	**WORKING CAPITAL NET OF THE CURRENT SHARE OF PROVISIONS**	**(250,429)**	**(168,603)**	**(81,826)**
	Non-current liabilities	(146,679)	(199,484)	52,805
E	**NON-CURRENT LIABILITIES**	**(146,679)**	**(199,484)**	**52,805**
F = A + D + E	**NET INVESTED CAPITAL**	**2,116,378**	**1,860,655**	**255,723**
	Share capital	62,225	62,225	0
	Reserves and retained earnings (losses)	890,277	931,923	(41,646)
	Net income for the year, net of the advance on dividends	148,540	134,556	13,984
G	**SHAREHOLDERS' EQUITY**	**1,101,042**	**1,128,704**	**(27,662)**
	Non-current financial liabilities	1,042,518	921,157	121,361
	Other non-current financial assets	(11,236)	(2,925)	(8,311)
H	**NON-CURRENT NET DEBT**	**1,031,282**	**918,232**	**113,050**
	Current financial liabilities	50,624	30,436	20,188
	Current financial assets	(66,570)	(216,717)	150,147
I	**CURRENT NET DEBT**	**(15,946)**	**(186,281)**	**170,335**
L = H + I	**NET DEBT**	**1,015,336**	**731,951**	**283,385**
G + L	**HEDGING OF INVESTED CAPITAL**	**2,116,378**	**1,860,655**	**255,723**

Fixed assets

Fixed assets equaled 2,513.5 million euros as of December 31, 2016, up 284.7 million euros compared to the end of the previous year, due to:

- increase in intangible and tangible fixed assets (+233.4 million euros and +15.5 million euros, respectively), as the net balance between the new investments exceeding amortization and depreciation;
- an increased in financial fixed assets for 44.5 million euros, mainly due to acquisition (for 52.0 million euros) of the 10% equity investment and subsequent capitalization of Azzurra Aeroporti S.r.l., which later purchased 64% of the capital of Aéroports de la Côte d'Azur (ACA), the company that owns the airports of Nice, Cannes-Mandelieu and Saint Tropez; The residual change (-7.5 million euros) is attributable to the write-down of the investment in Pavimental (7.2 million euros) and in S.A.CAL. S.p.A. for 0.4 million euros based on their present consideration as impairment losses;
- decrease in deferred tax assets for 8.6 million euros mainly in relation to the trend of the provisions for renovation of airport infrastructures.

Working capital

Working capital is negative for 102.1 million euros, declining by 68.6 million euros in the year mainly due to the increase in trade liabilities (+58.7 million euros) and other current liabilities (+18.7 million euros), partly offset by the increase in Trade assets (+20.8 million euros).

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

Current share of provisions and Non-current liabilities

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Provisions for employee benefits	14,764	14,960	(196)
Provision for renovation of airport infrastructure	201,943	255,824	(53,881)
Other allowances for risks and charges	77,394	59,945	17,449
TOTAL	**294,101**	**330,729**	**(36,628)**
of which:			0
- current share	148,358	135,140	13,218
- non-current share[7]	145,743	195,589	(49,846)

The renovation provision, which includes the current value of the estimate of the charges to be incurred for the contractual obligation to restore and replace assets under concession, decreased 53.9 million euros due to uses made, net of allocations for the year.

Other allowances for risks and charges increased by 17.4 million euros, as a result of provisions classified as "Allocation to provisions and other adjusting provisions" for 3.7 million euros, as well as allocations for 15.6 million euros to "Other operating income" recorded net of the related insurance reimbursement. Uses for the year amounted to 1.9 million euros.

Net invested capital

The net invested capital, equal to 2,116.4 million euros at the end of the year, rose by 255.7 million euros compared to December 31, 2015.

[7] Non-current liabilities also include the item Other liabilities equal to 935 thousand euros as of December 31, 2016 and 3,895 thousand euros as of December 31, 2015.

Shareholders' equity

Shareholders' equity, equal to 1,101.0 million euros, decreased by 27.7 million euros compared to the end of last year mainly due to the distribution of dividends (134.4 million euros) and the advance on 2016 dividends (67.2 million euros), as well as the effects of the Issuer Substitution transaction (-42.9 million euros), details of which are provided in the paragraph on Net debt. These negative changes were partly offset by the overall net income for the year (215.8 million euros including the change in fair value of derivatives).

Net debt

Net debt as of December 31, 2016 amounts to 1,015.3 million euros, increasing by 283.4 million euros compared to the end of 2015.

TABLE 4. Net debt

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Non-current financial liabilities	1,042,518	921,157	121,361
Bonds	834,195	594,005	240,190
Medium/long-term loans	69,804	327,152	(257,348)
Financial instruments - derivatives	138,519	0	138,519
Other non-current financial assets	(11,236)	(2,925)	(8,311)
NON-CURRENT NET DEBT	**1,031,282**	**918,232**	**113,050**
Current financial liabilities	50,624	30,436	20,188
Current share of medium/long-term financial liabilities	15,955	16,068	(113)
Financial instruments - derivatives	21,394	7,036	14,358
Other current financial liabilities	13,275	7,332	5,943
Current financial assets	(66,570)	(216,717)	150,147
Cash and cash equivalents	(66,570)	(206,201)	139,631
Other current financial assets	0	(10,516)	10,516
CURRENT NET DEBT	**(15,946)**	**(186,281)**	**170,335**
NET DEBT	**1,015,336**	**731,951**	**283,385**

Non-current net debt

The non-current net debt amounts to 1,031.3 million Euros, up by a total of 113.1 million Euros compared to the previous year. The changes in individual components of this item are mainly attributable to the novation transaction, pursuant to art. 1273 of the Civil Code, concluded on March 17, 2016 between ADR and Romulus Finance, effective from March 20, 2016. Through this transaction, following the netting of the residual A4 credit line of Romulus Finance, ADR assumed the payables and all payment obligations regarding the Class A4 notes due directly to the noteholders (the "Issuer Substitution") and replaced Romulus Finance as the counterparty in the Cross Currency Swap contracts. In detail, the breakdown of non-current financial liabilities is as illustrated below.

- Bonds (834.2 million euros) refer to Tranche A4 in Pounds Sterling of the bonds originally issued by Romulus Finance for 239.1 million euros and to the EMTN ("Euro Medium Term Note Program") bond loan issued by ADR in December 2013 for 595.1 million euros. The increase of 240.2 million euros is mainly due to the effects of the above mentioned Issuer Substitution transaction (+262.9 million euros) and to the change recorded in the EUR/GBP exchange rate (-25.0 million euros).
- Medium/long-term loans equal 69.8 million euros (327.2 million euros at the end of the previous year) and include the bank loan granted by BNL for a total of 100 million euros and used for 70 million eu-

ros. The change of the year is essentially due to cancellation, by offsetting, of the Romulus Finance A4 loan following the Issuer Substitution transaction, partly offset by the new BNL loan.

- Derivative financial instruments, amounting to 138.5 million euros and comprised Cross Currency Swaps to hedge the Tranche A4 in pounds sterling, originally signed by Romulus Finance and the banking counterparties before transfer to ADR as a result of the above mentioned Issuer Substitution transaction.
- Other non-current financial assets (11.2 million euros) increased by 8.3 million euros, mainly due to the positive fair value (7.8 million euros) of three forward starting Interest Rate Swaps (with deferred application: February 20, 2020), signed by ADR on October 18, 2016, for a total notional amount of 300 million euros.

Current net debt

The current portion of net debt is equal to the net funds of 15.9 million euros, decreasing by 170.3 million euros compared to December 31, 2015, as a result of the combined effects of the following changes.

- Current financial liabilities, amounting to 50.6 million euros, rose by 20.2 million euros mainly in relation to the increase in Financial instruments - derivatives (+14.4 million euros), which includes the negative fair value (20.8 million euros) of two forward starting Interest Rate Swaps (with application deferred to February 9, 2017, compared to the original June 20, 2016), signed on June 15, 2015 by the Parent Company ADR for a notional 250 million euros, and the negative fair value (0.4 million euros) of the forward starting Interest Rate Swap (with deferred application: June 20, 2017), signed on February 25, 2016 by ADR, for a notional amount of 50 million euros.
- Current financial assets, equal to 66.6 million euros, decreased by 150.2 million euros as a result of the lower cash and cash equivalents (-139.6 million euros) and the decrease in loans (-10.5 million euros).

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

TABLE 5. Statement of cash flows

(THOUSANDS OF EUROS)	2016	2015
Net income for the year	**215,742**	**134,556**
Adjusted by:		
Amortization and depreciation	75,402	70,728
Allocation to the provisions for renovation of airport infrastructure	52,707	91,392
Financial expenses from discounting of provisions	3,674	3,004
Change in other provisions	16,806	14,155
Write-down (revaluation) of non-current financial assets and equity investments	7,556	0
Net change in deferred tax (assets) liabilities	21,735	13,061
Other non-monetary costs (revenues)	4,032	1,697
Changes in working capital and other changes	65,649	(24,857)
Net Cash Flow From Operating Activities (A)	**463,303**	**303,736**
Investments in tangible assets	(23,475)	(23,782)
Investments in intangible assets (*)	(311,952)	(141,063)
Works for renovation of airport infrastructure	(110,144)	(146,933)
Equity investments and minority shareholdings in consolidated companies	(52,001)	(500)
Gains from divestment of tangible and intangible assets	11,145	10,016
Net change in other non-current assets	39	(11)
Net Cash Flow From Investment Activities (B)	**(486,388)**	**(302,273)**
Dividends paid	(201,608)	(128,183)
Raising of medium/long-term loans	69,797	0
Repayment of medium/long-term loans	0	(10,646)
Net change in other current and non-current financial liabilities	129	(39)
Net change in current and non-current financial assets	9,193	4,939
Net Cash Flow From Funding Activities (C)	**(122,489)**	**(133,929)**
NET CASH FLOW FOR THE YEAR (A+B+C)	**(145,574)**	**(132,466)**
Cash and cash equivalents at the start of the year	198,869	331,334
Cash and cash equivalents at the end of the year	53,295	198,868

(*) including, in 2016, advances to suppliers for 5,652 thousand euros.

Additional information to the statement of cash flows

(THOUSANDS OF EUROS)	2016	2015
Net income taxes paid (reimbursed)	82,262	56,536
Interest income collected	517	596
Interest payable and commissions paid	41,387	53,990
Dividends received	10,574	12,227

Equity investments

Below are the characteristics and economic performance of the investees in 2016. The balance sheets and income statements of subsidiary and associated undertakings relating to 2016 are summarized in the Annexes to the separate financial statements.

Investments in subsidiary undertakings

ADR Assistance S.r.l.

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

In 2016, the company recorded a net loss of 0.1 million euros, compared to net income of 0.4 million euros in the previous year. Revenues, equal to 17.5 million euros, increased by 4.5%, mainly due to the growth in assistance services. Operating costs, equal to 16.8 million euros, recorded an overall increase of 6.5%.

The gross operating income fell by 0.3 million euros to 0.7 million euros.

ADR Tel S.p.A.

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

In 2016 the company recorded a positive net income of 2.4 million euros (+17.6% compared to 2015) and revenues for 33.2 million euros, up 20.4% as a result of the increased investment activities of the Parent Company commissioned to ADR Tel. Operating costs amounted to 29.3 million euros, of which 24.5 million euros relating to the consumption of materials and external services and 4.8 million euros for payroll costs, recording an overall increase of 23.8%. The gross operating income equaled 4.0 million euros, in line with 2016, while EBIT came to 3.6 million euros, down 20.5% as a result of the contribution from the balance of other income and expense.

ADR Security S.r.l.

The company was established on May 2, 2012 through the transfer by ADR of the company branch concerning the airport security services business at the two main Roman airports. Therefore a long-term tender contract (2012-2016) was entered into between ADR and the company to regulate the activities ADR Security must carry out as specialist corporate organization of the airport operator: passenger control services, related carry-on baggage, checked baggage, goods and express courier parcels, as well as on-demand services such as surveillance of the airport perimeter.

In the year the company recorded a net income of 1.8 million euros, down 2.3 million euros compared to the previous year. 2016 revenues amounted to 50.3 million euros (+7.9%) as the traffic component allowed a company price increase through the contractual balance of payments mechanism. Operating costs amounted to 47.2 million euros (+10.3%), of which 38.0 million euros as payroll costs (+9.5%). The gross operating income equaled 3.1 million euros (down by 0.7 million euros compared to 2015), with a percentage impact on revenues of 6.2%, compared to 8.2% in 2015.

ADR Mobility S.r.l.

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

In 2016 the company recorded a net income of 6.8 million euros, down slightly (-2.0%) compared to 2015. Revenues amounted to 39.3 million euros, rising by 2.9% compared to the previous year and attributable to the increase in revenues from car park operators and the royalties recognized by car rental companies. Operating costs amounted to 26.8 million euros (+6.7% compared to 2015), of which 23.2 million euros relating to the consumption of external materials and services and 3.6 million euros for payroll costs. The gross operating income equaled 12.6 million euros, decreasing by 13.2 million euros compared to the previous year, while the operating income stood at 10.1 million euros, down by 4.4%.

Airport Cleaning S.r.l.

The company was established on February 28, 2014 and started operations on May 20, 2014. The company initially provided cleaning and minor maintenance services at some areas of Fiumicino airport (East Lot), management of the service for collection and distribution of baggage carts at Fiumicino airport as well as cleaning and cart handling services at Ciampino airport. The business was expanded in 2015 to include the cleaning service for the Fiumicino West Lot and the external areas cleaning service for Ciampino. In 2016, operations consolidated the results achieved, focusing on improving the quality of services provided and acquiring the business of cleaning the baggage handling area (BHS Terminal 1) and the extraordinary site cleaning of the new infrastructure of the Front Building and Pier E.

In 2016, the company recorded net income of 0.7 million euros, down 0.3 million euros compared to 2015. Revenues, equal to 26.1 million euros, rose by 5.3%, due to expansion of the scope of activities. External costs remained essentially stable with respect to 2015, whilst payroll costs amounted to 14.4 million euros, up 13.3% in relation to the increase in headcount (+18.6%) as a result of the change in business scope and to the improved level of service quality. The gross operating income equaled 1.4 million euros (1.8 million euros in 2015), while EBIT came to 1.2 million euros (-0.2 million euros in the previous year).

ADR Sviluppo S.r.l.

The company, with the purpose of promoting and developing real estate initiatives for the airport premises of Fiumicino and Ciampino, had not yet started its operations in 2016. The net income for 2016 equals 19 thousand euros (in line with 2015), in relation to dividends (+20 thousand euros) collected from the investee ADR Tel; the shareholders' equity as of December 31, 2016 equals 152 thousand euros.

Investments in other companies

Pavimental S.p.A.

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

The revenues for 2016, equal to 362.0 million euros, were down by 162.4 million euros compared to 2015 (-31.0%), mainly due to the permanent reductions announced by the Ministry for Infrastructures and Transport on infrastructure contracts commissioned by Autostrade per l'Italia S.p.A. and the essential completion of most of the works for ADR.

The gross operating income equaled -30.0 million euros, down compared to the previous year (25.7 million euros). The company closed 2016 with a net loss of 33.7 million euros, a decline compared to the net income of 7.8 million euros in 2015. Shareholders' equity as of December 31, 2016, stood at 15.4 million euros.

Spea Engineering S.p.A.

On December 1, 2014, ADR acquired a 27% stake in Spea Ingegneria Europea from Autostrade per l'Italia S.p.A. On May 21, 2015 the merger by incorporation was completed of the company ADR Engineering S.p.A., already sold by the ADR Group to the parent company Atlantia in December 2014. Following this transaction, the company changed its name to Spea Engineering S.p.A. and the investment held by ADR dropped from 27% to 20%.

The company provides engineering services for planning, work supervision and monitoring activities, serving the upgrading and extraordinary maintenance for the motorway and airport sector.

Revenues for 2016 equaled 124.0 million euros, increasing by 16.7 million euros (+15.6%) compared to the previous year, mainly attributable to the relaunch of major works in the planning sector. EBITDA in 2016, equal to 29.1 million euros, increased by 0.2 million euros compared to the previous year (+0.7%). The company closed 2016 with a net income of 17.7 million euros, up compared to the result of 16.4 million euros in 2015 (+8.1%). Shareholders' equity as of December 31, 2016, stood at 93.6 million euros.

Aeroporto di Genova S.p.A.

ADR holds a 15% investment in the company that manages Genoa airport. In 2015 (which the last financial statements approved refer to), passenger traffic increased by 7.5% compared to 2014, deriving from the positive performance of scheduled traffic (+8.8%) and of non-scheduled traffic up overall by 23%, albeit partly offset by the negative performance of charter traffic which saw passengers decline by 19.1%. The value of production amounted to 23.7 million euros, with an increase of 1.5 million euros, largely driven by the positive trend in aeronautical income. The gross operating income (EBITDA), equal to 2.4 million euros, rose by 1.5 million euros compared to 2014. The company closed 2015 with a net income of 0.1 million euros, in line with that of the previous year. Shareholders' equity as of December 31, 2015, stood at 5.8 million euros.

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

ADR owns a 16.57% investment in this company. In 2015 (to which the latest approved financial statements refer), passenger traffic at Lamezia Terme, the airport managed by S.A.CAL., reported 2.3 million passengers in total with a decrease of 2.8% compared to the previous year. The value of production was 22.9 million euros, down by 0.7 million compared to 2014, whilst a considerable increase was seen in costs of production (+2.1 million euros). Service costs rose by 0.9 million euros due to the costs for first aid services, originally provided by the Ministry of Health, the increase in traffic incentives offered to carriers and to maintenance fees. Payroll costs increased by 0.8 million euros following renewal of the collective labor agreement. Other operating expenses were up by 0.4 million euros as a result of recognition of losses on receivables. Given the trends described, the year closed with a net loss of 2.0 million euros compared to net income of 0.1 million euros recorded in 2014. Shareholders' equity as of December 31, 2015, therefore decreased to stand at 5.8 million euros.

The Extraordinary Shareholders' Meeting of December 18, 2015 resolved the capital increase - pursuant to art. 3 of the Decree of the Ministry of Transport and Navigation no. 521 of November 12, 1997 - from the current 7.8 million euros to 12.9 million euros through the issue of new ordinary shares. The deadline for the shareholders to exercise the subscription right was set as October 30, 2016. An extraordinary session of the Shareholders' Meeting was later called on December 6, 2016, to examine the request of certain shareholders to reopen the deadline for exercise of the subscription right. On December 19, 2016, the Extraordinary Shareholders' Meeting resolved to: (i) increase the amount of the agreed share capital increase from 12.9 million euros to 15.9 million euros and thereby increase the share capital agreed by the Extraordinary Shareholders' Meeting of December 18, 2015 by 7.8 million euros to 15.9 million euros; (ii) reserve the share capital increase agreed for 2.0 million euros exclusively to subscriptions from public entities and offer individual shareholders subscription of the remaining 1.0 million euros.

Azzurra Aeroporti S.r.l.

The consortium comprising Atlantia, ADR and Eletricitè de France (through EDF Invest) was awarded the competitive procedure called by the French government for the privatization of Aéroports de la Côte d'Azur (ACA), the company that owns the airports of Nice, Cannes-Mandelieu and Saint Tropez.

Following the satisfaction of all the conditions precedent and having obtained the requested authorizations, on November 2, 2016, a purchase agreement was signed with the French government, for a 60% share, and with the Alpes-Maritimes Department, for a 4% share, for the purchase of a total 64% investment in the capital of ACA.

To this end, Atlantia, EDF and ADR undertook to carry out the acquisition through a vehicle company that is 65.01%, 24.99% and 10.00% owned, respectively. The parties found Azzurra Aeroporti S.r.l. (formerly Mizard S.r.l.) to be the ideal vehicle to formalize the acquisition.

Azzurra Aeroporti S.r.l. was thus capitalized for 670 million euros, 2.5 million euros of which to share capital and 667.5 million euros to reserve.

The transaction was funded through acquisition financing at Azzurra Aeroporti S.r.l. level for 653 million euros, provided by a pool of banks for 5 years.

The transaction closed on November 9, 2016 on transfer of the shares and payment of the price.

The company closed 2016 with a net loss of 7.2 million euros, relating to the costs associated with acquisition of the equity investment in ACA. Shareholders' equity as of December 31, 2016 amounts to 662.8 million euros.

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

The Consortium (25% ADR), which promotes training courses and research programs regarding European transport integration issues, has been in liquidation since December 31, 2010 and closed 2016 with a loss of 14 thousand euros and a negative shareholders' equity of 6 thousand euros.

Leonardo Energia Società consortile a r.l.

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

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

The company broke even in 2016, whilst shareholders' equity at December 31, 2016 amounted to 268 thousand euros.

Planning Agreement

Development of the Roman airport system

The Airport Management Agreement and the Planning Agreement

ADR manages the Roman airport system - Fiumicino and Ciampino airports - on an exclusive basis under the concession granted to the company by Italian Law No. 755 of November 10, 1973, and the Single Deed (Agreement for management of the Rome airport system and Planning Agreement, pursuant to art. 17, paragraph 34-bis, Law Decree no. 78 of July 1, 2009, converted with amendments to Law no. 102 of August 3, 2009, including the principles and criteria for its periodic updating" entered into on October 25, 2012 and approved by the Prime Minister's Office Decree of December 21, 2012. This Single Deed, expiring on June 30, 2044, replaced the previous Management Agreement no. 2820 of June 26, 1974, and governs relations between the concessionaire ADR and ENAC until expiry.

Following the Agreement of October 25, 2012, ENAC and ADR signed three Additional Deeds: on December 27, 2012 (incorporating the amendments to the text of the Prime Minister's Office Decree of December 21, 2012), on December 23, 2013 (remodeling the boarding fees for outgoing and transit passengers) and on December 9, 2014 (identifying further service quality measurement mechanisms).

The new regulatory framework has defined a consistent set of transparent and sound rules valid until the end of the concession, which will enable the financing of ADR investment plan through private funds. The pillars of the new Planning Agreement are:

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

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

The main elements of the Planning Agreement

- **Fee structure**: the fee structure is based on criteria recognized at international level in correlation with the costs of infrastructure and services, promoting the efficiency objectives in accordance with Directive 2009/12/EC and Law 27/2012, which absorbed the same directive into the national regulations. The fee rules are set until the end of the concession and are based on:
- "price cap" method ("RAB-based"), which correlates the fees with the costs of the services subject to economic regulation. In addition, the initial RAB value is calculated as of January 1, 2013 at 1.8 billion euros, updated year on year with the rules for regulatory accounts;

- "dual till" based on which all the revenues of the commercial activities are kept by the airport company;
- provision of bonuses / penalties when the values recorded concerning environmental and quality indicators are above / below the objectives set with the ENAC (Civil Aviation Authority).
- **Fee review**: the Planning Agreement clearly defines, in terms of content, methods and schedules, the mechanisms and reasons that require updating of the economic-financial plan at 2044, of the ten-year regulatory periods, in turn subdivided into regulatory sub-periods, of the variables contained in the mechanism of annual fees.
- **Permissible remuneration**: for the first five-year period of tariff application (2012-2016), the real pre-tax Weighted Average Cost of Capital (or “WACC”) equaled 11.91%. For the second five-year period (2017-2021) this was set at 8.52% to reflect the changing financial market conditions (particularly the lowering of the cost of Italian public debt). The Planning Agreement defines all the parameters and criteria to update the return recognized on the capital; most of them must be updated every five or ten years. The real pre-tax WACC, for the new works of particular strategic and environmental value, is expected to increase within the range of 2% to 4%.
- **Differences between forecast and final traffic**: the variations in traffic compared to the forecasts within a +/-5% range will be to the benefit of/charged to ADR. In the presence of greater variations, 50% of the higher revenues will be allocated for future investments without any impact on the tariffs; if lower, 50% of the lower revenues will be included in the costs permitted for the tariff calculation of the next sub-period of five years. Particularly significant traffic variations may legitimize the request for changes to the planned structural works.

Tariff update

The tariffs in force since March 9, 2013, the year of first applying the Single Deed, are calculated according to the principles contained in the Planning Agreement.

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

In 2016 the series of actions for updating of the tariff parameters for the five-year period 2017-2021 and the underlying technical annexes to the Planning Agreement were carried out and are fully available on the ENAC web site.

Consultation with users and 2017 tariff proposal

As part of the consultation envisaged for the tariff update started by ADR on September 9, 2016 with the publication of the relevant documents on its website, meetings were held on October 5 and 27, 2016 with the airport users (carriers, handlers and other operators) with regard to the issues concerning investments, traffic performance, quality and the environment. The main infrastructural works completed in 2016 and those planned for 2017 and the years after the second five-year period of the Planning Agreement were illustrated on that occasion. Also submitted to users were the updates planned in accordance with the Planning Agreement on expiry in 2016 as regards the cost of capital recognised for tariff setting purposes and the new indicators and improvement targets for quality of service and environmental protection. Lastly, the new tariff trend was illustrated for the new five-year period (2017-2021) as resulting from application of the principle of cost correlation established in the Planning Agreement. The consultation procedure ended on November 22, 2016 with publication of the final tariff proposal of the airport operator.

On December 29, 2016 ENAC, with its own note, confirmed for ADR the tariffs that will come into force at Fiumicino and Ciampino airports starting from March 1, 2017, publishing them on its website at the same time. Based on the agreements reached, the ratio between maximum revenues admitted for regulated services and passengers paying the fees, under the Planning Agreement, equals 30.8 euros.

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

The strategic objectives

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

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

- the development of Fiumicino in order to turn it into one of the main hubs at European level both in terms of volume, increasing the capacity to about 100 million passengers from about 35 million in 2013 (when the phase implementing the Planning Agreement started), and service standards offered to passengers;
- the upgrading of Ciampino to make it compatible with the environmental constraints, limiting the impact on the surrounding urban area, and to service the business component of Commercial Aviation and General Aviation of Rome's traffic.

The Investment Program

Under the Management Agreement, ADR is committed to guaranteeing the suitable and progressive planning and implementation of the infrastructural development for the airport system for the entire residual duration of the concession (June 30, 2044). The size of the infrastructure covered by this plan, in addition to considering ENAC's directives, must firstly guarantee high quality levels, based on the estimated traffic growth agreed with the granting administration. The original plan of the Convention identifies, for Fiumicino in particular, investments equal to about 4.4 billion euros to extend the works existing on the areas currently under concession - also including the construction of new departure piers, new aircraft parking aprons and the creation of new commercial areas (so-called Fiumicino Sud) – and include the creation of a new terminal, north of the current area under concession, inclusive of two new runways (so-called Fiumicino Nord) to adjust the airport's capacity to the target of 100 million passengers set for 2044, with an additional investment estimated at the time for about 7.2 billion euros.

The Airport Development Plan[8]

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

Following the approval in October 2015 of the Fiumicino and Ciampino Masterplan up to 2044, in compliance with ENAC requirements, in 2016 ADR prepared Masterplan with a time horizon of 2030 for Fiumicino airport and the associated Environmental Impact Study. The Masterplan to 2030 was submitted in October 2016 and is currently undergoing preliminary investigation by ENAC, whilst the associated Environmental Impact Study was completed and will be sent to ENAC as soon as investigations on the Masterplan are completed. As regards Ciampino, the Environmental Impact Assessment (VIA) for the Masterplan to 2044 is under examination by the Ministry for the Environment and Cultural Heritage. In December 2016, through ENAC, ADR submitted the integrations and in-depth analyses requested by the VIA Committee.

In 2016 ADR made investments amounting to 429 million euros, closing the first regulatory sub-period (2012-2016) with a final figure of 119 million euros higher than in the original Planning Agreement budget approved by ENAC. This confirms ADR's strong commitment to investing in the expansion and improvement of Italy's access infrastructures and raising the quality levels of services offered, despite the current economic scenario.

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

Regulatory changes in 2015: repeal of Article 71

Art. 9 (Revocation of loans, unimplemented actions and repeal of airport procedures), paragraph 3 of Law Decree no. 185 of November 25, 2015 containing "Urgent measures for territorial interventions", converted to Law no. 9 of January 22, 2016, provided for the repeal of article 71 of Law Decree no. 1 of January 24, 2012, converted with amendments to Law no. 27 of March 24, 2012.

With the repeal of art. 71, infrastructural interventions for Fiumicino and Ciampino airport are essentially no longer equated to strategic structures of preeminent national interest (so-called "major works") and go back to being subject to the ordinary regulations in force in terms of approval procedures (approval of the projects by ENAC). The original wording of art. 9, paragraph 5 of the Planning Agreement (as amended by Council of Ministers Presidential Decree of December 21, 2012), which established the competence of the Inter-ministerial Committee for Economic Planning ("CIPE") for the approval of the projects, no longer applies. The times have also shortened for the approval procedures already started which, in some ways, have taken into account, or in any case mentioned,

[8] ITA GAAP data.

the regulations applicable to the so-called “major works”, and particularly: Ciampino Masterplan; Fiumicino long-term Masterplan; individual airport investment projects.

Service Conference of the Project of Completion of Fiumicino Sud

In 2016, ADR completed works envisaged in the development plan approved by ENAC and authorized by the VIA and Service Conference, carrying out the prescribed compliance checks with the competent Ministries or bodies.

The fulfillments in relation to the Development Plan

In compliance with the Agreement and Planning Agreement, in 2016 ADR submitted to ENAC the long-term technical documents and technical and economic sheets relating to investments to be made in the five-year period 2017-2021, the second regulatory sub-period of the Planning Agreement, at the airports of Fiumicino and Ciampino. These documents, which were assessed and approved by the ENAC departments responsible and in line with the approved airport development plans, contain details of the action to be taken each year to achieve the strategic objectives of capacity, quality, service level and environmental sustainability. For Fiumicino, the general structure is fully in line with that approved in the Fiumicino Sud completion project and envisages completion of the T1 and T3 terminals and the construction of T4, with temporary restructuring of T5. As regards Fiumicino Nord, a new runway, a new terminal block and related aprons are planned for construction by the end of 2028. From 2021, for Ciampino the plan is to reduce daily movements by around 100 to approximately 65 and to streamline traffic, in line with the environmental impact study and in the plan for noise reduction and abatement.

Compliance with VIA Decree 236/2013

The general and specific provisions of VIA Decree no. 236 of August 8, 2013, as amended by Ministerial Decree no. 304 of December 11, 2014, essentially referred to matters such as: land and water management, the arrangement of work sites and landscape-related aspects as well as the enhancement of Terminal 3, the airport’s only historical building.

During 2016, the activities were completed for the preparation of the documents needed to fulfill specific requirements regarding the following topics: hydraulics, site arrangements and budgeting and the environmental classifications of excavated material.

The phase to update the different projects as arranged was continued by sending ENAC, during 2016, the updated projects and the documents needed for compliance with the actions planned in the Planning Agreement. ENAC, in its capacity as applicant, subsequently forwarded the above documents to the bodies in charge of the compliance audits based on their respective competence (Ministry of Cultural Heritage and Assets and Tourism, Ministry of the Environment and the Protection of Land and Sea, Lazio Regional Environmental Protection Agency).

Airport intermodality and connectivity

For an airport like Fiumicino the development of accesses is of the utmost importance in order to best address the mobility and accessibility needs connected to the demand for air transport for Rome. In addition to the continuous collaboration launched in previous years with ANAS and RFI, ADR continued its commitment to activities as part of the work group coordinated by Unindustria Lazio to devise the "Integrated Plan for the sustainable development of infrastructures in the North-western Area of Rome", on the initiative of the “General Directorate for territorial development, programming and international projects” of the Ministry of Infrastructure and Transport. The Plan aims to create the strategic reference tool for coordination of the various infrastructural and accessibility initiatives to be developed as part of the mentioned territorial context. The Plan was concluded in July 2016 and the final version was presented to the Ministry of Infrastructure and Transport to start the subsequent adoption and approval phases.

2016 saw the approval by ANAS of the executive design for the slip road in the Cargo City area, as envisaged in the opinion expressed by ANAS at the Service Conference. The design was subjected to road safety checks and controls, envisaged pursuant to Ministerial Decree 35/11 by the Ministry for Infrastructures and Transport, for which assessment of certain specific aspects is in progress.

On December 15, 2016, ADR and RFI signed a Protocol on enhancement of the Fiumicino Aeroporto rail station to increase and improve the rail service. The Protocol, through a work group created ad hoc, envisages:

- design and construction of the station expansion, adding two new tracks;
- definition of timing and costs of works identified;
- definition of the works implementation plan;
- analysis of other joint action for the short/medium-term enhancement of rail services for access to the airport.

Environmental sustainability and quality

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

Specifically, the main indicators agreed with ENAC for Fiumicino and Ciampino airports and subject to consultation together with the related improvement targets for the period 2017-2021 as part of the proposed 2017 tariff (reference should be made to the paragraph “Consultation with users and 2017 tariff proposal”) are reported below.

- Services provided:
  - availability of operating info points;
  - waiting time in line at check-in desks;
  - delivery time for the first and last bag from the block on;
  - time take to provide assistance to passengers with reduced mobility (PRM);
  - seating availability in the airside area.
- Passengers' quality perception regarding:
  - level of cleanliness at the terminal;
  - wi-fi connection quality;
  - presence of clear, understandable and efficient internal signs;
  - level of cleanliness and functioning of the rest rooms.

On December 9, 2014, with specific Additional Deed to the Planning Agreement, ADR and ENAC supplemented the provisions regarding the periodic monitoring of another six indicators (three for Fiumicino and three for Ciampino). These indicators were identified according to the following principles: ADR's possibility of intervening, availability of international benchmarks and high relevance to passengers. The Additional Deed also specifies the reference international panel, for both Fiumicino and Ciampino, and the sanctions applied in case of a performance below the set objectives. In particular, these additional indicators refer to:

- cleanliness of rest rooms (objective measurement);
- time taken to provide assistance to passengers with reduced mobility (PRM);
- total misguided baggage (only for Fiumicino)
- courteous and helpful security staff (only for Ciampino).

For ADR, environmental protection is a strategic priority and the sustainable approach to airport activities management is a working method that is increasingly insourced. In this perspective, in 2016 the ADR Group's first Sustainability Report was prepared for 2015, which constitutes a major summary reference of the results achieved and of activities in progress. The report confirms a commitment that goes beyond the provisions of Annex 10 to the Planning Agreement (for the sub-period 2012-2016), made formal by the related measurement indicators for environmental performance. 2016 also saw continuation of the commitment to improving the key environmental indicators:

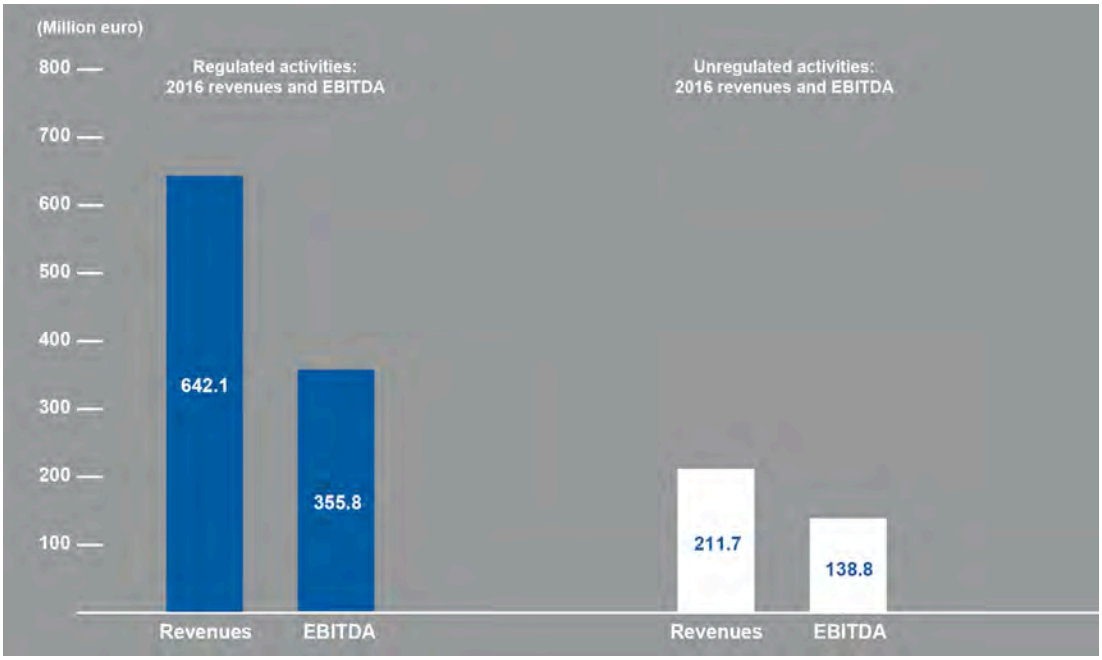
- rationalization of energy consumption and reduction of consumption per passenger;
- offsetting of residual CO_2 emissions from Fiumicino airport by purchasing the credits of "green" projects;
- integrated management of the waste cycle and increased separate waste management, resulting in more than 80% of waste correctly separated, also from the "door to door" collection method adopted at Fiumicino terminals;
- improvement and optimization of the system monitoring the quality of drinking water and waste water, and reduced drinking water consumption per passenger.
- Also defined in 2016 was the new system of environmental indicators to be used for the second regulatory sub-period 2017-2021, which were transposed into the new Annex 10 to the Planning Agreement. Using the guidelines defined by ENAC in 2015, it was possible to select a list of indicators which, compared to the previous five-year period, allow the definition of improvement objectives that are significantly more relevant with a view to developing an increasingly sustainable airport system. For Fiumicino and Ciampino the following indicators and actions were identified:
- reduced energy consumption at the terminals by 2.5% in the second sub-period compared to 2015 (also including energy consumption relating to air-conditioning systems);
- energy production from the installation of photovoltaic plans: in the five-year period 2017-2021 ADR expects to produce 1.5% of electricity from renewable sources, at both airports;
- replacement of the company car pooling fleet with low-emission vehicles (mainly electric or hybrid), to achieve replacement of 35% of the vehicles at Fiumicino and 60% at Ciampino;
- separate waste collection of non-hazardous waste in the passenger transit areas, increasing by 4 and 5 percentage points, respectively, for Fiumicino and Ciampino compared to 2015;
- reduced drinking water consumption per passenger by 5% compared to 2015 (indicator only valid for Fiumicino airport);
- systematic verification of environmental clauses included in the contracts, to control operational implementation and reliability of the related contents.

Regulatory accounts

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

In 2016, revenues from regulated activities amounted to 642.1 million euros (in 2015 this value equaled 572.9 million euros), with an EBITDA contribution of 355.8 million euros (297.7 million euros in 2015). With regard to unregulated activities, mainly managed via third parties on the basis of sub-concession agreements, revenues were recorded for 211.7 million euros (in 2015 this value equaled 233.2 million euros), with an EBITDA contribution of 138.8 million euros (133.9 million euros in 2015).

GRAPH 1. Volumes and profitability of regulated and unregulated ADR activities



THE SUSTAINABILITY **SECTION**

Human resources

As of December 31, 2016 the ADR Group had a headcount of 3,393, recording an increase of 133 (+4.1%) compared to the end of the previous year. This change is mainly attributable to:

- expansion of the scope of activities managed by Airport Cleaning, which absorbed the waste collection activities in communal areas of the terminals and enhancement of the cleaning activities following the opening of the new areas of the Front Building and Pier E;
- insourcing and enhancement initiatives for maintenance activities to improve the quality standards of the service provided and to enhance system control activities;
- improvement initiatives for the levels of assistance to passengers and terminal decorum at Ciampino airport, also in relation to opening of the General Aviation Terminal;
- enhancement of the supervision of airport mobility/accessibility, managed by ADR Mobility, to improve the service provided to passengers;
- enhancement of the specialist organizational areas connected to the Infrastructural Development Plan envisaged by the Planning Agreement.

The headcount on open-ended contracts as of December 31, 2016 equaled 2,771 people, with an incremental change of 204 compared to December 31, 2015 (+7.9%). This increase is mainly associated with regulatory obligations of the Jobs Act fulfilled in relation to recruitment on fixed-term contracts (+188 resources).

The Group's average headcount in 2016 equaled 3,039 FTE, rising by 231 FTE (+8.2%) compared to 2015. This increase was mainly attributable to:

- full operations of Airport Cleaning in the West area of Fiumicino airport, added to which in 2016 was the waste collection in communal areas of the terminal (around 25 FTE) and the extension of cleaning activities to the new areas of the Front Building and Pier E (around 16 FTE), as well as enhancement of the baggage trolley management activities, cleaning at Ciampino and cleaning of the East area of Fiumicino airport (total of around 42 FTE);
- strengthening of passenger and baggage security checks (after the security level was raised as envisaged in the National Security Program following the international terrorist attacks), as well as the efforts to achieve higher levels of service in relation to the goal of reducing waiting times at the checkpoints (total of around 66 FTE);
- insourcing and enhancement initiatives for maintenance activities (around 26 FTE);
- improvement initiatives for the levels of assistance to passengers, in particular: facilitated use of the new boarding card and passport e-gates (around 33 FTE), passenger information activities and supervision of terminal decorum at the Ciampino and Fiumicino airports (around 32 FTE), assistance to passengers with reduced mobility (around 12 FTE), management and supervision of airport mobility/accessibility (around 6 FTE);
- recruitments associated with implementation of the Infrastructural Development Plan.

Lastly, the decrease in the average headcount of the Group in 2016 was affected by the complete renovation of the infrastructure at Fiumicino airport following the fire of May 7, 2015 (around -51 FTE).

Development

In 2016 the focus on professional development and talent management activities continued to identify and promote resources capable of demonstrating skills and achieving performance in line with the distinctive standards of excellence of ADR and the Atlantia Group.

To this end, as part of the new Management Leadership Review system of ADR and the Atlantia Group, ADR Management was assessed in relation to a new Leadership Model based on 3 fundamental aspects: *Leading People*, *Leading Change* and *Leading Results*.

In full compliance with the guidelines for this system, in 2016 the new Performance Development system was planned and structured, targeting 790 resources among the administrative and white-collar staff, including operations coordinators, for which different objectives are proposed, such as the assessment and enhancement of organization skills for effective role self-monitoring, development of potential through a professional career path and consolidation of the concept of feedback.

With a view to balancing individual skills, improving efficiency and effectiveness of the selection process of talented resources for internal job vacancies, during the year a new assessment center process was set up, structured on the basis of a mix of innovative assessment tools provided online and in person by suitably trained internal resources. This process involved the professionals working in Airport Security and led to monitored assessment of current roles and more complex coordination roles.

The management of intercompany mobility and staff recruitment from the external market are two major sources used to cover positions and professional roles within the Group. Recourse to the external market is mainly for profiles for which a skill not present and/or which cannot be quickly developed within the company. The Talent Management system as a whole allowed 72% of the job vacancies to be covered from internal resources.

In the wider framework of Talent Management and Development, particular attention was paid in 2016 to Young Professionals in the Atlantia Group, a catchment area identified as a nursery to be promoted in terms of development and growth of the future managerial generation. All young people up to 33 years of age participated in a cross-company project which saw the direct involvement of the Group's Managing Director in a series of "listen and discuss" meetings on all possible aspects (training paths, growth and development, delegation and responsibility, engagement and feedback, performance appraisal, etc.).

The aim of this project was to engage young professionals and make them the promoters of ideas for improving their personal development, representing an important integration step for the entire Atlantia Group and accessibility of senior management in a constructive, open and transparent atmosphere. The output from these meetings gave rise to specific action plans which in 2017 will accompany the enhancement of young professionals by offering: induction courses in departments identified as "training ships" in terms of knowing how to be part of and stay in the company, structured listening and feedback occasions, involvement of managers in mentoring activities, clear and cross-company job opportunity and group mobility paths.

The activation of each process/project will be monitored using guidelines and KPIs defined by Atlantia and applied by the subsidiary undertakings, to uphold the level of young people engagement, considered a human capital investment of unquestionable value to the Group.

Training

In 2016 the ADR Group provided a total of 90,100 hours of education and training (+52% compared to 2015) on 12,543 occasions (compared to 6,700 in 2015) to a total of 4,565 attendees, with an average of 26 hours' training per employee. The economic investment in these activities amounted to 715 thousand euros, of which 19% funded from interprofessional funds.

Training provided referred to the following: 47% customer experience, 31% health and safety in the workplace, 10% airport security and 12% specialist subjects and regulatory compliance.

The ADR Group's enormous commitment to improving Quality of Service to customers was further developed through completion of the Customer Experience Education Project, which led to the implementation of a new structured path for recruiting and education to identify, train and manage individuals working in front end roles. The new selection, training and updating courses for all operating staff were produced with a view to creating a distinctive style common to all the professional roles and to improve technical and professional skills and relational skills of staff in their handling of relations with customers. In this respect, on board training and recurrent training, permanent quality checks and "Quality Club" courses were provided, through which the ADR Group involved a total of 2,155 staff for a total of 41,900 hours' training provided.

Confirming the ADR Group's commitment to spreading Safety culture, training on Legislative Decree 81/08 was provided in 2016, involving 3,650 attendees for a total of 28,136 hours' training. In particular, the activities involved new recruits in specific training for their respective work areas and all the managerial staff of the ADR Group in a structured course, developed on the basis of State-Regional Agreements on training in Occupational Health and Safety.

Importance was also given to training/education on Airport Emergencies through the Firefighting and Terminal Evacuation Plan courses targeting all staff personally involved in first responder activities in the event of an airport emergency.

In order to expand the training catalog and make it available to an increasing number of resources, in 2016 the Group made a major investment in the design and structuring of e-learning courses dedicated mainly to issues such as regulatory compliance and airside safety. In this area, 8,800 hours' training were provided for a total of 4,900 attendees by ADR Group personnel. The same format was used to train a further 7,000 external resources working for companies operating in the airport segment.

In the reporting period, the focus on enhancing professional know-how distinctive to the ADR Group was further strengthened through the use of Academies and internal trainers from different companies, with the aim of promoting the updating and professional growth of employees, increasing their experience and creating a distinctive common style.

Remuneration system

The main incentive systems used to support the remuneration policies include:

- variable short-term remuneration (Management by Objective - MBO) to pursue the business objectives while guaranteeing a correlation between corporate performance and individual performance. In 2016, 100% of Managers, 99% of Administrative staff and 2% of level 2A white collars participated in the MBO system of the ADR Group. For 40% of managers in particular, a new "One-year/Three-year" MBO system was introduced for the three-year period 2014-2016; it envisages both an annual portion of the incentives linked to individual objectives and a three-year portion of the same linked to quality objectives and Group objectives;

- variable medium/long-term remuneration (so-called equity plans); an incentive tool defined by the parent company Atlantia and dedicated to the directors and/or employees of the Company and its subsidiary undertakings with functions of strategic importance to attain the corporate objectives in order to encourage them to value the Company while also creating a relevant loyalty tool. The equity plans addressing beneficiaries of the ADR Group as of December 31, 2016 are as follows:
- Stock Option 2011: the third cycle concerned 16 managers and directors of the ADR Group.
- Stock Grant 2011: the first cycle concerned a director of the ADR Group; the third cycle concerned 16 managers and directors of the ADR Group.
- Phantom Stock Option 2014: the first cycle concerned 16 managers and directors of the ADR Group; the second cycle concerned 17 managers and directors of the ADR Group; and the third cycle concerned 18 managers and directors of the ADR Group.

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

The Remuneration Report 2016, published on the website of the parent company Atlantia (www.atlantia.it/it/corporate-governance/remunerazione.html), contains information and more details on the remuneration systems and the short and medium to long-term incentive plans.

Organizational Model

The organizational structure of ADR was changed in 2016 through:

- setup of the Information & Communications Technology Department, separating this from the Tenders and Purchasing Department;
- setup of the Real Estate Department as part of the Financial Planning and Control Division for the coordination at ADR Group level of the development and valuation processes of the real estate assets;
- the reconfiguration of the Marketing and Aviation Development Department, whose mission was reviewed in terms of single Group monitoring for marketing activities and the definition of the airport products;
- the merging of the Risk Officer into the Legal and Corporate Department.

With a view to compliance with EU Regulation 139/14, the figure of the Training Manager was established, dedicated to safety training in airside area, and the appointment of the FCO Safety & Compliance Monitoring Manager, responsible for verifying adaptation to Regulation 139/14 and any other applicable and related aeronautical regulations, was formalized.

With regard to the subsidiary undertakings, the organizational structure of ADR Assistance was updated, with the establishment of a monitoring unit focusing on operations management and optimum planning of resources and funds.

The Group regulatory system was updated following re-engineering of the purchasing cycle process, with particular reference to the operating procedure and the internal authorization levels for purchase requests.

Industrial and trade union relations

In 2016, the dialog between ADR and business partners mainly focused on:

- the limited competition for handling operators arranged by ENAC for the ramp services at Fiumicino airport, in which ADR coordinated the negotiations which concluded without disturbance or interruption to airport operations;
- a headcount consolidation plan which involved a total of 308 individuals, targeting improved productivity of front end operations staff and implemented by introducing new operating flexibility in terms of working hours and with legal exceptions to potential recourse to defined timing;
- review of the performance bonus criteria for non-managerial staff of ADR and the Group companies, with the introduction of new quality indicators and individual parameters associated with the period in service.

Health and safety in the workplace

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

In 2016, 253 accidents in the workplace were recorded (43 of which without hospital stay) and 45 accidents while traveling to and from work.

The main indices on workplace accidents in 2016 recorded the following values: severity index equal to 3.9; frequency index equal to 39.5 (accidents at work with at least one day in hospital).

TABLE 1. Main human resource indicators

	M.U.	12/31/2016	12/31/2015	12/31/2014
ADR Group headcount by qualification (actual headcount)	No.	**3,393**	**3,260**	**2,733**
Managers	No.	53	50	45
Administrative staff	No.	225	207	188
White-collar	No.	1,963	1,949	1,748
Blue-collar	No.	1,152	1,054	752
ADR Group headcount by company (actual headcount)	No.	**3,393**	**3,260**	**2,733**
ADR	No.	1,309	1,241	1,120
ADR Tel	No.	54	52	49
ADR Assistance	No.	313	315	251
ADR Security	No.	1,030	1,038	955
ADR Mobility	No.	66	59	57
Airport Cleaning	No.	621	555	301
ADR Group headcount by contract type (actual headcount)	No.	**3,393**	**3,260**	**2,733**
Open-ended contract	No.	2,771	2,567	2,114
Fixed-term contract	No.	622	693	619
	M.U.	**2016**	**2015**	**2014**
ADR Group headcount by qualification (average	FTE	**3,038.9**	**2,807.6**	**2,364.6**
Managers	FTE	51.8	48.3	49.4
Administrative staff	FTE	218.4	197.0	190.0
White-collar	FTE	1,761.3	1,653.2	1,555.7
Blue-collar	FTE	1,007.4	909.1	569.5
ADR Group headcount by company (average head-	FTE	**3,038.9**	**2,807.6**	**2,364.6**
ADR	FTE	1,227.0	1,147.1	1,071.9
ADR Tel	FTE	52.4	51.2	40.0
ADR Assistance	FTE	295.6	285.5	267.6
ADR Security	FTE	879.5	827.4	773.3
ADR Mobility	FTE	64.7	58.3	60.8
Airport Cleaning	FTE	519.7	438.1	111.7
ADR Group headcount by contract type (average headcount)	FTE	**3,038.9**	**2,807.6**	**2,364.6**
Open-ended contract	FTE	2,404.8	2,315.8	1,913.4
Fixed-term contract	FTE	634.1	491.8	451.2
Passengers/FTE employees	FTE	**15,512**	**16,491**	**18,459**
ADR Group headcount by age bracket				
< 35	%	30%	31%	30%
36-45	%	32%	30%	31%
46-55	%	28%	28%	28%
> 55	%	10%	11%	11%
ADR Group headcount by educational qualification				
Degree	%	21%	21%	19%
Diploma	%	53%	53%	56%
Turnover rate				
negative turnover rate	%	3.0%	5.0%	5.0%
positive turnover rate	%	11.1%	22.3%	18.4%

TABLE 2. Industrial relations and trade union relations indicators

	M.U.	12/31/2016	12/31/2015	12/31/2014
Percentage of employees adhering to collective agree-	%	100	100	100
Number of agreements signed with trade union organi-	No.	18	18	13
Diversity				
Women out of the total workforce	%	38%	38%	36%
Women in managerial positions	%	0.9%	0.6%	0.3%
Training				
Training expenses	Euro/000	715	433	342
Average hours of training per employee per annum	h	26	16	12
Training by area:				
Health	%	31%	65%	57%
Airport security	%	10%	21%	14%
Managerial	%	0%	7%	10%
Role-specific - Specialist Technician	%	59%	7%	19%
Health and safety in the workplace				
Expenses for health in the workplace	Euro/000	851	1,130	500
Employee accidents	No.	298	561	202
Accident severity index for employees	%	3.9%	6.1%	3.1%
Fatalities	No.	0	0	0
Number of Workers' Safety Representatives (WSR)	No.	7	7	7

Airport safety

Airport certification

On December 20, 2016 the first Italian airport certification IT.ADR.0001 was granted to Fiumicino airport in compliance with Regulation (EC) 216/2008 of the European Parliament and Council and the related implementing rules of Regulation (EU) 139/2014. The preparatory process for conversion of the airport certification in accordance with the European regulation, begun on May 27, 2016, was completed on December 13, 2016 with ENAC approval of all the documentation submitted by ADR, including the agreements signed with ENAV and the Italian National Firefighters Association for the definition of activities not under the responsibility of the airport operator, such as the air traffic control service and firefighting. The new airport certification has an unlimited duration, unless waived or canceled, and no longer for three years as was the previous certificate released in compliance with the Regulation on Airport Construction and Operation issued by ENAC in 2003.

As a result of action to comply with the new European regulation and after prompt compliance verification of around 1,220 technical and infrastructural requirements and 815 process and organizational requirements, the Accountable Manager announced conformity of the infrastructures, equipment and operations of the airport with the requirements of Regulation (EC) 216/2008 and related Implementing Rules contained in Regulation (EU) 139/2014.

The key roles in airport management, introduced by the Regulation, form part of an organizational structure that already envisaged the roles of Post Holder and Safety Manager - outlined in the previous Italian regulatory framework - added to which are the new central figures of Compliance Monitoring and the Training Manager required by the European Regulation to support the Accountable Manager. The latter is currently responsible for the operational safety of the airport, ensuring availability of human resources - suitably qualified and trained - and the economic resources necessary to maintain the certification requirements, and therefore the levels of safety established in the European regulations. The other main organizational figures are the Maintenance Post Holder, Movements Post Holder, Terminal Post Holder, Planning Post Holder and the Safety Manager.

With the new complex certification, therefore, ADR is at the heart of the airport system as guarantor of the safe operations of Fiumicino airport and acts as coordinator of private and public entities on operational safety matters, with particular reference to the airport's airside activities.

In compliance with current regulations on airport construction and operations, on conclusion of the preparatory procedure and following checks performed by the ENAC surveillance team, Certificate I-001B/APT for Ciampino airport was also renewed for three years from December 1, 2016. By the end of 2017, this certificate has to be converted in accordance with the provisions of the new Regulation (EU) 139/2014.

Monitoring of safety levels

In line with the provisions of the Regulation for the construction and operation of airports and the new European Regulation 139/2014, since 2006 ADR has adopted a Safety Management System (SMS), i.e. a suitable system to guarantee that airport operations are carried out under preset safety conditions.

In order to support the Accountable Manager in implementing the safety policies, on September 26, 2006 ADR appointed a committee called the Safety Board, consisting of the Accountable Manager, Post Holders (safety managers for the respective areas of responsibility) and the Safety Manager (responsible for the SMS). The Board meets periodically and is proactive in discussing all the safety aspects in order to review and improve the system. In addition, the respective Safety Committees were established at both airports. These are advisory committees involving Operators/Companies (airlines, handlers, ENAV, etc.) and the public bodies at the airport (ENAC, fire department, etc.) on the subject of safety of airside operations.

The SMS carries out continuous monitoring of the safety standards for operations in the aircraft movement area, making use of the system to collect and manage data (reporting system) relating to aeronautical events taking place in airport operations. The Safety Board and Safety Committee agree annually on certain Safety Performance Indicators and related targets, periodically monitored in accordance with current regulations. The decision on targets and warning values is based on the performance achieved in a given previous reference period (annual or multi-year). If a certain warning level is exceeded in a specific monitoring period, appropriate mitigation action is assessed by the Safety Board/Safety Committee and, if necessary, implemented through specific analysis that aims to analyze the causes of the anomalous trend.

Against the increase in certain reports at Fiumicino airport, relating to non-compliance with vehicle traffic rules, a complete review was made of the airside driving permit issue process and a new “Airside Safety” training course introduced as preliminary to release of the airport permit (8,500 airport operators trained to meet current requirements).

One-day safety promotions were also held for sensitization on correct compliance with driving rules, which involved over 600 ramp operators from the various handling companies operating at Fiumicino airport.

Safety of airside operations

The safety of airside operations on behalf of the airport operator is the responsibility of the Movement Area Post Holder and is ensured via ADR's Operational Safety service, which carries out the scheduled and on-demand (24/7) inspection of the aircraft movement area, airside works controls, handling of the snow emergency plan, handling of operations under low visibility conditions, coordination of the ADR activities airside on activation of the emergency plan for air crashes, provides a bird and wild fauna control service through the Bird Control Unit (BCU) operating 24 hours a day, measures runway braking action, etc.

Relationships with the territory

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

Based on the Deed of Understanding signed in May 2013 with the Ministry of Cultural Heritage and Assets and Tourism - Special Superintendency for the Archaeological Heritage of Rome, in 2016 the archaeological survey activities continued to be carried out on the airport land of Fiumicino airport, in preparation for creation of the infrastructures envisaged in the Airport Development Plan.

The Service Conference regarding the project of completion of Fiumicino Sud was formally concluded in 2014 with ENAC’s forwarding to ADR and the bodies concerned of the Managerial Measure that concludes and finalizes the environmental and urban approval process regarding the works included in the project.

In order to be able to make the investments envisaged by the Planning Agreement, in line with the Project of Completion of Fiumicino Sud, ADR has undertaken, on ENAC's behalf at the Reference bodies, to define the methods of compliance with the provisions of the VIA (Environmental Impact Assessment procedure) Decree no. 236 of August 8, 2013, as amended by Ministerial Decree no. 304 of December 11, 2014. The requirements, both of a general and specific nature, essentially concern: land and water management, the arrangement of work sites and the landscape-related aspects as well as the enhancement of Terminal 3, the airport’s only historical building. The planning proposals presented in December 2013 to the competent Ministries and indicating the methods of compliance were approved and formed the basis for the development of the first projects aimed at the recovery and the start of the works for the individual actions of the Project of Completion of Fiumicino Sud. During 2016, the activities were completed for the preparation of the documents needed to fulfill the general requirements regarding works to be started in the year, with particular reference to those relating to the new Pier and Front Building in T3, extension of the quadrant 200 aprons and demolition of the pre-existing buildings in the west area in readiness for apron construction. Final approval was also given to the technical and implementing decisions regarding renovation of the T3 facade by MiBACT, works on which were later completed in December.

In partnership with MiBACT, the Municipality of Fiumicino and the Benetton Study and Research Foundation, in 2016 ADR continued the “*Navigare il Territorio*” initiative at the archeological site of Portus, 3km from the airport grounds. The initiative saw the opening at the archeological sites of the Gate of Trajan (normally visitable by booking) on Thursdays, Saturdays and Sundays, with a free shuttle service to and from Terminal 3. Educational visits were also organized for school groups from the Municipality of Fiumicino during the week. The archeological site had approximately 20,000 visitors from the beginning of 2016 and, during the “*Navigare il Territorio*” initiative, recorded around 17,500 visitors and students.

Service quality

For ADR, 2016 was a year characterized by further acceleration of implementation of its continuous improvement policy for service quality. Continuing the renewal procedure launched in previous years, numerous actions were undertaken to improve all stages of the passenger travel experience, with the aim of aligning Fiumicino's performance with that of the best European airports of comparable size.

In 2016, the measurements taken by ACI - Airports Council International (the international association which, through passenger interviews, measures perceived quality in over 250 airports worldwide) showed a record score never previously achieved. The global passenger satisfaction score for services provided at Fiumicino airport was 4.07 (on a scale of 1-extremely poor to 5-excellent), a market increase on 2015[9] *when the score was 3.73, now positioning Fiumicino on a par with the best hubs in the European Union in terms of the quality of services to passengers. Fiumicino's escalation drivers were services such as security checks, free wi-fi and the new e-gates for automatic passport control. In terms of comfort, the cleanliness and availability of rest rooms had a significant impact, as did the general cleanliness of the terminals, constantly monitored by dedicated airport staff.*

As regards the quality provided, through a networked monitoring system of over 20,000 objective checks per month performed at Fiumicino and Ciampino airports, it was possible to detect a significant increase in the levels of service provided compared to 2015[10]. Of note is the decrease in waiting times for last baggage delivery, from 27 minutes in 2015 for domestic flights (time in 90% of cases) to 23'57" in 2016 (-11%). The result was similar for international flights, where the delivery time in 2015 (in 90% of cases) was 39 minutes, reduced to 35'19" in 2016 (-9%). Significant progress was also seen in the security checks procedure, which saw a 20% reduction in the time in 90% of cases to 3'11" in 2016, compared to 4 minutes in 2015. Improvements were likewise seen in the rest room cleaning process, where on a scale of 1 (extremely poor) to 4 (good), the average score increased from 3.84 in 2015 to an overall 3.96 in 2016, recording a +3% improvement.

An improved performance was also seen in terms of perceived quality, with a percentage of fully satisfied passengers rising by 1 percentage point, reaching 90% in 2016 compared to 89% in 2015.

Numerous incentives were also launched at Ciampino airport to improve the passenger travel experience, with clear results in terms of perceived quality: the percentage of fully satisfied passengers rising from 80% in 2015 to 85.5% in 2016 (+5.5 percentage points). Worthy of note is the increase in the percentage of passengers satisfied with check-in procedures, which jumped by over 6 percentage points from 81.8% in 2015 to 88% in 2016. Consistent with the perceived quality, in terms of quality provided the improvements recorded in the waiting time in line at check-in desks were appreciable, falling by around 19% to reach 16'38" compared to 20'32" in 2015 (times refer to 90% of cases). The waiting time in line at security checkpoints also dropped by around 15%, from 5 minutes in 2015 to 4'17" in 2016.

[9] The ACI figure for 2015 refers to the period January 1-April 30, 2015.

[10] 2015 performance calculated net of the period of operational difficulties resulting from the fire: May 7 - September 30, 2015

As regards the Quality and Environmental Protection Plan, defined in the Planning Agreement signed with ENAC, also in 2016 ADR reached the objectives for both airports managed. The results obtained have allowed the highest awards to be achieved at both airports.

In parallel, the user consultations launched in September were completed in the second half of 2016. In compliance with the Planning Agreement, downstream of the various meetings with users, the Quality Plan was updated (Annex 10) for the five-year period 2017-2021.

Service Charter

The renewal procedure also involved the Service Charter. With ENAC, ADR reviewed the structure of the document during 2016 with a view to continued improvement. Two lines of action were involved: *i)* definition of higher targets compared to the performance in 2015, *ii)* the increase in the granularity of the indicators, segmenting the figure by:

- flight terms (Schengen, non-Schengen, Domestic) for the first and last bag check-in and delivery;
- aircraft type (narrow-body, wide-body and ultra-body) for the indicator relating to the last bag delivery times.

In line with the corporate policy, ADR raised the standards set by the Service Charter at both airports managed. The document refers to 50 indicators, 25 of which refer to the quality perceived, 9 to the quality provided and 16 to the assistance to passengers with reduced mobility. In terms of quality provided, as regards Fiumicino, the table below shows that the 2016 performance improved in general compared to that recorded in 2015. Of particular note were the progress recorded by the carry-on check procedures, improving by around +3 p.p. in the percentage of readings within the targets defined in the Service Charter, from 94.8% in 2015 to 97.5% in 2016, well above the 90% standard envisaged. A major leap was also seen in indicators relating to baggage delivery times, where deviations were found in the range of +4 p.p. in the last bag delivered for domestic flights and +12 p.p. for the first bag delivered for flights arriving from Schengen countries. The only indicator in decline for Fiumicino compared to 2015 was that relating to punctual departures, affected largely by external phenomena such as weather conditions and delays in aircraft arriving at the airport.

Regarding Ciampino, the analysis of the quality levels provided shows a performance above the Service Charter standard set for the check-in, control and security procedures and for punctual departures, recording a clear improvement compared to 2015. The baggage reclaim indicators recorded a slight decrease.

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

	M.U.	2016	2015[11]	STANDARD
Fiumicino				
Waiting time in line at domestic check-in desks, within 6 minutes	%	94.3	95.9	90
Waiting time in line at Schengen check-in desks, within 12 minutes	%	91.8	91.1	90
Waiting time in line at non-Schengen check-in desks, within 16 minutes	%	96.1	95.7	90
Waiting time for carry-on baggage security checks, within 5 minutes for non-sensitive flights	%	97.5	94.8	90
Delivery of first bag from block-on within 19 minutes at domestic level	%	83.0	74.8	90
Delivery of first bag from block-on within 26 minutes at Schengen level	%	92.9	83.3	90
Delivery of first bag from block-on within 30 minutes at non-Schengen level	%	94.5	88.2	90
Delivery of last bag from block-on within 26 minutes at domestic level	%	93.1	89.1	90
Delivery of last bag from block-on within 35 minutes at Schengen level	%	94.4	88.4	90
Delivery of last bag from block-on within 37 minutes at non-Schengen level (narrow body)	%	93.6	88.0	90
Delivery of last bag from block-on within 40 minutes at non-Schengen level (wide body)	%	80.1	73.2	90
Punctuality of departing flights (flights leaving with less than 15 minutes' delay)	%	73.0	77.2	77
Ciampino				
Waiting time in line at check-in desks, within 17 minutes	%	90.5	86.1	90
Waiting time for carry-on baggage security checks, within 7 minutes	%	97.7	95.9	90
Delivery of first bag from block-on within 19 minutes	%	86.3	87.4	90
Delivery of last bag from block-on within 25 minutes	%	87.1	90.4	90
Punctuality of departing flights (flights leaving with less than 15 minutes' delay)	%	85.3	79.6	85

[11] Because of the fire of May 7, 2015, the 2015 data for Fiumicino does not include the period May 7 - June 30, 2015. Compared to the data published in the 2015 Report on Operations, the 2015 data for security procedures (Fiumicino and Ciampino) and last baggage claim (Ciampino) was recalculated based on the new standards in the 2016 Service Charter.

Suppliers

Supplier selection

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

- compliance with National and EU Legislation (Italian Legislative Decree 163/06 up to April 2016, and Legislative Decree 50/16 thereafter, the “Contracts Code”);
- compliance with the Regulation to award public tenders of amounts lower than community threshold (hereafter indicated as “Contracts Internal Regulation”);
- respect for competition and non-discrimination among potential competitors;
- conduct transparency in every phase of competition and negotiation;
- efficiency and effectiveness of the company's action.

The Contract Governance Committee, governed by an influential expert on the subject, provides guidance and support activities in the most important decisions referring to procurement and contracting.

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

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

Local suppliers

In 2016, in terms of purchasing activities, the economic impact generated by the Group on the surrounding territory increased significantly compared to 2015, reaching the high levels achieved in the previous year in terms of the number of orders negotiated. In particular, the percentage impact in value terms relating to local suppliers, i.e. with registered office in the Lazio region, equaled 57% of total trade, compared to 40% in the previous year. The number of orders relating to local suppliers confirmed the high levels of 2015, with an incidence of 52% on total orders traded, compared to 53% in 2015 and 50% in 2014.

TABLE 1. Main supplier indicators[12]

	M.U.	2016	2015	2014
Suppliers used	No.	648	604	561
Qualified suppliers	No.	1,134	1,035	893
of which in the last year	%	9%	14%	2%
Number of orders by type				
Supplies	%	31%	45%	30%
Works	%	17%	13%	13%
Services	%	52%	42%	57%
Value of orders by type				
Supplies	%	9%	17%	7%
Works	%	45%	38%	53%
Services	%	46%	45%	40%
Number of orders by geographic origin				
Local	%	52%	53%	50%
Other Italy	%	45%	45%	48%
Abroad	%	3%	2%	2%
Value of orders by geographic origin				
Local	%	57%	40%	56%
Other Italy	%	38%	45%	38%
Abroad	%	5%	15%	6%

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

Environment

For ADR, environmental protection is a strategic priority and the sustainable approach to airport activities management is a working method that is increasingly insourced. In this perspective, in 2016 the ADR Group's first Sustainability Report was prepared in reference to 2015 figures, which constitutes a major summary reference of the results achieved and of activities in progress. This is a further sign of a consolidated focus on environmental issues, confirmed since 1999 with the first ISO 14001 certification of the Environmental Management System (SGA) for Fiumicino airport and in 2001 the same certification for Ciampino airport.

The SGA is an "operating" tools designed to ensure strict management of company processes and reduce the environmental impact associated with the development of airport activities.

ADR's commitment to environmental issues became even more structured with the adoption in 2011 of the Airport Carbon Accreditation (ACA) of ACI Europe (Airport Council International), and the implementation in 2012 of the Energy Management System in accordance with ISO 50001 standard. In 2012, in the implementation of the integrated Quality, Environment and Safety in the workplace System, the "Integrated quality, environment, energy and health and safety in the workplace policy" of the ADR Group was issued. The handling of the aspects ratified in this policy therefore complies with standards recognized at international level on the basis of which the ADR management systems were certified.

In this context and as part of its planning, implementation and management of new infrastructures, in 2016 ADR decided to adopt the more advanced environmental certification criteria to meet the LEED (Leadership in Energy and Environmental Design) sustainability requirements. The LEED standard is a form of voluntary certification, recognized at international level, which largely promotes the construction of environment-friendly, sustainable and efficient buildings from the standpoints of energy and the consumption of all environmental resources involved in the construction and management process. Consistently, the complete revitalization of the General Aviation building at Ciampino was designed and constructed according to LEED standards, implemented at a level as close as possible to the maximum: the "gold" level.

2016 saw continuation of the commitment to improving the key environmental indicators:

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

In 2016, the new system of environmental indicators was defined, to be used for the second regulatory sub-period 2017-2021 of the Planning Agreement. The new set of indicators was defined in accordance with ENAC 2015 guidelines, which provides a reference that is essentially more well-defined and updated compared to the previous guidelines. The new system of indicators allows more efficient monitoring of the company's actual commitment to sustainability and environmental protection. The new indicators cover the following areas:

- reduced energy consumption at the terminals;
- energy production from photovoltaic plans: in the five-year period 2017-2021 ADR expects to produce 1.5% of electricity from renewable sources, at both Fiumicino and Ciampino airports;

- replacement of the car pooling fleet with low-emission vehicles (mainly electric or hybrid), to achieve replacement of 35% of the vehicles at Fiumicino and 60% at Ciampino;
- optimization of the separate waste collection of non-hazardous waste in the passenger transit areas;
- reduced drinking water consumption per passenger;
- verification of inclusion of environmental clauses in the contracts.

Water consumption

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

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

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

At both airports, the quality of the drinking water is ensured by carrying out chemical and biological analyses regularly during the year (around 250 samplings in 2016).

Energy consumption

Fiumicino airport is powered by electricity of which around 98% is generated by a co-generation plant, present on airport land, while the remaining 2% is purchased from the distribution network. Also the majority of the heating energy is generated by the co-generation plant and the remaining portion is supplied by methane or diesel plants.

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

Five methane gas powered central heating plants are present at Ciampino, three with a capacity higher than 3 MW.

In January 2016, renewal of the ISO 50001 standard certification of the Energy Management System was obtained following a specific audit by the certifying body TUV.

In 2016 an e-learning course on Energy Saving was provided to around 850 users.

At Fiumicino airport, despite the rise in the number of passengers compared to 2015 (+3.2%) and numerous work sites opened, energy consumption in 2016 proved lower than in 2015 (-0.7%). The result was also particularly significant also in the light of energy consumption in construction of the new Pier and Front Building, inaugurated in December 2016, in addition to the new BHS (baggage handling system) at Terminal 1 and the quadrant 200 aprons which became operative mid year.

At Fiumicino, 151.2 GWh was consumed in 2016 with a kWh per passenger indicator of 3.62 (-4.2% compared to 2015). From 2009 to 2016 the kWh per passenger indicator fell from 5.23 to 3.62, a reduction of 31%.

This performance was due to significant action taken to improve energy efficiency, implemented on an ongoing basis over the years. In 2016, consistently with the previous years, the activities continued to replace lighting units with LED technology in numerous areas of the Terminals and in the multi-storey car parks. With specific regard to the upgrading of car parks, the Italian energy services operator (GSE) approved the application for Energy Efficiency Certificates or “white certificates”.

Also in 2016, the company process was launched for Energy Efficiency Monitoring, as a result of which 275 reports were made that allowed the operational optimization of the systems with consequent energy savings.

47 CO^2 sensors were installed on the air treatment units (ATUs) which offer efficiency improvement by automatically regulating the flow of external air based on the quality of indoor air and implementing free-cooling logic.

Work continued on replacing the electromechanical system motors and the baggage sorting system with high-efficiency systems.

At the terrace of Terminal 1 located on the departures level, the smart grid was completed, which is a set of renewable source systems comprising a photovoltaic plant producing 15 kW of electricity and 20 kW of heat, a concentrating solar power system to produce 7 kW of heat energy and a 3 kW wind farm, managed by a smart energy accumulation system.

Lastly, on December 9, 2016, the GSE approved the application for qualification of the Leonardo Energia Production and ADR Consumption system as a Simplified System for Production and Consumption (SSPC) in the SEESEU-C class for 2014 and 2015.

At Ciampino, 10 GWh was consumed in 2016 (-6% compared to 2015) with a kWh per passenger indicator of 1.86 (-27% compared to the indicator of 2.56 in 2009).

Also at Ciampino airport, activities continued to replace lighting units with LED technology in the Terminal and surrounding buildings.

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

CO_2 emissions

In 2011 ADR adhered to the Airport Carbon Accreditation (ACA) of ACI Europe (Airports Council International), a certification system envisaging four levels of accreditation. In 2016 Fiumicino airport offset the direct and indirect emissions (Scope 1 and 2) with the purchase of “carbon credits” from projects for the production of renewable energy and projects implementing energy saving lighting systems, in order to reconfirm its 3+ Neutrality accreditation.

In 2016 ADR also maintained accreditation level 3 ACA “Optimization” for Ciampino, which envisages the quantification of all direct and indirect emissions and the other indirect emissions (scope 1, 2 and 3) and the demonstration of the absolute or relative improvements of the performances achieved.

These results were obtained thanks to energy savings actions and the improved waste management performance, particularly by increasing separate waste collection.

Production of waste

Municipal or comparable waste (paper, cardboard, plastic, wood, etc.) represent about 86% of the total waste produced at Fiumicino and almost all (96%) of the waste produced at Ciampino and mainly derive from the terminals and the offices.

The separate collection program for certain types of municipal solid waste continued at both airports. The "door to door" waste collection service at Fiumicino, referred to as "flying separate waste collection", allowed more than 82% percent of waste to be sent for recycling. The percentage of recycled waste at Ciampino rose from 34% in 2015 to 40% in 2016.

Water discharges

Numerous systems of an "environmental character" are present at Fiumicino, arranged by ADR in order to minimize the impact of airport activities on the surrounding areas. In detail, two organic treatment plants are installed for waste water, four oil removal plants for the treatment of runoff water from runways and aprons, thirteen first flush rainwater plants and five cooling system units used for terminal air conditioning.

These treatment plants, authorized by Rome City Metropolitan Council, make it possible to discharge, into the surface water bodies adjacent to Fiumicino airport, water that is compatible with the aquatic habitats present in the receiving channels as this complies with the limits set out by the provisions in force.

The sewer system at Ciampino is of a mixed nature because of the co-use made of it by ADR, the military bodies and the other civil facilities existing inside the airport areas. A primary network pertains to AMI (the Italian Air Force) while a secondary one is ADR's, which periodically arranges cleaning of the secondary network in order to prevent any clogging. In addition, the AMI premises have an oil removal unit for treating runoff rainwater and an organic treatment plant.

Noise pollution

Based on the current legislation, Fiumicino and Ciampino airports have a monitoring system in place that regularly detects any exceeded limits and connects this information with the data and trajectory of the aircraft concerned. The number of central units has been increased over the years; in 2016 there are 20 central units (including two which can be relocated) at Fiumicino and 10 (including three which can be relocated) at Ciampino.

The monitoring activities conducted in 2016 at Fiumicino airport confirmed that no limits were exceeded, whilst at Ciampino airport a number of "limits exceeded" areas were found, also noted in previous years and for which ADR submitted the envisaged mitigation plan to the competent authorities.

In November 2013 ADR had forwarded the "Plan for noise reduction and abatement" for Ciampino airport to the Lazio Regional Authority and the Municipal authorities concerned (Rome, Ciampino and Marino). This plan was reviewed after the observations made by the above mentioned Bodies and presented again in November 2015. Subsequently, the Ministry for the Environment and Land Protection, in compliance with legislation introduced in the meantime that defined Ciampino as an "airport of national interest", took over from the Lazio Regional Authority and the municipalities of Rome, Ciampino and Marino and launched its own investigations to assess the Plan, the results of which are still pending. The competent authorities continued their assessment of the plan in 2016.

For Fiumicino airport, with a view to mitigating the acoustic effects generated, over the years ADR has also completed a series of land-related actions which include: artificial 4-6 meter high dunes at the side of Runway 1 which limit the noise during taxiing; a plant barrier comprising maquis, shrubs and trees along the Roma-Fiumicino motorway to dampen the noise within the airport borders; "fast exits" on Runway 1 to allow landing aircraft to free the runway without using the reverse command and resurfacing of the engine testing apron with the installation of soundproof barriers and acoustic screens.

In order to curb the environmental impact in terms of noise pollution, ADR continued to cooperate with the Sapienza University of Rome to implement the simulation model with the objective of predicting the noise levels and promptly take the necessary containment actions. In this respect, a constructive partnership began with ENAV which, in a manner compatible with weather and operational needs, aims to implement a series of actions of an operational nature (different use of the runway heads) with a view to limiting the noise as much as possible in certain “critical” areas.

TABLE 1. Main environment indicators - Fiumicino

	M.U.	2016	2015	2014
Water consumption				
Total water withdrawal per source of supply:	m3	1,805,000	1,903,000	2,070,000
Drinking water	m3	555,000	553,000	670,000
Industrial water	m3	1,250,000	1,350,000	1,400,000
Energy consumption				
Total consumption of energy by type:				
Electricity	kWh	151,255,004	152,320,314	151,814,890
Methane (1)	m3	9,447,082	9,520,288	11,024,047
Diesel (2)	l	42,230	50,000	39,925
Consumption of green fuel for vehicle fleet	l	87,063	106,735	96,931
Consumption of diesel for vehicle fleet	l	369,184	372,353	258,039
Emissions				
Direct CO_2 emissions	t	n.a. (3)	3,548	1,018
Indirect CO_2 emissions	t	n.a. (3)	57,674	58,084
Nox emissions (4)	t	1,870	1,876	1,860
Waste				
Production of waste:	t	10.705(5)	9.932(5)	10.355(5)
Municipal waste %	%	86%	91.0%	79.0%
Special waste %	%	14%	9.0%	21.0%
Total waste sent for recycling %	%	82%	74%	65%
Waste produced per 1,000 passengers (6)	t	0.2	0.2	0.2
Water discharges				
COD and BOD5 concentration of the purifier in Via F.lli Wright - annual average				
incoming COD	mg/l	874	560	1200
incoming BOD5	mg/l	230.5	185.8	403
outgoing COD	mg/l	23.1	38.3	42
outgoing BOD5	mg/l	6.5	12.5	14
COD and BOD5 concentration of the cargo area purifier - annual average				
incoming COD	mg/l	324.4	239.2	145
incoming BOD5	mg/l	85.8	79.2	48
outgoing COD	mg/l	34.5	45.8	22
outgoing BOD5	mg/l	10	13.7	8
Spills				
Number of significant spills	No.	1	1	1
Volume of significant spills	m3	1.5	0.2	0.1
Noise				
No. of noise/aircraft movement detection units x 1,000	No.	6.3	6.0	6.0

(1) Inclusive of the thermal energy purchased, expressed in m^3, and methane gas for boilers.

(2) Diesel for heating and generators.

(3) Due to the presence of complex energy indicators, the calculation of CO_2 emissions in 2016 will be carried out during 2017.

(4) The value is estimated in consideration of the same type of aircraft and the same number of annual movements recorded in 2009.

(5) Inclusive of waste produced by third parties and handled by ADR acting as intermediary.

(6) Municipal solid waste.

TABLE 2. Main environment indicators - Ciampino

	M.U.	2016	2015	2014
Water consumption				
Total water withdrawal per source of supply:	m3	110,000	144,000	115,571
Drinking water	m3	110,000	144,000	115,571
Industrial water	m3	0	0	0
Energy consumption				
Total consumption of energy by type:				
Electricity	kWh	10,029,635	11,000,000	10,018,772
Methane	m3	429,856	500,000	557,088
Diesel (1)	l	2,930	2,008	2,400
Consumption of green fuel for vehicle fleet	l	5,964	5,789	5,486
Consumption of diesel for vehicle fleet	l	38,957	17,096	14,577
Emissions				
Direct CO_2 emissions	t	n.a. (3)	923	1,132
Indirect CO_2 emissions (2)	t	n.a. (3)	3,303	2,715
Nox emissions (4)	t	320	327	307
Waste				
Production of waste by type:	t	1.125(5)	945(5)	821(5)
Municipal waste	%	96.5%	99.1%	99.9%
Special waste	%	3.5%	0.9%	0.1%
Total waste sent for recycling %	%	40%	34%	21%
Waste produced per 1,000 passengers (6)	t	0.2	0.2	0.2
Spills				
Number of significant spills	No.	1	0	0
Volume of significant spills	m3	0.2	0	0
Noise				
No. of noise/aircraft movement detection units x 1,000	No.	19.4	18.8	19.9

(1) Diesel for heating and generators.

(2) Indirect emissions linked to energy consumption at Ciampino excluding third party consumption.

(3) Due to the presence of complex energy indicators, the calculation of CO_2 emissions in 2016 will be carried out during 2017.

(4) The value is estimated in consideration of the same type of aircraft and the same number of annual movements recorded in 2009.

(5) Inclusive of waste produced by third parties and handled by ADR acting as intermediary.

(6) Municipal solid waste

OTHER
INFORMATION

Updates and changes to the reference regulatory framework

Some national and EU provisions were issued during 2016, which affect the regulatory framework of the airport sector in general and ADR's business in particular.

Planning Agreement

Tariff update

On September 9, 2016 ADR started the consultation of users at Fiumicino and Ciampino airports regarding the tariff structure proposal for the second tariff sub-period March 1, 2017 - February 28, 2021, consistent with the national and EU regulations in force and with the “Consultation procedure between airport operator and users for exceptional and ordinary planning agreements” issued by ENAC on October 31, 2014.

In order to ensure broad communication with the users, ADR published on its website the information documents pertaining to the tariff update proposal on which users are called to send a first set of observations by September 26, 2016; on this date queries were received from IATA and easyJet.

The public hearing with users was held on October 5, 2016. On October 27, 2016, a second public user consultation hearing was held, during which ADR presented amendments to the tariff proposal, made as a result of claims and proposals put forward at the first hearing.

After the hearing of October 27, ADR published seven new documents on its web site to provide feedback on work carried out to update the tariff proposal and set a deadline of November 3, 2016 for the receipt of users’ concluding remarks. The consultation procedure ended on November 22, 2016 with publication of the final tariff proposal of the airport operator.

On November 25 and 26, 2016, Ryanair and - acting in concert - IATA-ASSAEREO and IBAR submitted their respective claims to ENAC “to settle the disputes relating to failure to reach an agreement on airport fees” pursuant to the ENAC Procedure on such matters approved on October 25, 2015. Ryanair mainly challenged the formulation for transit passenger fees, whilst the other associations concentrated largely on procedural and substantive aspects of the consultations conducted by ADR. On December 9, 2016, ENAC rejected both claims.

On December 29, 2016, on conclusion of investigations, ENAC published the summary table of 2017 fees on its web site. These fees are to be applied at Fiumicino and Ciampino airports from March 2017.

Airport operations

Airport certification for Rome Fiumicino airport

On December 20, 2016, ENAC released the Airport Certificate to ADR for Fiumicino airport, the final document in a complex procedure to convert the airport’s certification in accordance with Regulation (EU) 139/2014, which establishes the technical requirements and administrative procedures for EU airports. The Certificate confirms that the organization of ADR as the concessionaire, the procedures for ground operations and all the infrastructures and systems at Fiumicino airport meet the requirements of the European Regulation.

Handling Services at Fiumicino airport

As regards the tender procedure for the recruitment, pursuant to article 11 of Italian Legislative Decree no. 18/1999, of the operators providing handling services to third parties in the categories subject to constraints, ENAC, with a note dated March 4, 2016, stated that, following the assessments carried out as required by the tender regulations, the final award of the contract to Aviation Services S.p.A., Aviapartner Handling S.p.A. and Alitalia SAI S.p.A. dated December 23, 2015, has entered into effect and the three awarded companies were asked to send to ADR management the documentation necessary for drawing up the contract. The contracts were thus entered into between ADR and the three awarded companies, which duly started operations according to the limitation regime, on May 18, 2016.

Sub-concession of a portion of the Cargo building

The tender procedure, aimed at selecting a subject to which the portion of the internal warehouse of the “Cargo Building” will be awarded for the execution of cargo handling activities, was completed on March 22, 2016, with the contract being awarded to the Company XPress. On December 15, 2016, ADR signed the Agreement with the company for sub-concession of a portion of the warehouse tendered.

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

On June 15 and June 17, 2016, the invitation to tender was published in the GUUE and GURI, respectively, for the award of floorspace in sub-concession for the handling operations, which will be made available after revitalization works have been completed on the General Aviation Terminal at Ciampino airport.

On August 25, 2016, notice of the invitation to tender and related annexes were published on the ADR purchasing portal, with a deadline of September 26, 2016 for the submission of bids, later extended by ADR to October 6, 2016 following a number of requests for clarification from participants.

As of October 6, 2016, six of the eight competitors invited to tender had submitted bids following the pre-qualification phase. On November 22, 2016, the tender committee held a public hearing to announce the scores assigned for the “Technical Value” element of assessment and opened the economic bids received via the ADR purchasing portal. On December 2, 2016 the six companies awarded (i.e. all six bidders) were sent final award notices.

Airport noise pollution and noise abatement at Ciampino airport

On January 12, 2016 the first meeting was held of the Service Conference called by the Lazio Regional Authority on the Plan for noise reduction and abatement at Ciampino airport presented by ADR. The Service Conference merely performs preliminary activities and has no decision-making powers, since it is up to the individual Municipalities concerned to approve or reject the Plan. During the meeting, ADR presented the proposed Plan to the representatives of the attending authorities (Municipality of Ciampino, Lazio Regional Authority, ARPA and ENAC). The Conference requested that ADR submits additional documentation within a time frame of 90 days.

Subsequently, the Lazio Region sent to the Ministry for the Environment and Territorial and Marine Protection a note asking for an opinion as regards the competence for the approval of the Plan presented by ADR in consideration of the following: i) the provisions of article 5, paragraph 2 of Ministerial Decree of 29 November 2000 which grants to such Ministry the competence to approve plans for noise abatement, applicable to national infrastructures and ii) the publication, in December 2015, of the “Airports National Plan” which qualifies Ciampino as an airport of national interest.

On March 17, 2016, the Ministry, in response to the question posed by the Lazio Regional Authority, reserved all powers for approval of the Plan for the reduction and abatement of noise at Ciampino airport, upon Agreement with the Unified Conference, and on July 13, 2016 a first meeting was held attended by representatives from the Ministry, ISPRA (the technical body appointed by the Ministry to perform the technical assessment of the Plan) and ADR.

On July 18, 2016, the Ministry sent ADR a letter containing all the requests and observations made by ISPRA as regards the Plan, giving ADR sixty days to reply and make any additions. ADR asked the Ministry to call a meeting with ISPRA to obtain clarifications.

On September 16, 2016 ADR sent explanations regarding the requests and observations made by ISPRA, with the exception of those that should have been discussed during the meeting, and requested a 30-day extension to provide any integrations that may be necessary for the outcome of the meeting.

At the meeting of September 21, 2016, the Ministry and ISPRA asked ADR to carry out, outside the airport acoustic zoning, a measurement of the total noise recorded in the various areas and to assess, for each area, the acoustic “contribution” of the airport to the total value. Though very perplexed in both legal and technical terms, ADR, only for the purposes of facilitating the Plan approval process, in any case declared its willingness to proceed with the measurements subject to ISPRA sharing and formally approving the operating methods to be adopted.

On October 27, 2016 a meeting was held at the Ministry between ADR, ISPRA and ministry officers with the aim of illustrating the program for the campaign of measures designed to integrate the noise reduction and abatement plan with the estimate of contributions from other noise sources (roads and railways) in the area adjacent to the airport. ADR illustrated the plan which envisages multiple steps. After lengthy discussion, ISPRA and the Ministry agreed with the approach proposed by ADR and requested a meeting for in-depth technical discussion of the proposed measurement method and the timing for preparation and return of the record sheets. After this meeting, on December 30, 2016, ADR sent the integrations to the noise reduction and abatement plan to the Ministry for the Environment, ENAC, ISPRA and the local authorities concerned, together with the proposed work plan for assessing the contribution from other sources in the area.

Only after conclusion of the approval procedure will it be possible to prepare the plan of action to be taken for the purpose of assessing the related expenditure commitment.

Guidelines for the disbursement of contributions for the development of air traffic

On August 11, 2016, the Ministry of Infrastructure and Transport published the “Guidelines regarding the incentive and development of air routes by airlines pursuant to art. 13, par. 14 and 15 of Law Decree no. 145/2013 converted into Law no. 9/2014”, replacing the previous Guidelines of October 2014. On September 8, 2016 the Regional Transport Authority (ART) published its position on the above mentioned ministerial document.

ADR and the other airport operators conducted an in-depth analysis of the new Guidelines in order to identify their exact application scope and the feasibility of possible new operating methods for the carrier incentivizing policies, also while awaiting further indications from ENAC.

Increase in the municipal surcharge on boarding fees

Law no. 160 of August 7, 2016, which converts Italian Law Decree no. 113/2016, requires the suspension - from September 1, 2016 to December 31, 2016 - of the application of the 2.50 euros increase of the municipal surcharge on boarding fees established by Italian Law Decree no. 145/2013. In this respect, the ENAC note of August 22, 2016 specified that, for all the plane tickets with departures from September 1, 2016 already sold before August 23, 2016 (the date of updating the IATA ticketing systems), the portion of the increase of the municipal surcharge paid by the passengers shall be duly settled by the airlines.

Again with regard to the surcharge, on September 14, 2016 the Lazio Regional Administrative Court published the ruling regarding the appeals put forward by EasyJet and Ryanair to cancel Italian Ministerial Decree no. 357/2015, partially accepting the appeals and following which, the increase in the surcharge is in effect postponed for the tickets sold after February 19, 2016 (rather than after December 17-22, 2015, as established by ENAC).

In order to support the growth prospects for the air travel industry and reduce the expense borne by passengers, Law no. 232 of December 11, 2016, published in Official Gazette no. 297 of December 21, 2016, intervened on the increases in the municipal surcharge on boarding fees for 2017 and 2018. Art. 1, paragraph 378 of the Law states that: i) the increase in the municipal surcharge on boarding fees established pursuant to art. 13, paragraph 23 of Law Decree 145/2013, converted with amendments by Law 9/2014, is repealed with effect from January 1, 2017; ii) restoration of the reduced income for INPS brought about by the above measure shall be arranged by the Ministry for Labour and Social Policy, whose budget includes the amount of 184 million euros for each of the years 2017 and 2018.

ANAC investigation of commercial sub-concessions

As a result of the preliminary inquiry regarding the awarding of contracts in sub-concession to third parties for the performance of commercial activities within the airport area, the National Anti-corruption Authority (ANAC), with resolution no. 758 of July 13, 2016, communicated with note of July 18, 2016, stated that “the award, as sub-concessions, of spaces and areas for carrying out commercial activities must be subject to public tender procedures, according to the rules and principles of EU laws and the relevant internal provisions”. The Authority thus set a 30-day term for ADR to respond in order to assess compliance. ADR acknowledged the mentioned resolutions, demonstrating the full legitimacy of its conduct, in the light of the existing regulatory framework and consolidated legal guidelines also of the Superior Courts.. Having said this, with a view to guaranteeing ever greater transparency and a constructive dialog with this Authority, the Company informed ANAC that it will introduce additional methods in the procedures regarding the awarding of contracts - with the exclusion of the commercial activities in the “Luxury” sector - that further elevate the guarantee of the compliance with the EU principles of transparency, disclosure, equal treatment and on discrimination without prejudice to the private nature of the aforementioned procedures.

Preliminary investigation by ANAC of the Pier C tender

On October 24, 2016 ANAC officials, accompanied by representatives from the Tax Police, started an inspection visit pursuant to art. 213, paragraph 5 of Italian Legislative Decree no. 50/2016 in order to acquire suitable cognitive elements and documents regarding the contracting of Pier C. This inspection, which led the officials to also inspect the work site areas, ended with a report on the activities carried out and the request to provide a list of documents, which were handed over to the officials during the second inspection visit of November 7, 2016.

On that occasion, the officials requested further documentation which was provided on two separate dates. The preliminary investigation is expected to close during the first part of 2017.

Inter-company relations and transactions with related parties

Disclosure on management and coordination of the company

From August 2, 2007, ADR qualifies as a company “managed and coordinated” by Gemina, which wholly owned Leonardo S.r.l., subsequently merged into Gemina. As a result of the merger by incorporation of Gemina into Atlantia, with effect from December 1, 2013, ADR is subject to “management and co-ordination” by Atlantia.
The notice regarding management and coordination required by Article 2497 *bis* of the Italian Civil Code is available in a specific section of the separate financial statements (Annex 1).

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

Inter-company relations and transactions with related parties

All the transactions with parent companies, subsidiary undertakings and other related parties were carried out on an arm's length basis.
With reference to inter-company relations and transactions with related parties, please see Note 10 of the consolidated financial statements and Note 9 of the separate financial statements.

Subsequent events

Traffic trends in the first two months of 2017

In the first two months of 2017 the Roman airport system recorded a 2% increase in passengers transported, driven by the 5% rise in the International market, thanks to the combined effect of the significant increase in the EU component (+5.4%) and, to a lesser extent but nevertheless important, in the non-EU component (+4%). The domestic market saw a downturn, however, recording a decrease of -5.3%.

TABLE 1. Main traffic data of the Roman airport system

	JAN-FEB 2017	JAN-FEB 2016	Δ%
Movements (No.)	**48,914**	**51,730**	**(5.4%)**
Fiumicino	41,520	44,157	(6.0%)
Ciampino	7,394	7,573	(2.4%)
Passengers (No.)	**6,076,319**	**5,960,041**	**2.0%**
Fiumicino	5,162,584	5,082,529	1.6%
Ciampino	913,735	877,512	4.1%
Cargo (t)	**22,293**	**22,246**	**0.2%**
Fiumicino	19,719	19,750	(0.2%)
Ciampino	2,574	2,496	3.1%

Fiumicino

Despite a decrease in capacity in terms of aircraft movements (-6%) and seats offered (-3.3%), passengers transported grew by 1.6%; this trend has led to an increase in the load factor (+3.5 p.p.), which stood at 72.6% in the period. The positive performance described is attributable to the improved traffic results recorded in the International segment (+3.5%), whose growth is attributable to both the EU component (+3.2%) and the non-EU component (+4.2%), whilst in the Domestic segment traffic volumes saw a decline of -2.4%.

Ciampino

In the period considered this airport recorded good results in terms of volumes of passengers transported (+4.1%), against a slight decline in movements (-2.4%). Note the load factor performance which, standing at 85.6%, recorded a growth of 2.5 percentage points.

Other significant events

- In December 2016, Alitalia informed ADR of its intention to launch a financial restructuring plan in preparation for the implementation of a business plan that is suitable to solving its known business difficulties.

  In this phase, Alitalia has agreed for the first quarter of 2017 a moratorium on the payment dates which, particularly for ADR, implies a limited negative impact on working capital, already actually reflected in the accounts as of December 31, 2016. To this day the payment commitments assumed by Alitalia during the moratorium phase have been fully respected.

- On February 1, 2017, on its website, ADR published the incentives Policy for the development of air traffic at Rome Fiumicino airport, aimed at supporting the start of new long/short-mid haul services or the increase of frequency for existing long-haul destinations.

- On February 28, 2017, Law 19/2017 was published, converting Decree 244/2016 for the "extension and definition of terms". This law repeals the laws and decrees that had imposed the payment of the general system charges on the energy consumed, reinstating its application only for energy drawn from public networks. Furthermore, the law just issued requires that the effects of repealed provisions not yet finalized must cease. The methods of application of this new regulation will be defined in the coming months by the Italian Regulatory Authority for Electricity Gas and Water as the implementing authority of this new regulatory system. The adoption is thus awaited in order to more clearly define the scope, also in terms of a possible extension of the applicability.

Business Outlook

The leading official sources confirm the economic growth trend of the developing countries for 2017, foreseeing a slight pick-up in the European macro-economic scenario and persistence of a situation of non-significant improvement for Italy.
Despite such a macroeconomic situation, a growth trend in traffic volumes is forecast to be maintained in line with that of 2016 both in the domestic and international segments.

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

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

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

For the year 2017, unless any negative effects potentially arising from the development of the situation of Alitalia and, in general, unless the traffic development worsens, an economic performance can be predicted in terms of profitability that is essentially in line with that of the year 2016.

AGENDA

Agenda

Notice is hereby given to Shareholders of the Ordinary Shareholders' Meeting to be held at the registered offices at 10.00 a.m. on April 20, 2017, in one call, to discuss the following:

Agenda

1. Reports and Financial Statements as of December 31, 2016; related and consequent resolutions;

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

Notice of call has been published in the Official Gazette of the Italian Republic, No. 32, Part II, dated March 16, 2017.

PROPOSALS TO THE **ORDINARY GENERAL MEETING**

Proposals to the Ordinary General Meeting

Dear Shareholders,

the Financial statements for the year ended December 31, 2016, report profit of 215,742,194.14 euros. Therefore we hereby propose to:

1. approve the 2016 Financial statements and the Management Report on Operations, which disclose net income of 215,742,194.14 euros;

2. allocate the portion of net income for the year, amounting to 148,539,471.70 euros, remaining after the advance on dividends paid in 2016 for 67,202,722.44 euros (equal to 1.08 euros per share), as follows:
   - 2.38 euros to dividends, for each of the 62,224,743 shares making up the share capital, for a total of 148,094,888.34 euros;
   - the residual profit of 444,583.36 euros to be carried forward.

3. set the date of payment of the dividend with value date of May 17, 2017, with coupon date no. 11 of May 15, 2017.

Dear Shareholders,

with the approval of the financial statements at December 31, 2016, the mandate of the Board of Directors for 2016 also expires.

We therefore invite you to:
- determine the number of Directors as between a minimum of seven and a maximum of fifteen members;
- determine the term of office of the Board of Directors;
- appointment of the Chairman of the Board of Directors;
- determination of the total remuneration payable to the Directors.

The Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS AS OF **DECEMBER 31, 2016**

Consolidated Financial Statements as of December 31, 2016

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

Consolidated statement of financial position

ASSETS (THOUSANDS OF EUROS)	NOTES	12.31.2016	OF WHICH TOWARDS RELATED PARTIES	12.31.2015	OF WHICH TOWARDS RELATED PARTIES
NON-CURRENT ASSETS					
Tangible assets	6.1	52,980		36,349	
Concession fees		2,265,212		2,025,643	
Other intangible assets		10,370		15,186	
Intangible assets	6.2	2,275,582		2,040,829	
Equity investments	6.3	75,120		31,023	
Other non-current financial assets	6.4	11,236		2,925	
Deferred tax assets	6.5	101,346		122,567	
Other non-current assets	6.6	432		472	
TOTAL NON-CURRENT ASSETS		**2,516,696**		**2,234,165**	
CURRENT ASSETS					
Inventories		4,297		3,697	
Trade receivables		289,476	*2,812*	269,036	*3,437*
Commercial activities	6.7	293,773	*2,812*	272,733	*3,437*
Other current financial assets	6.4	0		10,516	
Current tax assets	6.8	8,348	*7,470*	14,436	*7,470*
Other current assets	6.9	51,392	*533*	53,285	*3,547*
Cash and cash equivalents	6.10	74,159		218,593	
TOTAL CURRENT ASSETS		**427,672**	*10,815*	**569,563**	*14,454*
TOTAL ASSETS		**2,944,368**	***10,815***	**2,803,728**	***14,454***

SHAREHOLDERS' EQUITY AND LIABILITIES (THOUSANDS OF EUROS)	NOTES	12.31.2016	OF WHICH TOWARDS RELATED PARTIES	12.31.2015	OF WHICH TOWARDS RELATED PARTIES
SHAREHOLDERS' EQUITY					
GROUP SHAREHOLDERS' EQUITY					
Share capital		62,225		62,225	
Reserves and retained earnings		891,653		891,881	
Net income for the year, net of the advance on dividends		152,524		136,575	
		1,106,402		1,090,681	
MINORITY INTERESTS IN SHAREHOLDERS' EQUITY		0		0	
TOTAL SHAREHOLDERS' EQUITY	6.11	**1,106,402**		**1,090,681**	
LIABILITIES					
NON-CURRENT LIABILITIES					
Provisions for employee benefits	6.12	19,759		20,599	
Provision for renovation of airport infrastructure	6.13	106,819		158,788	
Other allowances for risks and charges	6.14	26,110		23,579	
Allowances for non-current provisions		152,688		202,966	
Bonds		834,195	*251,116*	874,108	*292,935*
Medium/long-term loans		69,804		0	
Financial instruments - derivatives		138,519		99,607	
Non-current financial liabilities	6.15	1,042,518	*251,116*	973,715	*292,935*
Other non-current liabilities	6.16	935	*454*	3,895	*2,877*
TOTAL NON-CURRENT LIABILITIES		1,196,141	*251,570*	1,180,576	*295,812*
CURRENT LIABILITIES					
Provisions for employee benefits	6.12	1,437		900	
Provision for renovation of airport infrastructure	6.13	98,610		101,168	
Other allowances for risks and charges	6.14	52,013		36,919	
Allowances for current provisions		152,060		138,987	
Trade payables	6.17	289,739	*67,406*	231,298	*54,512*
Trade liabilities		289,739	*67,406*	231,298	*54,512*
Current share of medium/long-term financial liabilities		15,955	*450*	15,898	*523*
Financial instruments - derivatives		21,394		7,207	
Current financial liabilities	6.15	37,349	*450*	23,105	*523*
Current tax liabilities	6.8	21,816	*15,020*	17,430	*17,090*
Other current liabilities	6.18	140,861	*2,603*	121,651	*1,397*
TOTAL CURRENT LIABILITIES		**641,825**	*85,479*	**532,471**	*73,521*
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,944,368**	***337,049***	**2,803,728**	***369,333***

Consolidated income statement

(THOUSANDS OF EUROS)	NOTES	2016	OF WHICH TOWARDS RELATED PARTIES	2015	OF WHICH TOWARDS RELATED PARTIES
REVENUES					
Revenues from airport management		850,608	*13,043*	772,032	*11,467*
Revenues from construction services		302,777		155,055	
Other operating income		32,773	*1,667*	29,982	*969*
TOTAL REVENUES	7.1	1,186,158	*14,710*	957,069	*12,436*
COSTS					
Consumption of raw materials and consumables	7.2	(32,046)	*(18,547)*	(32,550)	*(20,057)*
Service costs	7.3	(532,669)	*(71,259)*	(440,609)	*(116,382)*
Payroll costs	7.4	(158,637)	*(3,796)*	(143,651)	*(5,055)*
Concession fees		(34,711)		(33,599)	
Expenses for leased assets		(3,483)		(3,534)	
Allocation to (use of) the provisions for renovation of airport infrastructure		58,140		67,151	
Allocations to allowances for risks and charges		(3,899)		(20,893)	
Other costs		(9,734)	*(102)*	(10,439)	*(100)*
Other operating costs	7.5	6,313	*(102)*	(1,314)	*(100)*
Amortization of tangible assets	6.1	(8,445)		(5,285)	
Amortization of intangible concession fees	6.2	(63,208)		(62,035)	
Amortization of other intangible assets	6.2	(4,098)		(3,507)	
Amortization and depreciation		(75,751)		(70,827)	
TOTAL COSTS		(792,790)	*(93,704)*	(688,951)	*(141,594)*
OPERATING INCOME (EBIT)		**393,368**		**268,118**	
Financial income		744		17,904	*9*
Financial expense		(90,947)	*(14,333)*	(49,964)	*(14,894)*
Foreign exchange gains (losses)		42,557		(16,987)	
FINANCIAL INCOME (EXPENSE)	7.6	(47,646)	*(14,333)*	(49,047)	*(14,885)*
Share of profit (loss) of associates accounted for using the equity method	7.7	(5,210)		3,757	
INCOME (LOSS) BEFORE TAXES		**340,512**		**222,828**	
Income taxes	7.8	(120,785)		(86,253)	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**219,727**		**136,575**	
Net income (loss) from discontinued operations		0		0	
NET INCOME FOR THE YEAR		**219,727**		**136,575**	
of which					
Group income		**219,727**		**136,575**	
Minority interests		0		0	

Consolidated Statement of Comprehensive Income

(THOUSANDS OF EUROS)	NOTES	2016	2015
NET INCOME FOR THE YEAR		**219,727**	**136,575**
Profits (losses) from fair value measurement of the cash flow hedges	6.15	(3,607)	(2,255)
Tax effect		619	(1,708)
Share pertaining to the “other components of comprehensive income” of equity investments accounted for using the equity method	6.3	(89)	(8)
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect		**(3,077)**	**(3,971)**
Income (loss) from actuarial valuation of employee benefits	6.12	(566)	771
Tax effect		101	(273)
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect		**(465)**	**498**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT		(3,542)	(3,473)
COMPREHENSIVE INCOME FOR THE YEAR		**216,185**	**133,102**
of which			
Comprehensive income attributable to the Group		**216,185**	**133,102**
Comprehensive income attributable to minority interests		0	0

Statement of changes in consolidated equity

(THOUSANDS OF EUROS)	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	RESERVE FOR THE VALUATION OF EQUITY INVESTMENTS ACCORDING TO THE NET EQUITY METHOD	OTHER RESERVES AND RETAINED EARNINGS	NET INCOME FOR THE YEAR	TOTAL	MINORITY INTERESTS IN SHAREHOLDERS' EQUITY	TOTAL SHAREHOLDERS' EQUITY
BALANCE AS OF DECEMBER 31, 2014	62,225	12,462	667,389	(51,691)	(56)	258,338	136,509	1,085,176	0	1,085,176
Net income for the year							136,575	136,575		136,575
Other components of comprehensive income:										
Profits (losses) from fair value measurement of the cash flow hedge derivative instruments, net of the tax effect				(3,963)				(3,963)		(3,963)
Income (loss) from actuarial valuation of employee benefits, net of the tax effect						498		498		498
Share of profit (loss) of associates accounted for using the equity method					(8)			(8)		(8)
Comprehensive income for the year				(3,963)	(8)	498	136,575	133,102		133,102
Dividend distribution							(128,183)	(128,183)		(128,183)
Profit allocation						8,326	(8,326)	0		0
Other changes					27	559		586		586
BALANCE AS OF DECEMBER 31, 2015	**62,225**	**12,462**	**667,389**	**(55,654)**	**(37)**	**267,721**	**136,575**	**1,090,681**	**0**	**1,090,681**
Net income for the year							219,727	219,727		219,727
Other components of comprehensive income:				(2,988)	(89)	(465)		(3,542)		(3,542)
Profits (losses) from fair value measurement of the cash flow hedge derivative instruments, net of the tax effect				(2,988)				(2,988)		(2,988)
Income (loss) from actuarial valuation of employee benefits, net of the tax effect						(465)		(465)		(465)
Share of profit (loss) of associates accounted for using the equity method					(89)			(89)		(89)
Comprehensive income for the year				(2,988)	(89)	(465)	219,727	216,185		216,185
Profit allocation						2,170	(2,170)	0		0
Dividend distribution							(134,405)	(134,405)		(134,405)
Distribution of advance on dividends							(67,203)	(67,203)		(67,203)
Other changes					39	1,105		1,144		1,144
BALANCE AS OF DECEMBER 31, 2016	**62,225**	**12,462**	**667,389**	**(58,642)**	**(87)**	**270,531**	**152,524**	**1,106,402**	**0**	**1,106,402**

Consolidated Statement of Cash Flows

(THOUSANDS OF EUROS)	NOTES	2016	2015
Net income for the year		**219,727**	**136,575**
Adjusted by:			
Amortization and depreciation	6.1/6.2	75,751	70,827
Allocation to the provisions for renovation of airport infrastructure	6.13	54,097	93,925
Financial expense from discounting provisions	7.6	3,811	3,155
Change in other provisions		16,558	14,042
Write-down (revaluation) of non-current financial assets and equity investments		350	0
Share of profit (loss) of associates accounted for using the equity method	7.7	5,210	(3,757)
Net change in deferred tax (assets) liabilities		21,942	11,498
Other non-monetary costs (revenues)		3,629	3,107
Changes in the working capital and other changes		66,018	(25,603)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**467,093**	**303,769**
Investments in tangible assets	6.1	(25,043)	(24,202)
Investments in intangible assets	6.2	(313,246)	(142,324)
Works for renovation of airport infrastructure	6.13	(112,237)	(150,996)
Equity investments and minority shareholdings in consolidated companies		(52,001)	0
Dividends received from subsidiaries, valued according to the net equity method		2,295	0
Gains from divestment of tangible and intangible assets and equity investments		11,154	7,412
Net change in other non-current assets		40	(15)
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)		**(489,038)**	**(310,125)**
Dividends paid		(201,608)	(128,183)
Issue of bonds		0	6,444
Repayment of bonds		0	(10,645)
Raising of medium/long-term loans		69,797	0
Net change in other current and non-current financial liabilities		129	(29)
Net change in current and non-current financial assets		9,193	1,296
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**(122,489)**	**(131,117)**
NET CASH FLOW FOR THE YEAR (A+B+C)		**(144,434)**	**(137,473)**
Cash and cash equivalents at the start of the year	6.10	218,593	356,066
Cash and cash equivalents at the end of the year	6.10	74,159	218,593

Additional information to the statement of cash flows

(THOUSANDS OF EUROS)		2016	2015
Net income taxes paid (reimbursed)		88,377	65,107
Interest income collected		510	468
Interest payable and commissions paid		41,383	53,975

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

1. General information

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

The registered office of the Parent Company is in Fiumicino, Via dell’Aeroporto di Fiumicino 320, while the secondary office is in Ciampino, Via Appia Nuova 1651. The duration is currently set until December 31, 2050.

On the date of presenting the Consolidated financial statements, Atlantia S.p.A. (“Atlantia”) is the shareholder that directly holds the majority of the shares of ADR (60,187,231, equal to 96.72% of the capital) and exercises the management and coordination towards the company.

These consolidated financial statements of ADR and its subsidiary undertakings (the “ADR Group”) were approved by the Board of Directors of the company during the meeting of March 9, 2017 and are subject to audit by EY S.p.A..

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

2. Form and content of the Consolidated financial statements

The consolidated financial statements for the year ended December 31, 2016 were prepared pursuant to art. 2 of Italian Legislative Decree no. 38/2005, in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Commission, in force on the balance sheet date.

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

The consolidated financial statements comprise statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders’ equity, statement of cash flows and these explanatory notes, applying the provisions of IAS 1 “Presentation of Financial Statements” and the general criterion of the historical cost, with the exception of the financial statement items that according to IFRS are recognized at their fair value, as stated in the valuation criteria of the individual items. The statement of financial position is presented on the basis of the statement that provides for a distinction between current and non-current assets and liabilities, while these are classified on the basis of their nature in the income statement. The statement of cash flows was prepared by applying the indirect method. IFRS were applied consistently with the indications of the “Framework for the Preparation and Presentation of Financial Statements” and no issues emerged that required derogations pursuant to IAS 1.

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

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

3. Consolidation area and principles

The consolidated financial statements include the financial statements of ADR and its subsidiary undertakings for the year ending December 31, 2016, directly or indirectly controlled by ADR, both by virtue of the shares held to obtain the majority of votes in the Meeting (also when considering the potential voting rights deriving from options that can be exercised immediately) and due to other facts or circumstances that (also when excluding the related shares) assign the power over the company, the exposure or the right to variable returns on the investment of the company and the ability to use the power over the company to influence the returns on the investment.

The controlled entities are included in the consolidation area as of the date when control is acquired by the Group and are excluded from the area as of the date when control is lost by the Group. Annex 1 “List of equity investments” lists the companies included in the consolidation area.

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

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

The consolidation area has not changed compared to December 31, 2015.

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

The main consolidation principles are described below:

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

- dividends received by subsidiary undertakings during the period and recorded in the Parent Company's income statement as income from equity investments are eliminated against retained earnings.

Business combinations

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

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

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

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

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

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

4. Accounting standards applied

Described below are the most important accounting standards and valuation criteria applied in preparing the financial statements for the year ended December 31, 2016. These standards and criteria comply with those used in preparing the consolidated financial statements of the previous year, since, during 2016, no new accounting standards, new interpretations or amendments to the applicable standards and interpretations came into force, which had a significant impact on the consolidated financial statements of the ADR Group.

In particular, it is specified that from the year 2016, the following amendments to already enforced accounting standards will be applied:

- IFRS 11 – Joint Arrangements. It was clarified that, if an interest in a joint operation is acquired, which represents a business as defined by IFRS 3, the provisions of this last standard shall be used;
- IFRS 7 - Financial Instruments: disclosures. The amendments made to the standard clarify that, when a financial asset is transferred, while signing service arrangements at the same time, which show an interest in the future performance, the disclosures required by the standard must be provided in any case;
- IAS 19 - Employee benefits. The amendments made clarify that the rate used to discount the obligations linked to benefits after the end of the employment relationship (financed and non financed) must be determined with reference to market yields, at the reference reporting period, on high quality corporate bonds identified in the same currency used to pay the benefits;
- IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets. It was clarified that there is a rebuttable presumption that an amortization method for tangible and intangible assets is inappropriate when based on revenue generated by an activity or group of activities. This is because the revenue generated by an activity or group of activities that includes the use of a tangible or intangible asset typically reflects factors that are not directly linked to the consumption of the economic benefits embodied in the tangible or intangible asset. This presumption can be overcome only in limited circumstances: when it is possible to demonstrate that the revenue generated by the activity and the consumption of the economic benefits of the tangible or intangible assets are "highly correlated" or in the cases in which the tangible or intangible asset is directly determined as a measure of revenue (as in the case, for example, of the concession fees, which end when a certain amount of revenue is reached).

Tangible assets

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

- plants and machinery: from 7% to 25%;
- equipment: from 10% to 25%;
- other assets: from 10% to 25%;

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

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

Any ordinary maintenance costs are charged to the income statement.

Intangible assets

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

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

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

For the intangible assets represented by the Concession fees, the recording value may include: A) the fair value of the construction and/or improvement services provided to the concessionaire (measured as illustrated in the standard regarding “construction contracts and services being executed”), net of the parts represented as financial assets, corresponding to the portions in the form of contribution; b) the rights acquired by third parties, in case costs are incurred to obtain concessions from the Grantor or third parties.

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

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

Investments in associated undertakings and other companies

Equity investments in other companies, which can be classified in the category of financial assets held for sale as defined in IAS 39, are initially recorded at cost, as determined on the settlement date, as it represents the fair value, inclusive of the directly attributable transaction costs.

Subsequently, these equity investments are measured at fair value, if this can be determined, with the effects being attributed to the comprehensive income statement and thus in a specific shareholders' equity reserve. At the time of an impairment loss, or when this is recognized, the profits and losses in this reserve are posted in the income statement.

Any losses in value identified as described in the section regarding "Impairment of assets (impairment test)", are restored in the other components of the comprehensive income statement if the reasons for the write-downs made cease to apply.

If the fair value cannot be determined in a reliable manner, the equity investments classified under financial assets held for resale are valued at cost, adjusted by the impairment losses; in this case the losses in value are not subject to reinstatement.

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

Construction contracts and services being executed

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

The revenues from the contract, in addition to the contractual consideration, include the variations, the price reviews and any claims to the extent these are likely to represent actual revenues that can be determined reliably.

In case a loss is expected from the execution of the contract activities, this is immediately recorded in full in the accounts, regardless of the progress made in the contract.

The construction services in favor of the grantor pertaining to the concession agreement held by ADR are specifically recorded in the income statement based on the progress of the works.

Revenues for construction and/or improvement services in particular, which represent the consideration due for the activity performed, are measured at their fair value, calculated on the basis of the total costs incurred, which mainly comprise the costs of external services and the costs of benefits for the employees devoted to these activities.

These revenues from construction services are set off against a financial asset or the "airport concession" entered among concession fees as intangible assets as shown in this paragraph.

Inventories

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

Receivables and payables

Receivables are initially recognized at fair value and then valued at the amortized cost by using the effective interest rate method, net of any impairment related to the sum considered non-performing and recorded in the specific provisions for doubtful accounts.

These flows consider the expected recovery terms, the likely salvage value, any guarantees as well as the costs that are estimated to be incurred to recover the receivables. The original value of the receivables is reinstated in the next years as the reasons for its adjustment cease to apply. In this case the value reinstatement is recorded in the income statement cannot exceed the amortized costs that the credit would have had in the absence of previous adjustments.

Payables are initially recorded at cost, corresponding to the fair value of the liability, net of any directly attributable transaction costs. After initial recording, payables are valued with the amortized cost criterion by using the effective interest rate method. Trade receivables and payables whose expiration falls within the normal commercial terms are not discounted.

Cash and cash equivalents

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

Financial instruments - derivatives

All derivative financial instruments are recorded in the statement of financial position based on their fair value, determined on the date when the period ends.

Derivatives are classified as hedging instruments when the relationship between the derivative and the subject of the hedge is formally documented and the hedge has a high hedge ranging between 80% and 125%, as initially and periodically checked.

For the instruments hedging against the risk of change in the cash flows of the assets and/or liabilities being hedged (cash flow hedge), the changes in fair value are recorded in the income statement in consideration of the relevant deferred tax effect; the ineffective part of the hedge is recorded in the income statement.

The changes in the fair value of derivatives that do not meet the conditions for qualification pursuant to IAS 39, as hedging financial instruments are recorded in the income statement.

Other financial assets and liabilities

Any financial assets which the Group intends and has the ability to maintain until maturity, based on the provisions of IAS 39, and the financial liabilities are recorded at cost, as measured on the settlement date, represented by the fair value of the initial remuneration, increased in the case of assets and decreased in the case of liabilities, by any transaction costs that are directly attributable to the acquisition of the assets and the issue of the financial liabilities. After initial recording, these financial assets and liabilities are valued with the amortized cost criterion by using the effective interest rate method.

Any financial assets held with the intention of obtaining a profit in the short term are recorded and valued at fair value, with recognition of the effects in the income statement; any financial assets other than those above are classified as financial instruments available for sale, recorded and valued at fair value with recognition of the effects in the comprehensive income statement. Financial instruments included in these categories have never been reclassified.

Financial assets and liabilities are no longer shown in the financial statements when, consequently to their sale or redemption, the Group is no longer involved in their management nor is liable for the risks and benefits related to these sold/redeemed instruments.

Fair value measurements

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

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

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

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

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

Employee benefits

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

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

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

Provision for renovation of airport infrastructure

Provisions for renovation of airport infrastructure for renovation of airport infrastructure, consistently with the conventional obligations in place, include, at year end, the allocations regarding extraordinary maintenance, recoveries and replacements to be carried out in the future and aimed at ensuring the necessary functionality and safety of the airport infrastructure. The allocations to this provision are calculated on the basis of the level of use of the infrastructure, indirectly reflected in the date set for their replacement/renewal in the last business plan approved. The determination of the values in this item takes account also of a financial component to be applied on the basis of the time passing between the various renewal cycles with the aim of guaranteeing the suitability of the allocated funds.

Other allowances for risks and charges

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

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

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

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

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

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

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

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

Impairment of assets (impairment test)

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

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

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

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

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

Revenues

Revenues are measured on an accrual basis to the extent to which it is possible to reliably determine their fair value and the related economic benefits are likely to be enjoyed. Depending on the type of transaction, revenues are recorded on the basis of the specific criteria reported below: A) the revenues from the sale of assets when the significant risks and benefits of the ownership of the same are transferred to the purchaser; b) the revenues from service provisions based on the stage of completion of the activities. If the value of revenues cannot be reliably determined, the revenues are recorded until reaching the costs incurred that are deemed as recoverable; c) the rental income and the royalties in the accrual period, based on the contractual agreements signed; d) interest income is measured on an accrual basis, calculated on the amount of the relevant financial assets, using the effective interest rate; e) dividends are measured when the right of the shareholders to receive their payment arises.

Costs

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

Share-Based Payments

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

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

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

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

Income taxes

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

Deferred tax assets and liabilities resulting from temporary differences between the financial statements value of assets and liabilities, calculated by applying the criteria described in this section, and their tax value, deriving from the application of current legislation, are recorded: a) the former, only if sufficient taxable income is likely to allow the recovery; b) the latter, if any, in any case.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied in the year when these assets will be created or these liabilities will be settled, considering the rates in force and those already issued, or substantially in force, on the date of the financial statements.

Deferred tax assets and liabilities are recorded in the income statement, with the exception of those relating to items that are directly recorded in shareholders' equity. In that case, also prepaid and/or deferred taxes are charged to shareholders' equity.

Deferred tax assets and liabilities are offset where there is a legal right that allows current tax assets to be offset against current tax liabilities, and the deferred taxes refer to the same taxable entity and to the same tax authority.

Please note that for the three-year period 2014-2016 the parent company Atlantia adopts the tax consolidation regime, which ADR and some subsidiary undertakings adhered to.

Estimates and valuations

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

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

Conversion of the items in foreign currencies

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

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

Information by industry segment

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

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

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

DOCUMENT TITLE	DATE OF THE IASB DOCUMENT COMING INTO FORCE	DATE OF ENDORSEMENT BY THE EU
New accounting standards and interpretations		
IFRS 9 - Financial Instruments	January 1, 2018	November 2016
IFRS 15 - Revenues from contracts with customers	January 1, 2018	September 2016
IFRS 16 – Leases	January 1, 2019	Not endorsed
Amendments to accounting standards and interpretations		
Amendments to IAS 7 - Statement of cash flows	January 1, 2017	Not endorsed
Amendments to IAS 12 – Income taxes	January 1, 2017	Not endorsed
Amendments to IFRS 2 - Share-Based Payments	January 1, 2018	Not endorsed
Annual Improvements to IFRSs: 2014 – 2016	January 1, 2017 - 2018	Not endorsed

IFRS 9 - Financial Instruments

In July 2014, the IASB definitively published IFRS 9, i.e. the standard aimed at replacing the current IAS 39 for the accounting and valuation of financial instruments. The standard introduces new rules for the classification and measurement of financial instruments and a new model of impairment of the financial assets as well as of accounting of the hedging transactions that can be defined as "hedge accounting".

Classification and measurement

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

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

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

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

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

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

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

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

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

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

Impairment

IFRS 9 defines a new impairment model of financial assets with the aim of providing useful information to the users of the financial statements with regard to the relevant losses expected. In particular the model requires the check and recording of any losses expected at any time throughout the life of the instrument and the update of the amount of losses expected at each balance sheet date, to reflect the changes in the credit risk of the instrument; therefore, the occurrence of a particular event ("trigger event") is no longer necessary to require the check and recognition of the credit losses. The impairment tests must be applied to all the financial instruments, except for those valued at fair value with the effects being posted to the income statement.

Hedge accounting

The main new elements introduced by IFRS 9 concern:

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

IFRS 15 - Revenues from contracts with customers

IFRS 15 replaces the previous standard IAS 18 and IAS 11, regarding construction contracts, and the relevant interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

IFRS 15 established the standards to follow for the recognition of the revenues deriving from contracts with customers, except for those contracts that are within the scope of the standards pertaining to lease agreements, insurance contracts and financial instruments.

The new standard defines an overall reference framework to identify the time and amount of the revenues to be posted in the accounts. Based on the new standard, the company needs to analyze the contract and its accounting impacts through the phases below:

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

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

Furthermore, for the recognition of the revenue, emphasis is placed on the need for the probability to obtain/collect the economic benefits linked to the income; for contract work in progress, which is currently governed by IAS 11, the requirement is introduced of the recognition of the revenues also in consideration of the possible discounting effect deriving from collections deferred over time.

At the time of the first application, if the new standard cannot be applied retrospectively, an alternative ("modified approach") is available, based on which the effects from applying the new standard must be recorded in the opening shareholders' equity of the year when first applying the standard.

IFRS 16 – Leases

On 13 January 2016 the IASB published the definitive version of the new accounting standard regarding the accounting of lease transactions, which replaces IAS 17, IFRIC 4, SIC 15 and SIC27, whose adoption, notwithstanding the process of endorsement by the European Union, is set starting from January 1, 2019; early application is allowed to the companies that apply in advance IFRS15 – Revenue from contracts with customers.

The new standard intervenes on the lessee by conforming the accounting treatment of operating and financial leasing. IFRS 16 requires the lessee to recognize in the income statement those assets deriving from a lease agreement, to be measured and classified as rights of use (thus as intangible assets), regardless of the nature of the leased assets, to be subject to amortization based on the duration of the rights; at the time of the initial measurement, the lessee recognizes the liability deriving from the contract, for an amount equal to the current value of the minimum mandatory lease payments. IFRS 16 also clarifies that a lessee, within the framework of the lease agreement, must separate lease components (to which the provisions of IFRS 16 apply) from those relating to other services, which instead must be subject to the relevant provisions of the other IFRSs.

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

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

Amendments to IAS 7 - Statement of cash flows

In January 29, 2016 the IASB published some amendments to IAS 7, in order to introduce the obligation to provide specific disclosure to allow the users of financial statements to evaluate changes in liabilities arising from financing activities. To this end, the entity is obliged to indicate the following changes in the liabilities arising from financing activities:

- changes from financial cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchange rates;
- changes in fair value;
- other changes.

Amendments to IAS 12 – Income taxes

On January 19, 2016 the IASB amended IAS 12 with the document "*Recognition of Deferred Tax Assets for Unrealised Losses*", which aims to clarify the recognition of deferred tax assets relating to debt instruments measured at fair value. In particular the amendment defines the following aspects:

- unrealized losses on debt instruments measured at fair value change, but which are valued at cost also for tax purposes, originate a temporary deductible difference regardless of the fact that the owner of the instrument expects to recover the carrying value of the instrument through sale or use;
- the carrying value of an asset does not represent a limit to the estimate of the possible tax benefits;
- the estimate of the future tax benefits must be made leaving aside the possible tax deductions deriving from the transfer of deductible temporary differences;
- a deferred tax asset must be measured in combination with the other deferred tax assets. However, if the reference tax legislation limits the use of tax losses against a specific tax profit, the deductible temporary differences may be measured in combination only with the temporary differences of the same type.

Amendments to IFRS 2 - Share-Based Payments

On June 20, 2016 the IASB published some amendments to IFRS 2 in order to clarify the methods of measuring cash-settled share-based payments linked to performance indicators, the classification of share-based payments settled net of withholdings and the methods of measurement in case of passage from equity-settled share-based payments and cash-settled share-based payments.

Annual Improvements to IFRSs: 2014 – 2016

On September 8, 2016 the IASB published the document "Annual Improvements to IFRSs: 2014 - 2016 cycle".

The main changes that may be important for the Group concern IFRS 12 – Disclosure of interest in other entities. The document clarifies the scope of the standard, specifying that the disclosure obligations it dictates, except for those in paragraphs B10-B16, also apply to the interests in other entities classified as held for sale, held for distribution or discontinued operations pursuant to IFRS 5.

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

In particular, with reference to IFRS 15, the Group started the checks regarding the applicability of the new standard to the different types of contracts in place and the study of the possible management and accounting repercussions.

In general, with reference to the most significant types of revenues measured in the consolidated income statement, based on the examinations conducted, the concession agreement held by ADR is deemed not to fall within the scope of application of IFRS 15. As a result, the current methods of representation illustrated above in this note will not be subject to change, also with reference to the revenues from construction services.

Therefore, based on the analyses and examinations made so far, no significant impact has been found on the consolidated Financial Statements of the ADR Group which may derive from adopting IFRS 15.

5. Concession Agreement

Concessionary Relationship

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

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

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

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

Duration of the Concession

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

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

Subject matter of the Concession

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

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

Income

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

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

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

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

Concession fees

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

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

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

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

The asset regime

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

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

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

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015
Assets received under the concession at Fiumicino	119,812	119,812
Assets received under the concession at Ciampino	29,293	29,293
Assets completed on behalf of the State (*)	742,197	731,376
TOTAL	**891,302**	**880,481**

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

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

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

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

6.1 Tangible assets

(THOUSANDS OF EUROS)	12.31.2015			CHANGE				12.31.2016		
	COST	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	DISPOSALS	COST	ACC. AMORT.	NET VALUE
Plant and machinery	60,302	(44,336)	15,966	14,716	(6,004)	13,650	0	88,668	(50,340)	38,328
Industrial and commercial equipment	12,144	(10,181)	1,963	1,396	(584)	0	0	13,500	(10,725)	2,775
Other assets	23,606	(18,969)	4,637	2,288	(1,857)	45	(18)	25,006	(19,911)	5,095
Work in progress and advances	13,783	0	13,783	6,643	0	(13,644)	0	6,782	0	6,782
TOTAL TANGIBLE ASSETS	**109,835**	**(73,486)**	**36,349**	**25,043**	**(8,445)**	**51**	**(18)**	**133,956**	**(80,976)**	**52,980**

(THOUSANDS OF EUROS)	12.31.2014			CHANGE				12.31.2015		
	COST	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	DISPOSALS	COST	ACC. AMORT.	NET VALUE
Plant and machinery	52,479	(41,156)	11,323	6,561	(3,373)	1,540	(85)	60,302	(44,336)	15,966
Industrial and commercial equipment	10,822	(9,718)	1,104	1,296	(464)	27	0	12,144	(10,181)	1,963
Other assets	22,207	(19,081)	3,126	2,570	(1,448)	397	(8)	23,606	(18,969)	4,637
Work in progress and advances	1,979	0	1,979	13,775	0	(1,971)	0	13,783	0	13,783
TOTAL TANGIBLE ASSETS	**87,487**	**(69,955)**	**17,532**	**24,202**	**(5,285)**	**(7)**	**(93)**	**109,835**	**(73,486)**	**36,349**

Tangible assets, equaling 52,980 thousand euros (36,349 thousand euros as of December 31, 2015) rose in the year by 16,631 thousand euros, partly offset by the depreciation of 8,445 thousand euros.

Investments of 25,043 thousand euros mainly refer to:

- within the category Plant and machinery (14,716 thousand euros) mainly to transport vehicles (1,398 thousand euros) and to baggage inspection equipment (12,201 thousand euros);
- within the category Industrial and commercial equipment (1,396 thousand euros) to security equipment;
- within the category Other assets (2,288 thousand euros) mainly to electronic machinery (2,014 thousand euros);
- within the category work in progress and advances (6,643 thousand euros), mainly inspection equipment for 2,091 thousand euros.

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

After the Issuer Substitution operation described in Note 8 - Guarantees and covenants on medium/long-term liabilities of these Explanatory Notes, starting from March 2016, the constraints to the Romulus Finance S.r.l. (“Romulus Finance” or “Romulus”) financial structure were removed, including the guarantees provided by the ADR Group and concerning movable property (such as plant, machinery and instruments, etc.).

6.2 Intangible assets

(THOUSANDS OF EUROS)	12.31.2015				CHANGE			12.31.2016			
	COST	W.D.	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	COST	W.D.	ACC. AMORT.	NET VALUE
Concession fees											
Airport management concession - rights acquired	2,167,966	0	(763,381)	1,404,585	0	(49,284)	0	2,167,966	0	(812,665)	1,355,301
Airport management concession - investments in infrastructure	758,360	0	(137,302)	621,058	302,777	(13,924)	0	1,061,137	0	(151,226)	909,911
TOTAL CONCESSION FEES	2,926,326	0	(900,683)	2,025,643	302,777	(63,208)	0	3,229,103	0	(963,891)	2,265,212
Other intangible assets	53,304	(41)	(44,728)	8,535	4,818	(4,098)	15	58,137	(41)	(48,826)	9,270
Advances to suppliers	6,651	0	0	6,651	5,651		(11,202)	1,100	0	0	1,100
TOTAL OTHER INTANGIBLE ASSETS	59,955	(41)	(44,728)	15,186	10,469	(4,098)	(11,187)	59,237	(41)	(48,826)	10,370
TOTAL INTANGIBLE ASSETS	**2,986,281**	**(41)**	**(945,411)**	**2,040,829**	**313,246**	**(67,306)**	**(11,187)**	**3,288,340**	**(41)**	**(1,012,717)**	**2,275,582**

(THOUSANDS OF EUROS)	12.31.2014				CHANGE			12.31.2015			
	COST	W.D.	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	COST	W.D.	ACC. AMORT.	NET VALUE
Concession fees											
Airport management concession - rights acquired	2,167,966	0	(714,098)	1,453,868	0	(49,283)	0	2,167,966	0	(763,381)	1,404,585
Airport management concession - investments in infrastructure	621,113	0	(124,551)	496,562	137,247	(12,751)	0	758,360	0	(137,302)	621,058
TOTAL CONCESSION FEES	2,789,079	0	(838,649)	1,950,430	137,247	(62,034)	0	2,926,326	0	(900,683)	2,025,643
Other intangible assets	48,235	(41)	(41,222)	6,972	5,077	(3,507)	(7)	53,304	(41)	(44,728)	8,535
Advances to suppliers	13,958	0	0	13,958	0	0	(7,307)	6,651	0	0	6,651
TOTAL OTHER INTANGIBLE ASSETS	62,193	(41)	(41,222)	20,930	5,077	(3,507)	(7,314)	59,955	(41)	(44,728)	15,186
TOTAL INTANGIBLE ASSETS	**2,851,272**	**(41)**	**(879,871)**	**1,971,360**	**142,324**	**(65,541)**	**(7,314)**	**2,986,281**	**(41)**	**(945,411)**	**2,040,829**

Intangible assets, equal to 2,275,582 thousand euros (2,040,829 thousand euros as of December 31, 2015) rose by 234,753 thousand euros mainly due to the investments in the year, equal to 313,246 thousand euros, partly offset by the amortization equal to 67,306 thousand euros, and other changes equal to -11,187 thousand euros.

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

- Airport management concession - rights acquired: represents the value of the airport management concession, and reflects the difference between the price paid for ADR's shares by Leonardo S.p.A. (incorporated in Leonardo S.p.A. effective January 1, 2001) compared to the pro-rata value of shareholders’ equity of ADR Group;

- Airport management concession - investments in infrastructure: includes the activities to create new infrastructure and/or improve and enhance the existing airport infrastructure carried out by the ADR Group.

  The investments in the Airport management concession - investments in infrastructure equal 302,777 thousand euros and relate to construction services provided in the year on infrastructure in concession. In applying IFRIC 12, in the income statement the costs connected to these investments are recorded, as well as the fair value of the related construction services carried out.

  Worth noting are:
- works to create departure area E/F (formerly Pier C) for 191.4 million euros;
- work on the HBS/BHS Terminal 1 for 28.4 million euros;
- work on the East Terminal System for 12.7 million euros;
- urbanization work West area/Aprons W for 9.5 million euros;
- work on Terminal 3 - Expansion of the arrivals and baggage reclaim area for 8.7 million euros;
- civil maintenance work for 5.6 million euros;
- terminal maintenance and optimization works for 5.1 million euros.

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

The Other intangible assets, equal to 9,270 thousand euros (8,535 thousand euros as of December 31, 2015), include the rights to use the property rights, concessions, licenses, trademarks and similar rights. The investments for the year, equal to 4,818 thousand euros, mainly refer to the implementation of airport systems, the evolutionary maintenance of the accounting system and the acquisition of licenses.

Advances to suppliers, equal to 1,100 thousand euros (6,651 thousand euros as of December 31, 2015), refer to the advances for the works to create departure area F (formerly Pier C), agreed with ATI Cimolai and disbursed in 2014 and in 2016, in accordance with the Deed of submission of the technical variation and supplementary appraisal no. 3 phase 3 and 4 of August 7, 2014, in order to guarantee a fast resumption of the works and the respect of the set delivery terms. The 5,551 thousand euro increase compared to December 31, 2015 is attributable to the advance paid in the six-month period, net of the recovery occurred in the period in relation to the work progress.

6.3 Equity investments

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
ASSOCIATED UNDERTAKINGS			
Pavimental S.p.A.	2,562	11,374	(8,812)
Spea Engineering S.p.A.	18,705	17,447	1,258
Consorzio E.T.L. (in liquidation)	0	0	0
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	0	0
	21,267	**28,821**	**(7,554)**
OTHER COMPANIES			
Azzurra Aeroporti S.r.l.	52,000	0	52,000
Aeroporto di Genova S.p.A.	894	894	0
S.A.CAL. S.p.A.	957	1,307	(350)
Consorzio CAIE	1	0	1
Leonardo Energia - Società Consortile a r.l.	1	1	0
	53,853	**2,202**	**51,651**
TOTAL	**75,120**	**31,023**	**44,097**

Equity investments amount to 75,120 thousand euros, up by 44,097 thousand euros compared to December 31, 2015 due to the combined effect of:

- reduction of the investment in Pavimental S.p.A. ("Pavimental") (20% of the capital) of 8,812 thousand euros, consequently to the valuation with the equity method (of which -8,730 thousand euros booked to the income statement, -97 thousand euros to the other components of the comprehensive income statement and +15 thousand euros to the shareholders' equity). The company operates in the building and maintenance sector and in the modernization of road, motorway and airport paving;
- increase of the value of the investment in Spea Engineering S.p.A. ("Spea Engineering") (20%) of 1,258 thousand euros, consequently to the valuation with the equity method, which led to a 2,295 euro reduction consequently to the resolution to distribute dividends and a revaluation of 3,553 thousand euros in relation to the result of the year (of which +3,520 thousand euros booked to the income statement, +8 thousand euros to the comprehensive income statement and 25 thousand euros to the shareholders' equity). The company, which is engaged in the provision of engineering services for work design and management activities, in 2016 recorded significant losses (-33.7 million euros);
- acquisition of the 10% equity investment and subsequent capitalization, for an overall value of 52,000 thousand euros, of Azzurra Aeroporti S.r.l. which on November 9, 2016 purchased 64% of the capital of Aéroports de la Côte d'Azur (ACA), the company that owns the airports of Nice, Cannes-Mandelieu and Saint Tropez;
- write-down of 350 thousand euros of the interest in the shares of S.A.CAL. S.p.A. (16.57%);
- subscription of a 1% share (equal to 1 thousand euros) of Consorzio Autostrade Italiane Energia, which supplies energy to the market.

After the Issuer Substitution operation described in Note 8 - Guarantees and covenants on medium/long-term liabilities of these Explanatory Notes, starting from March 2016, the constraints to the Romulus financial structure were removed, including the guarantees provided by the ADR

Group and concerning the shares and stakes held by ADR in the capital of the subsidiary undertakings.

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

6.4 Other current and non-current financial assets

(THOUSANDS OF EUROS)			12.31.2016			12.31.2015
	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE
OTHER FINANCIAL ASSETS						
Derivatives with positive fair value	7,822	0	7,822	0	0	0
Other financial assets	3,414	0	3,414	13,441	10,516	2,925
TOTAL OTHER FINANCIAL ASSETS	**11,236**	**0**	**11,236**	**13,441**	**10,516**	**2,925**

Derivatives with positive fair value

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Interest rate hedging derivatives	7,822	0	7,822
Interest accrual	0	0	0
TOTAL DERIVATIVES WITH POSITIVE FAIR VALUE	**7,822**	**0**	**7,822**
non-current share	7,822	0	7,822
current share	0	0	0

Interest rate hedging derivatives

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

During the month of October 2016 ADR signed three interest rate swap contracts of the forward starting type, with activation on February 20, 2020, adopting a policy of hedging against the prospective rate risk deriving from future financial requirements. This policy is aimed at reducing the risk of misalignment between the return of invested capital and the cost of debt.

Below is a table summarizing the outstanding derivative contracts with positive fair value of the ADR Group at December 31, 2016.

									FAIR VALUE OF THE DERIVATIVE		*FAIR VALUE CHANGE*	
COUNTERPARTY	COMPANY	INSTRUM.	TYPE	RISK COVERED	SUBSCR. DATE	EXP.	NOTIONAL VALUE COVERED	RATE APPLIED	AT 12.31.2016	AT 12.31.2015	TO THE INCOME STATEMENT	TO OCI (***)
Unicredit, BNPP, RBS	ADR	IRS FWD (*)	CF	I	10/2016	02/2030	300,000	The pay an average fixed rate of 0.969% and receive 6 month EURIBOR	7,822	0	0	7,822
					TOTAL				**7,822**	**0**	**0**	**7,822**
					of which:							
					Foreign currency hedging derivatives				0	0		
					Interest rate hedging derivatives				7,822	0		

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

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

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

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

Other financial assets

Other non-current financial assets equal 3,414 thousand euros (2,925 thousand euros as of December 31, 2015) and refer mainly to the accessory charges incurred for the start and restructuring of the Revolving Credit Facility in December 2013 and July 2016, respectively, and those incurred to subscribe bank loans not used yet, in December 2016. These charges are booked on a pro-quota basis to the income statement based on the duration of the line. The increase of 489 thousand euros is attributable to the combined effect of the rise in accessory charges, deriving from last year's renegotiation and the subscription of the new bank loans, and the relevant attribution to the income statement.

Other current financial assets (10,516 thousand euros as of December 31, 2015) only included the balance of the "Debt Service Reserve Account" term current account, which was closed after the definitive removal, at the end of March, of the obligation to deposit a contractually set amount in a term account to guarantee the old Romulus securitization debt started by ADR in 2003. The relevant funds were transferred to a bank account in the name of the Parent Company.

The so-called Issuer Substitution operation, which was the basis for the removal of the constraints to the Romulus financial structure, is detailed in Note 8 - Guarantees and covenants on medium/long-term liabilities of these Explanatory Notes.

6.5 Deferred tax assets

The Deferred tax assets, equal to 101,346 thousand euros (122,567 thousand euros as of December 31, 2015), are shown net of deferred tax liabilities that can be offset. The nature of the temporary differences is illustrated in the table below.

(THOUSANDS OF EUROS)	12.31.2015			CHANGE		12.31.2016
		PROVISIONS	RELEASES	DEFERRED TAX ASSETS/TAX LIABILITIES ON INCOME /CHARGES RECORDED IN THE SHAREHOLDERS' EQUITY	RATE CHANGE EFFECT	
DEFERRED TAX ASSETS						
Allocation to (use of) the provisions for renovation of airport infrastructure	107,366	4,090	(23,405)	0	240	88,291
Allocation to allowance for obsolete and slow moving goods	18	103	(12)	0	(14)	95
Allocations to provisions for doubtful accounts	8,850	139	(1,607)	0	205	7,587
Amortized cost and derivative instruments	18,772	0	(405)	866	(227)	19,006
Allowances for risks and charges	13,383	5,532	(261)	0	(1,167)	17,487
Other	1,565	442	(458)	146	(110)	1,585
TOTAL DEFERRED TAX ASSETS	149,954	10,306	(26,148)	1,012	(1,073)	134,051
DEFERRED TAX LIABILITIES THAT CAN BE OFFSET						
Application of IFRIC 12	27,387	7,796	(2,520)	0	42	32,705
TOTAL DEFERRED TAX LIABILITIES	27,387	7,796	(2,520)	0	42	32,705
TOTAL NET DEFERRED TAX ASSETS	**122,567**	**2,510**	**(23,628)**	**1,012**	**(1,115)**	**101,346**

The changes of 2016 mainly refer to the allocation to and use of the provisions for renovation of airport infrastructure, to the effects of applying IFRIC 12 on the fixed assets.

The “Rate change effect” refers to items that were previously expected to be reversed in 2016 at an IRES rate of 27.5% but, based on updated forecasts, will be reversed in 2017 at a rate of 24%.

6.6 Other non-current assets

Other non-current assets, equal to 432 thousand euros (472 thousand euros as of December 31, 2015), refer to guarantee deposits.

6.7 Commercial activities

Commercial assets, equal to 293,773 thousand euros (272,733 thousand euros as of December 31, 2015), include:

- inventories, equal to 4,297 thousand euros (3,697 thousand euros as of December 31, 2015) comprising consumable materials, clothing, spare parts, cleaning material, fuel, telephone material, etc. After the Issuer Substitution operation described in Note 8, starting from March 2016, the constraints to the Romulus financial structure were removed, including the guarantees provided by the ADR Group and concerning inventories;
- trade receivables, equal to 289,476 thousand euros (269,036 thousand euros as of December 31, 2015).

In detail the trade receivables are broken down as follows:

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Due from clients	310,210	265,659	44,551
Due from parent companies	52	226	(174)
Receivables for construction services	18,872	47,117	(28,245)
Other trade receivables	930	1,885	(955)
TOTAL TRADE RECEIVABLES, GROSS OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	330,064	314,887	15,177
Provisions for doubtful accounts	(32,903)	(38,145)	5,242
Provisions for overdue interest	(7,685)	(7,706)	21
TOTAL PROVISIONS FOR DOUBTFUL ACCOUNTS	(40,588)	(45,851)	5,263
TOTAL TRADE RECEIVABLES	**289,476**	**269,036**	**20,440**

“Due from clients” (gross of provisions for doubtful loans) total 310,210 thousand euros and recorded a positive change of 44,551 thousand euros, which reflects an extension of the average collection times, attributable especially to the aviation business component influenced by the difficult situation emerged towards the end of the year for the main national carrier.

As regard to this circumstance, the Company currently believes that conditions are not met to adjust the value of the related trade receivables; in any case, in the possible scenario of this carrier discontinuing operations, the full recoverability of the non-current assets included in the invested capital is confirmed since the latter value is significantly below the value in use estimated for the airport concession.

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

The receivables from ENAC for construction services (gross of the provisions for doubtful accounts), equal to 18,872 thousand euros (47,117 thousand euros as of December 31, 2015), comprise the receivables for work, largely relating to the state-financed portion of construction works in departure area E/F. The reduction of 28,245 thousand euros is attributable to the receivables of previous years from ENAC for construction services and paid by the body in September 2016.

The other trade receivables 930 thousand euros (1,885 thousand euros as of December 31, 2015) refer to prepaid expenses of a commercial nature.

The table below shows the age of the trade receivables.

(THOUSANDS OF EUROS)	TOTAL RECEIVABLES	RECEIVABLES THAT ARE NOT PAST DUE AND NOT WRITTEN-DOWN	RECEIVABLES WRITTEN-DOWN, NET OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	PAST DUE RECEIVABLES NOT WRITTEN-DOWN: FROM 0 TO 90 DAYS	PAST DUE RECEIVABLES NOT WRITTEN-DOWN: BETWEEN 90 AND 365 DAYS	PAST DUE RECEIVABLES NOT WRITTEN-DOWN: > 1 YEAR
12.31.2016	**289,476**	157,201	92,076	36,424	2,048	1,727
12.31.2015	**269,036**	157,984	75,208	31,435	3,191	1,218

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

(THOUSANDS OF EUROS)	12.31.2015	INCREASES	DECREASES	12.31.2016
Provisions for doubtful accounts	38,145	1,871	(7,113)	32,903
Provisions for overdue interest	7,706	0	(21)	7,685
TOTAL PROVISIONS FOR DOUBTFUL ACCOUNTS	**45,851**	**1,871**	**(7,134)**	**40,588**

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

After the Issuer Substitution operation described in Note 8 - Guarantees and covenants on medium/long-term liabilities of these Explanatory Notes, starting from March 2016, the constraints to the Romulus financial structure were removed, including the guarantees provided by the ADR Group and concerning the receivables.

6.8 Current tax assets and liabilities

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

	ASSETS			LIABILITIES		
(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE	12.31.2016	12.31.2015	CHANGE
Due from/to parent companies for tax consolidation	7,470	7,470	0	15,020	17,090	(2,070)
IRES	122	122	0	73	280	(207)
IRAP	756	6,844	(6,088)	6,723	60	6,663
TOTAL	**8,348**	**14,436**	**(6,088)**	**21,816**	**17,430**	**4,386**

Current tax assets are equal to 8,348 thousand euros (14,436 thousand euros as of December 31, 2015) and mainly include:

- the receivable from the parent company Atlantia of 7,470 thousand euros for the rebate application regarding the higher IRES paid in the taxation periods 2007-2011 due to the non deduction of IRAP on staff costs; for further information on the tax consolidation please see Note 7.8 Income taxes;
- the IRAP receivable of 756 thousand euros, down compared to the balance at the end of 2015 (6,844 thousand euros) consequently to the tax accrued in the period.

Current tax liabilities, equal to 21,816 thousand euros (17,430 thousand euros as of December 31, 2015), consist mainly of the payable to the parent company Atlantia due to the tax consolidation for 15,020 thousand euros, regarding the tax estimate for the year, net of the advances already paid.

6.9 Other current assets

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Due from parent companies	0	3,528	(3,528)
Due from associated undertakings	482	482	0
Due from tax authorities	10,251	24,299	(14,048)
Due from others	40,659	24,976	15,683
TOTAL OTHER CURRENT ASSETS	**51,392**	**53,285**	**(1,893)**

"Due from parent companies" is equal to zero compared to a balance of 3,528 thousand euros as of December 31, 2015, which included ADR's VAT credit in December, in relation to the agreement signed in 2015 with Atlantia for the activation of the group VAT settlement procedure, not renewed in 2016.

Due from tax authorities, equal to 10,251 thousand euros (24,299 thousand euros as of December 31, 2015), mainly include:

- VAT credit of 3,440 thousand euros (13,648 thousand euros as of December 31, 2015);
- other due from tax authorities equal to 5,745 thousand euros, for taxes (and the relevant collection charges and interest) regarding the period 1/1/1993-3/23/1995, recognized as limited by the Supreme Court, within the dispute with the Customs Office, and with repayment required. These receivable reduced by 3,835 thousand euros compared to December 31, 2015, in relation to the partial repayment occurred in the period (for more information see Note 9.5 Litigation).

Due from others are equal to 40,659 thousand euros (24,976 thousand euros at December 31, 2015) and include the receivable from the Insurance companies posted in line with the transactional agreements being settled, net of the collected amounts.

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

(THOUSANDS OF EUROS)	TOTAL RECEIVABLES	RECEIVABLES THAT ARE NOT PAST DUE AND NOT WRITTEN-DOWN	RECEIVABLES WRITTEN-DOWN, NET OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	PAST DUE RECEIVABLES NOT WRITTEN-DOWN		
				FROM 0 TO 90 DAYS	BETWEEN 90 AND 365 DAYS	> 1 YEAR
12.31.2016	**51,392**	50,777	0	0	0	615
12.31.2015	**53,285**	51,692	0	0	171	1,422

6.10 Cash and cash equivalents

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Bank and post office deposits	73,757	218,297	(144,540)
Cash and notes in hand	402	296	106
TOTAL CASH AND CASH EQUIVALENTS	**74,159**	**218,593**	**(144,434)**

Cash and cash equivalents, amounting to 74,159 thousand euros, have decreased by 144,434 thousand euros compared to December 31, 2015, consequently to the investments of the year as well as to the distribution of dividends.

After the mentioned Issuer Substitution operation, starting from March 2016, the constraints imposed by the Romulus financial contracts with regard to liquidity management were removed (so-called Account Bank Agreement). Due to this removal, ADR is no longer subject to any constraint to use its available funds deriving from financial contracts and is entirely released from segregations of amounts to predefined bank accounts to guarantee the debt repayment.

6.11 Shareholders' equity

The shareholders' equity of the ADR Group as of December 31, 2016 amounts to 1,106,402 thousand euros (1,090,681 thousand euros as of December 31, 2015), while the minority interests in shareholders' equity amount to zero (zero also as of December 31, 2015).

The shareholders' equity is analyzed as follows:

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Share capital	62,225	62,225	0
Share premium reserve	667,389	667,389	0
Legal reserve	12,462	12,462	0
Cash flow hedge reserve	(58,642)	(55,654)	(2,988)
Reserve for associates accounted for using the equity method	(87)	(37)	(50)
Other reserves and retained earnings	270,531	267,721	2,810
Net income for the year, net of the advance on dividends	152,524	136,575	15,949
TOTAL GROUP SHAREHOLDERS' EQUITY	**1,106,402**	**1,090,681**	**15,721**
MINORITY INTERESTS IN SHAREHOLDERS' EQUITY	0	0	0
TOTAL SHAREHOLDERS' EQUITY	**1,106,402**	**1,090,681**	**15,721**

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

- group income for the year for 219,727 thousand euros;
- the negative result of the comprehensive income statement for -3,542 thousand euros deriving mainly from the negative change in fair value of the cash flow hedge derivatives (-2,988 thousand euros net of the tax effect);
- the distribution of the dividends of the year 2015 equal to 134,405 thousand euros (2.16 euros per share);
- the distribution of the advance on dividends of the year 2016 equal to 67,203 thousand euros (1.08 euro per share).

As of December 31, 2016 ADR's share capital, wholly subscribed and paid up, amounts to 62,224,743 euros, represented by 62,224,743 shares with a par value of 1 euro each.

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

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

Furthermore, pursuant to IFRS 2, the value accrued in the year of the fair value of the remuneration plans based on shares and settled with the conferment of securities as resolved by the Board of Directors of the parent company Atlantia also in favor of employees and directors of ADR, equal to 1,105 thousand euros, was booked to the income statement, counterbalanced by an increase in the specific shareholders' equity reserve, classified in the item "other reserves and retained earnings". For information on the remuneration plans based on shares reference is made to Note 11.2.

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

	SHAREHOLDERS' EQUITY		NET INCOME FOR THE YEAR	
(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	2016	2015
ADR S.p.A. FINANCIAL STATEMENT VALUES	**1,101,042**	**1,128,704**	**215,742**	**134,556**
Recognition in the Consolidated financial statements of the shareholders' equity and the income for the year of the consolidated equity investments, net of the share pertaining to third party shareholders	32,603	29,685	2,826	(197)
Cancellation of the carrying value of the consolidated equity investments	(4,634)	(8,940)	(16)	(40)
Other adjustments[1]	(22,609)	(58,768)	1,175	2,256
VALUE OF CONSOLIDATED FINANCIAL STATEMENTS (GROUP PORTION)	1,106,402	1,090,681	219,727	136,575
VALUE OF CONSOLIDATED FINANCIAL STATEMENTS (THIRD PARTY PORTION)	0	0	0	0
VALUES OF CONSOLIDATED FINANCIAL STATEMENTS	**1,106,402**	**1,090,681**	**219,727**	**136,575**

[1] These refer mainly to the adjustments deriving from the different merger date compared to the first consolidation and, as of 12.31.2015, also to the valuation of the cash flow hedge financial instruments, etc.

6.12 Provisions for employee benefits

Provisions for employee benefits are 21,196 thousand euros (21,499 thousand euros as of December 31, 2015) of which 19,759 thousand euros non-current, and consist of an employee severance indemnity provision, governed by art. 2120 of the Italian Civil Code, which includes the estimate of the bond, determined based on actuarial techniques, relating to the amount to be paid to ADR employees when terminating the employment relationship. The change in the employee severance indemnity provision is shown in the following table.

(THOUSANDS OF EUROS)	2016	
INITIAL VALUE OF THE EMPLOYEE SEVERANCE INDEMNITY PROVISION		**21,499**
Current cost	101	
Interest payable	198	
Total costs recorded in the income statement		299
Liquidation / Releases		(1,168)
Actuarial gains/losses from changes in the demographic assumptions	43	
Actuarial gains/losses from changes in the financial assumptions	605	
Effect of past experience	(82)	
Total actuarial gains/losses recognized in the comprehensive income statement		566
FINAL VALUE OF THE EMPLOYEE SEVERANCE INDEMNITY PROVISION		**21,196**
of which:		
non-current share		19,759
current share		1,437

Summarized below are the main assumptions made for the actuarial estimate process regarding the employee severance indemnities at December 31, 2016:

FINANCIAL ASSUMPTIONS	2016	2015
Discounting rate	0.86%	1.39%
Inflation rate	1.5% from 2017 onwards	1.5% for 2016 1.8% for 2017 1.7% for 2018 1.6% for 2019 2.0% from 2020 onwards
Annual rate of increase in employee severance indemnities	2.18% from 2017 onwards	2.18% for 2016 2.37% for 2017 2.3% for 2018 2.24% for 2019 and 2.49% from 2020 onwards
Annual rate of pay increase	0.2%	0.7%
Annual turnover rate	0.8%	1.0%
Annual rate of disbursement of advances	1.3%	1.7%

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

DEMOGRAPHIC ASSUMPTIONS	2016/2015
Mortality	Mortality tables RG48 published by the State's general office (with adoption of the age shifting)
Inability	INPS tables divided by age and gender, reduced to 70%
Retirement	Satisfaction of the requirements set by the General Compulsory Insurance, updated on the basis of Law no. 214 of 22 December 2011, adjusted to the changes in the life expectancy consequently to Ministerial Decree of 12.06.2011, which requires a 3-month increase from 01.01.2013, and consequently to the more recent Ministerial Decree 12.16.2014, which required an additional 4-month increase from 01.01.2016

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

(THOUSANDS OF EUROS)	1.0% INCREASE	1.0% DECREASE	0.25% INCREASE	0.25% DECREASE
Annual turnover rate	21,070	21,249		
Inflation rate			21,456	20,939
Discounting rate			20,759	21,646

The weighted average duration of the obligations for the defined benefit plans for the employees at year end is 10 years and the service costs predicted for 2017 equal 103 thousand euros.

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

(THOUSANDS OF EUROS)	
1st year	1,168
2nd year	1,255
3rd year	1,294
4th year	1,334
5th year	1,397

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

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

The Provisions for renovation of airport infrastructure, equal to 205,429 thousand euros (259,956 thousand euros at December 31, 2015), of which 98,610 thousand euros for the current share (101,168 thousand euros at December 31, 2015), include the current value of the updated estimate of the charges to be incurred for extraordinary maintenance recoveries and replacements in the face of the contractual obligation set by the airport concession signed by the granting Administration with the aim of ensuring the due functionality and safety of the airport infrastructure.

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

(THOUSANDS OF EUROS)	12.31.2015	PROVISIONS	DISCOUNTING EFFECT	DECREASES FOR THE REVERSAL OF FUNDS IN EXCESS	OPERATING USES	12.31.2016
Provision for renovation of airport infrastructure	**259,956**	54,097	3,613	0	(112,237)	**205,429**
of which:						
current share	101,168					98,610
non-current share	158,788					106,819

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

The Other allowances for risks and charges are equal to 78,123 thousand euros (60,498 thousand euros at December 31, 2015), of which 52,013 thousand euros for the current share (36,919 at December 31, 2015). Reported below is the analysis of the breakdown of the item and the changes during the year.

(THOUSANDS OF EUROS)	12.31.2015	PROVISIONS	DECREASES FOR THE REVERSAL OF FUNDS IN EXCESS	OPERATING USES	12.31.2016
Tax provisions	15,603	3,675	0	0	19,278
Provisions for current and potential disputes	43,608	15,844	(3)	(1,853)	57,596
Provisions for internal insurance	1,259	0	(23)	0	1,236
To cover investee companies' losses	28	0	0	(15)	13
TOTAL OTHER ALLOWANCES FOR RISKS AND CHARGES	**60,498**	**19,519**	**(26)**	**(1,868)**	**78,123**
of which:					
current share	36,919				52,013
non-current share	23,579				26,110

The tax provision, equal to 19,278 thousand euros, relating to the risk of a negative outcome of the pending cases regarding the dispute with UTF (now the Customs Office) on the tax and additional fee on electricity for the period 2002-2012, following the unfavorable decisions of the Supreme Court on some disputes already considered by the Court, and to the valuation of the liability risk consequently to the unfavorable decisions concerning ICI/IMU (property taxes).

The provisions for current and potential disputes of 57,596 thousand euros (43,608 thousand euros at December 31, 2015) include the estimated charges that are expected to be incurred in connection with the disputes in progress at year end. 1,853 thousand euros of these provisions were used in the year, essentially as a result of some disputes, and an increase was recorded consequently to net provisions for 15,844 thousand euros, 15,620 thousand euros of which shown in the financial statements as a reduction of the relevant revenues for insurance compensation, within the item "operating revenues".

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

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

6.15 Financial liabilities (current and non-current share)

(THOUSANDS OF EUROS)					12.31.2016			12.31.2015
	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE
MEDIUM/LONG-TERM FINANCIAL LIABILITIES								
Bonds	834,195	0	834,195	595,095	239,100	874,108	0	874,108
Medium/long-term loans	69,804	0	69,804	69,804	0	0	0	0
Accrued expenses medium/long-term financial liabilities	15,955	15,955	0	0	0	15,898	15,898	0
TOTAL MEDIUM/LONG-TERM FINANCIAL LIABILITIES	919,954	15,955	903,999	664,899	239,100	890,006	15,898	874,108
FINANCIAL INSTRUMENTS - DERIVATIVES	159,913	21,394	138,519	0	138,519	106,814	7,207	99,607
TOTAL FINANCIAL LIABILITIES	**1,079,867**	**37,349**	**1,042,518**	**664,899**	**377,619**	**996,820**	**23,105**	**973,715**

Bonds

	12.31.2015				CHANGE	12.31.2016
(THOUSANDS OF EUROS)	BOOK VALUE	NEW LOANS RAISED	REPAYMENTS	EXCHANGE RATE DIFFERENCES	AMORTIZED COST EFFECT	BOOK VALUE
Bonds	874,108	0	0	(42,564)	2,651	834,195
current share	0					0
non-current share	874,108					834,195

Bonds are equal to 834,195 thousand euros (874,108 thousand euros at December 31, 2015). The negative change in the year, equal to 39,913 thousand euros, refers mainly to the change in the Euro/Sterling exchange rate.

Reported below is the main information regarding the bond issues existing as of December 31, 2016.

(THOUSANDS OF EUROS)

NAME	ISSUER	PAR VALUE	CURRENCY	BOOK VALUE	INTEREST RATE	COUPON	REPAYMENT	DURATION	EXPIRY
Class A4 (*)	ADR (**)	215,000	GBP	239,100	5.441%	every six months	at maturity	20 years	02/2023
€600,000,000 3.250% EMTN Program	ADR	600,000	EUR	595,095	3.25%	yearly	at maturity	7 years and 2 months	02/2021
TOTAL BONDS				**834,195**					

(*) the book value recorded in the financial statements (239.1 million euros) is affected by the adoption of the amortized cost method and the adjustment to the exchange rate at the end of the year.

(**) originally issued by the vehicle Romulus Finance and subsequently "replaced" by ADR following the Issuer Substitution operation detailed in Note 8

99.87% of A4 Romulus bonds are held by the parent company Atlantia after the conclusion of the Tender Offer procedure launched by the same in January 2015 towards the holders of the outstanding A4 bonds. For further information reference should be made to Note 8.

In addition to the bond issue carried out originally through the vehicle Romulus Finance, the bonds shown in the financial statements include the senior unsecured bond issue of December 10, 2013 for an overall par value of 600 million euros, as part of the important plan adopted by ADR at the time in order to refinance its financial debt. The securities representing the bond issue of December 2013 were placed with qualified investors listed in the regulated market of the Irish stock exchange.

The bonds were issued by ADR with validity on its medium-term issue plan (Euro Medium Term Note Program - EMTN Program) approved by ADR in November 2013 for a maximum amount of 1.5 billion euros. The senior unsecured bond issue was rated "BBB+", "Baa1" and "BBB+" by the agencies Standard & Poor's, Moody's and Fitch, respectively. Moody's also assigns a negative outlook, in line with the one assigned to the Italian Republic, while the other two agencies assign a stable outlook.

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

(THOUSANDS OF EUROS)	12.31.2016		12.31.2015	
	BOOK VALUE	*FAIR VALUE*	BOOK VALUE	*FAIR VALUE*
Fixed rate	834,195	974,172	874,108	1,008,657
TOTAL BOND ISSUES	**834,195**	**974,172**	**874,108**	**1,008,657**

The fair value of the bond issues was determined on the basis of the market values available at December 31, 2016; in particular, the future cash flows were discounted on the basis of the standard discounting curves used in market practice (6-month Euribor and 6-month Libor). A spread was also considered on the curves to express the counterparty risk, in line with ADR's situation on the measurement date. Compared to December 31, 2015, the effect of discounting the flows for the purpose of the valuation would be such to determine an increase in fair value. However, this effect is more than offset by the exchange rate effect. These combined effects thus imply a fair value decrease of 34.5 million euros compared to December 31, 2015.

Medium/long-term loans

	12.31.2015				12.31.2016
(THOUSANDS OF EUROS)	BOOK VALUE	NEW LOANS RAISED	REPAYMENTS	AMORTIZED COST EFFECT	BOOK VALUE
Medium/long-term loans	0	70,000	0	(196)	69,804
current share	0				0
non-current share	0				69,804

Medium/long-term loans equal 69,804 thousand euros (0 at the end of the previous year) and include the bank loan granted by Banca Nazionale del Lavoro ("BNL") on November 4, 2016 for a total of 100 million euros and used for 70 million euros.

Reported below is the main information regarding medium/long-term loans existing as of December 31, 2016.

(THOUSANDS OF EUROS)				12.31.2016					
FINANCER	NAME	AMOUNT GRANTED	AMOUNT USED (PAR VALUE)	BOOK VALUE	CURRENCY	RATE	REPAYMENT	DURATION	EX.
Syndicate of banks	*Revolving Credit Facility (“RCF”)*	250,000	0	0	EUR	variable index-linked to the Euribor + margin	Revolving	5 years (*)	7/2021
Banca Nazionale del Lavoro (“BNL”)	*BNL Loan*	100,000	70,000	69,804	EUR	0.18%	at maturity	4 years	11/2020
European Investment Bank (“EIB”)	*EIB Loan*	150,000	0	0	EUR	Fixed or floating	*amortising*	Up to 15 years	-
Cassa Depositi e Presiti (“CDP”)	*CDP Loan*	150,000	0	0	EUR	Fixed or floating	*amortising*	Up to 15 years	-
TOTAL MEDIUM/LONG-TERM LOANS		**650,000**	**70,000**	**69,804**					

(*) this duration may be extended in accordance with the relevant contracts and optionally, for another two years.

The Revolving Credit Facility (“RCF”), like the ADR debt deriving from the bond issue carried out under the EMTN Program, is of the senior unsecured type and is aimed at ensuring suitable liquidity support for the Company's development plans. The syndicate of banks that granted this loan comprises: Barclays, BNP Paribas, Crédit Agricole, Mediobanca, Natixis, Société Générale, The Royal Bank of Scotland and UniCredit.

The interest rates applied to the RCF vary in relation to the level of ADR's rating. It should be noted that on March 22, 2016, the Moody's rating agency raised the unsecured debt of ADR from Baa2 to Baa1. However, this upgrade was not followed by a reduction in the margin of the RCF line since the other two agencies, Standard & Poor’s and Fitch Ratings, had already previously recognized the same rating level assigned by Moody’s in March 2016. Thanks to the renegotiation of the same revolving line in July 2016, ADR immediately benefitted from a reduction, given the same rating, of 50% of the margin applied according to the old contracts of 2013 and may benefit also from a possible reduction in this margin in case of additional upgrades by the agencies.

The line of banking credit granted by BNL was signed by ADR in November 2016. This new line of banking credit totaling 100 million euros and used for 70 million euros as of December 31, 2016, expires in November 2020, has a bullet type repayment and is characterized by a contractual structure in line with the forecasts included in the RCF.

In December 2016 two new contracts were drafted with regard to the 300 million euro line resolved by the European Investment Bank (“EIB”) in favor of ADR in 2014, with contracts partly with EIB (150 million euros) and partly, for the residual 150 million euros, with Cassa Depositi e Prestiti (“CDP”). The EIB/CDP loan was subscribed by the two banks to support the “Aeroporti di Roma – Fiumicino Sud” project regarding the execution of the main works included in the project of infrastructural development of the existing airport perimeter of Fiumicino. These are fixed- or floating-rate loans of the amortizing type with maturity up to 15 years and a period of availability of (i) 36 months for the EIB line and (ii) 18 months for the CDP line. As of December 31, 2016 these new funding lines have not been used yet. These loans, unlike the RCF contract and the bilateral BNL loan, feature a series of covenants requested by the EIB in consideration of the particular duration and especially of the specific type and objective of the loan, with “project” type purpose.

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

(THOUSANDS OF EUROS)	12.31.2016		12.31.2015	
	BOOK VALUE	*FAIR VALUE*	BOOK VALUE	*FAIR VALUE*
Fixed rate	69,804	69,053	0	0
Floating rate	0	0	0	0
TOTAL BOND ISSUES	**69,804**	**69,053**	**0**	**0**

The fair value of the medium/long-term loan was determined on the basis of the market values available at December 31, 2016; in particular, the future cash flows were discounted on the basis of the standard discounting curves used in market practice (6-month Euribor). A spread was also considered on the curves to express the counterparty risk, in line with ADR's situation on the measurement date.

Derivatives with negative fair value

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Foreign currency hedging derivatives	73,903	32,083	41,820
Interest rate hedging derivatives	85,767	74,560	11,207
Interest accrual	243	171	72
TOTAL DERIVATIVES WITH NEGATIVE FAIR VALUE	**159,913**	**106,814**	**53,099**
non-current share	138,519	99,607	38,912
current share	21,394	7,207	14,187

Exchange rate and interest rate hedging derivatives

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

As of December 31, 2016 the ADR Group has a cross currency swap allowing the cash flows in euro regarding the payment of interest and the redemption of the A4 bond in pound sterling to be stabilized.

During the month of June 2015 (and subsequently restructured in June 2016) and in February 2016, ADR signed interest rate swap contracts of the forward starting type, starting on February 9, 2017 and April 20, 2017, respectively, adopting a policy of hedging against the prospective rate risk deriving from future financial requirements. This policy is aimed at reducing the risk of misalignment between the return of invested capital and the cost of debt.

With reference to the derivative IRS forward starting contracts entered into on June 15, 2015 and subsequently restructured on June 20, 2016 for a notional capital of 250.0 million euros, it is underlined that the activation date started on February 9, 2017. Based on the information available so far, the request for new loans is planned in the first half of 2017; the hedging effectiveness of the two derivatives is thus confirmed.

Below is a table summarizing the outstanding derivative contracts with negative fair value of the ADR Group at December 31, 2016.

									FAIR VALUE OF THE DERIVATIVE		*FAIR VALUE CHANGE*	
COUNTERPARTY	COMP ANY	INSTRUM.	TYPE	RISK COVERED	SUBSCR. DATE	EXP.	NOTIONAL VALUE COVERED	RATE APPLIED	AT 12.31.2016	AT 12.31.2015	TO THE INCOME STATEMENT	TO OCI (***)
Mediobanca, UniCredit	ADR	CCS	CF	I	02/2013	02/2023	325,019	It receives a fixed rate of 5.441% and pays 3 month Euribor + 90bps until 12/2009, then pays a fixed rate of 6.4%	(64,616)	(67,524)	234	2,674
				C					(73,903)	(32,083)	(41,820)	
									(138,519)	(99,607)	(41,586)	2,674
Société Générale	ADR	IRS FWD (*)	CF	I	06/2015 (restructured on 6/2016)	02/2027	250,000	It pays a fixed rate of 1.530% and receives 6 month EURIBOR	(20,819)	(7,036)	(11)	(13,772)
Société Générale	ADR	IRS FWD (**)	CF	I	02/2016	04/2026	50,000	It pays a fixed rate of 0.688% and receives 6 month EURIBOR	(332)	0	0	(332)
					TOTAL				**(159,670)**	**(106,643)**	**(41,597)**	**(11,430)**
					of which:							
					Foreign currency hedging derivatives				(73,903)	(32,083)		
					Interest rate hedging derivatives				(85,767)	(74,560)		

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

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

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

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

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

6.16 Other non-current liabilities

The other non-current liabilities are equal to 935 thousand euros (3,895 thousand euros as of December 31, 2015) and consist for 731 thousand euros of dues to personnel and 204 thousand euros of dues to social security agencies. The 2,960 thousand euro decrease is essentially attributable to the reclassification under Other current liabilities of 3.9 million euros, maturing in the short term.

6.17 Trade payables

Trade payables are equal to 289,739 thousand euros (231,298 thousand euros at December 31, 2015).

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Due to suppliers	279,937	220,042	59,895
Due to parent companies	1,033	1,130	(97)
Deferred income	1,329	1,354	(25)
Advances received	7,440	8,772	(1,332)
TOTAL TRADE PAYABLES	**289,739**	**231,298**	**58,441**

Due to suppliers equal 279,937 thousand euros, up 59,895 thousand euros consequently to the expanding investments in the year.

6.18 Other current liabilities

The Other current liabilities are equal to 140,861 thousand euros (121,651 thousand euros at December 31, 2015).

The item is analyzed in the table below.

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Payables for taxes other than income taxes	83,369	71,815	11,554
Payables for firefighting services	0	104	(104)
Payables to personnel	17,062	11,136	5,926
Due to social security agencies	9,316	7,969	1,347
Payables for security deposits	9,826	9,787	39
Other payables	21,288	20,840	448
TOTAL OTHER CURRENT LIABILITIES	**140,861**	**121,651**	**19,210**

The Payables for taxes other than income taxes are equal to 83,369 thousand euros (71,815 thousand euros at December 31, 2015) and mainly include:

- payable for the passenger surcharges for 71,296 thousand euros (58,829 thousand euros at December 31, 2015). This amount was paid the following month after collection of municipal surcharge from carriers, while the outstanding amounts due are recorded in a contra-entry under receivables from clients. The surcharge on the passenger boarding fee charged to the carriers equals 10 euros per passenger, of which 7.5 euros allocated to INPS and one euro (commissarial surcharge) for the commissarial management of the Municipality of Rome. The trend of the payable for the surcharge, increasing by 12,467 thousand euros compared to the end of 2015, reflects the correlated effect of the trend, in the year, of the corresponding fees from the carriers, as well as the increase in the surcharge destined to INPS of 2.5 euros, starting from January 1, 2016 and until August 31, 2016;
- payable of 7,934 thousand euros to the Lazio Regional Authority for IRESA (4,989 thousand euros as of December 31, 2015). This tax is charged by the Lazio Regional Authority to carriers, who are obliged to pay it to the airport management companies which, in line with the surcharges commented on above, must periodically pay them back to the Regional board. ADR started to charge this tax in May 2014, applicable from January 1, 2014, after the signing of the agreement for tax management of the tax with the Lazio Regional Authority on January 30, 2014. The 2,945 thousand euro increase in IRESA charges compared to December 31, 2015 reflects the correlated effect of the performance in the year of this type of collections from carriers.

The increase in Payables for taxes other than income taxes, equal to 11,554 thousand euros, was essentially affected by the overall rise of 15,412 thousand euros in the payables due to surcharges and IRESA, as described above, partially offset by the reduction in VAT payables for 725 thousand euros and the payment, made in the year, of the payable to the Customs Office of 3,104 thousand euros regarding the dispute on revenue tax and surcharges on electricity.

Payables to personnel, equal to 17,062 thousand euros (11,136 thousand euros as of December 31, 2015), and Due to social security agencies, equal to 9,316 thousand euros (7,969 thousand euros), rose by 7,273 thousand euros in total, mainly attributable to the reclassification of Other non-current liabilities for 3.9 million euros.

The Other payables, equal to 21,288 thousand euros, include 17,186 thousand euros (17,195 thousand euros at December 31, 2015) of the payable to ENAC for the concession fee. This payable decreased by 9 thousand euros in relation to the portion accrued in the year, net of the payment of the balance 2015 and the first installment of 2016.

7. Information on the items of the consolidated income statement

7.1 Revenues

Revenues in 2016 equal 1,186,158 thousand euros (957,069 thousand euros in 2015) and are broken down as follows:

(THOUSANDS OF EUROS)	2016	2015
AERONAUTICAL		
Airport fees	494,640	440,174
Centralized infrastructures	17,672	13,198
Security services	92,035	84,313
Other	31,353	27,627
	635,700	*565,312*
NON-AERONAUTICAL		
Sub-concessions and utilities:		
Properties and utilities	51,865	49,502
Shops	110,730	105,436
Advertising	11,273	9,884
Car parks	27,643	27,734
Other	13,397	14,164
	214,908	*206,720*
REVENUES FROM AIRPORT MANAGEMENT	850,608	772,032
REVENUES FROM CONSTRUCTION SERVICES	302,777	155,055
OTHER OPERATING INCOME	32,773	29,982
TOTAL REVENUES	**1,186,158**	**957,069**

Revenues from airport management, equal to 850,608 thousand euros, rose by 10.2% overall compared to the reference period, essentially due to the development of aeronautical activities (+12.5%), driven by the positive traffic performance and the tariff adjustment component. The performance of the non-aeronautical segment also showed a 4.0% growth, mainly as a consequence of the greater spaces available compared to 2015, heavily impacted by the fire at T3, with sub-concessions of retail outlets and real estate management rising by 5.0% and 4.8%, respectively.

Revenues from construction services equal to 302,777 thousand euros (155,055 thousand euros in 2015) refer to revenues from construction services for self-funded works (137,247 thousand euros in 2015). In 2016 no revenues from construction services for works funded by the government (former Pier C) were recorded (17,808 thousand euros in the comparative year. Consistently with the accounting model adopted, according to the application of accounting standard IFRIC 12, these revenues, which represent the consideration due for the activity performed, are measured at fair value, determined on the basis of the total costs incurred (external costs mainly).

Other operating income equal to 32,773 thousand euros (29,982 thousand euros in 2015) is broken down as follows:

(THOUSANDS OF EUROS)	2016	2015
Grants and subsidies	67	339
Gains on disposals	16	9
Reabsorption of funds:		
Provisions for overdue interest	6	0
Other allowances for risks and charges	6,906	20
Expense recoveries	4,822	5,564
Damages and compensation from third parties	12,536	16,760
Other income	8,420	7,290
TOTAL OTHER OPERATING INCOME	**32,773**	**29,982**

The item “Damages and compensation from third parties” affected in 2016 the definition of the extent of the damages referring to the coverage of the extra-costs and the costs of restoring and salvaging incurred because of the fire. This sum supplements the compensation value already posted as an estimate in the comparison year.

7.2 Consumption of raw materials and consumables

The item Consumption of raw materials and consumables is equal to 32,046 thousand euros (32,550 thousand euros in 2015). The details are reported in the table below.

(THOUSANDS OF EUROS)	2016	2015
Fuel and lubricants	2,939	3,458
Electricity, gas and water	22,027	24,075
Consumables, spare parts and various materials	7,080	5,017
TOTAL CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**32,046**	**32,550**

The total decrease of 504 thousand euros refers to the combined effect of:

- lower costs for fuel and lubricants for 519 thousand euros attributable essentially to the petrol price component;
- lower electricity, gas and water costs for 2,048 thousand euros essentially attributable to the price component and lower electricity consumption;
- increase in the cost for consumables, spare parts and various materials for 2,063 thousand euros attributable mainly to greater purchases of telephone and network material.

7.3 Service costs

Service costs equal 532,669 thousand euros (440,609 thousand euros in 2015). The details are reported in the table below.

(THOUSANDS OF EUROS)	2016	2015
Costs for maintenance	42,538	53,514
Costs for renovation of airport infrastructure	112,237	150,997
External service costs	13,718	10,489
Costs for construction services	291,215	148,509
Cleaning and disinfestations	8,769	9,578
Professional services	13,000	13,673
Firefighting services	8,408	8,647
Other costs	41,853	43,431
Remuneration of Directors and Statutory Auditors	931	1,771
TOTAL SERVICE COSTS	**532,669**	**440,609**

The increase in costs for services is attributable essentially to the greater costs for construction services (142.7 million euros) and to the costs for external services, in addition to greater costs for ordinary maintenance, net of the cost component linked to the fire at Terminal 3, aimed mainly at improving the service quality, and the commercial costs regarding promotional initiatives.

This performance was partly offset by the decrease in the costs related to the fire (reclassified mainly under maintenance, external services and other costs), which in 2015 included the costs of securing and salvaging the areas affected by the event; in the six months under review instead, these include the incurred additional costs related to the operating penalizations caused by the fire. The costs for renovation of airport infrastructures decreased (-38.8 million euros).

7.4 Payroll costs

Payroll costs equal 158,637 thousand euros (143,651 thousand euros in the comparison year). The details are reported in the table below.

(THOUSANDS OF EUROS)	2016	2015
Salaries and wages	116,943	105,658
Social security charges	31,579	29,071
Post-employment benefits	7,110	6,542
Previous years payroll costs adjustments	(261)	(394)
Other costs	3,266	2,774
TOTAL PAYROLL COSTS	**158,637**	**143,651**

The increase of 14,986 million euros compared to 2015 mainly derives from the increased average workforce employed by the ADR Group (+231.3 fte). This rise is attributable to the increased security measures following the terrorist attacks in Paris and Brussels, the review of the quality objectives (shorter queuing times and new e-gates for boarding passes), the progressive process of internalization of the cleaning activities entrusted to the subsidiary undertaking Airport Cleaning and the relative expansion of the scope and the assumptions linked to the progressive implementation of the Development Plan, as set forth in the Program Agreement.

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

AVERAGE HEADCOUNT	2016	2015	CHANGE
Managers	51.8	48.3	3.5
Administrative staff	218.4	197.0	21.4
White-collar	1,761.3	1,653.2	108.1
Blue-collar	1,007.4	909.1	98.3
TOTAL AVERAGE HEADCOUNT	**3,038.9**	**2,807.6**	**231.3**

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

AVERAGE HEADCOUNT	2016	2015	CHANGE
ADR S.p.A.	1,227.0	1,147.1	79.9
ADR Tel S.p.A.	52.4	51.2	1.2
ADR Assistance S.r.l.	295.6	285.5	10.1
ADR Security S.r.l.	879.5	827.4	52.1
ADR Mobility S.r.l.	64.7	58.3	6.4
Airport Cleaning S.r.l.	519.7	438.1	81.6
TOTAL AVERAGE HEADCOUNT	**3,038.9**	**2,807.6**	**231.3**

7.5 Other operating costs

The other operating costs equal -6,313 thousand euros (1,314 thousand euros in the comparison year). The details are reported in the table below.

(THOUSANDS OF EUROS)	2016	2015
Concession fee	34,712	33,599
Expenses for leased assets	3,483	3,534
Allocation to (use of) the provisions for renovation of airport infrastructure	(58,140)	(67,151)
Allocations to allowances for risks and charges	3,899	20,893
Other costs:		
Allocations to provisions for doubtful accounts	1,871	1,721
Indirect taxes and levies	5,643	5,965
Other expenses	2,219	2,753
TOTAL OTHER OPERATING COSTS	**(6,313)**	**1,314**

Concession fees, equal to 34,712 thousand euros, increased by 1,113 thousand euros due mainly to the increase in traffic.

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

The Allocations to allowances for risks and charges are equal to 3,899 thousand euros compared to the 20,893 thousand of the reference year. For more details reference is made to Note 6.14.

Provisions for doubtful accounts, equal to 1,871 thousand euros reflect an updated assessment of the recoverability of the ADR Group's trade receivables and are essentially in line with the comparative year (+150 thousand euros).

7.6 Financial income (expense)

The item financial incomes (expenses) equals -47,646 thousand euros (-49,047 thousand euros in 2015). The tables below provide details on the financial income and expenses.

Financial income

(THOUSANDS OF EUROS)	2016	2015
Interest income		
Interest on bank deposits and loans	118	480
Income on derivatives		
Valuation of derivatives	234	17,249
Other income		
Interest on overdue current receivables	0	6
Interest from clients	374	7
Other	18	162
TOTAL FINANCIAL INCOME	**744**	**17,904**

Income deriving from interest on bank deposits and loans, equal to 118 thousand euros, decreased by 362 thousand euros compared to 2015, due to, on the one side, the lower deposits and, on the other, the lower lending rates recognized by the counterparties on these deposits.

The income from valuation of derivatives equals 234 thousand euros compared to 17,249 thousand euros in the comparative year, which included the positive change in the fair value of the cross currency swap contracts for the Euro/Sterling exchange rate component hedging the A4 bonds issued in pound sterling, which offset an exchange rate loss of the same amount.

Financial expense

(THOUSANDS OF EUROS)	2016	2015
FINANCIAL EXPENSE FROM DISCOUNTING PROVISIONS FOR RENOVATION OF AIRPORT INFRASTRUCTURE	3,613	2,859
Interest on outstanding bonds	33,875	38,109
Interest on medium/long-term loans	766	976
Effects of applying the amortized cost method	3,493	2,819
Other financial interest expenses	6	7
TOTAL FINANCIAL INTEREST EXPENSE	38,140	41,911
Valuation of derivatives	41,831	0
IRS differentials	6,815	4,894
TOTAL EXPENSES ON DERIVATIVES	48,646	4,894
Devaluation of investments valued at cost	350	0
Financial expense from discounting employee benefits	198	296
Other expenses	0	4
TOTAL OTHER EXPENSES	548	300
TOTAL FINANCIAL EXPENSE	**90,947**	**49,964**

The Financial expense from discounting provisions for renovation of airport infrastructure, equal to 3,613 thousand euros, includes the financial component for the discounting of the provision and rose by 754 thousand euros consequently to the change in the rate applied.

The Interest on outstanding bonds amounts to 33,875 thousand euros; the 4,234 thousand euro decrease compared to the year of 2015 is mainly attributable to the elimination of the costs linked to the guarantee provided by da Ambac Assurance Ltd., which ceased in July 2015 (lower cost equal to 2,479 thousand euros), and partially offset by the increase in charges from amortized cost on A4 bonds (equal to 771 thousand euros). Moreover, the decrease in interest on bonds is offset also by the greater value of the swap differentials (equal to 1,920 thousand euros).

The Expense from valuation of derivatives, equal to 41,831 thousand euros (0 thousand euros as of December 31, 2015) reflects the change occurring in the year in the fair value of the cross currency swap contracts for the Euro/Sterling exchange rate component hedging the A4 bonds issued in pound sterling (shown in Note 6.15).

As a matter of fact, the devaluation of the pound sterling against the euro in the year led to a negative change in the fair value of the derivative, which balanced the accounting of an exchange rate profit (on this point see the subsequent Foreign exchange gains/loss table).

The item Devaluation of investments valued at cost, equal to 350 thousand euros, refers to the devaluation of the equity investment in S.A.CAL. S.p.A..

Foreign exchange gains (losses)

(THOUSANDS OF EUROS)	2016	2015
Foreign exchange gains	42,623	191
Foreign exchange losses	(66)	(17,178)
TOTAL FOREIGN EXCHANGE GAINS (LOSSES)	**42,557**	**(16,987)**

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

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

The share of profit/(loss) of associates accounted for using the equity method, equal to -5,210 thousand euros (+3,757 in 2015), includes the effect on the income statement of the valuation of the associate Spea Engineering for 3,520 thousand euros and the devaluation of Pavimental for -8,730 thousand euros (+3,114 thousand euros and +643 thousand euros respectively in 2015).

7.8 Income taxes

The income taxes equal 120,785 thousand euros (86,253 thousand euros in 2015). The item is analyzed in the table below.

(THOUSANDS OF EUROS)	2016	2015
CURRENT TAXES		
IRES	79,025	64,814
IRAP	19,973	13,184
	98,998	**77,998**
DIFFERENCES ON CURRENT TAXES OF PREVIOUS YEARS		
Income taxes of previous years	(154)	(3,242)
	(154)	**(3,242)**
DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets	16,152	9,334
Deferred tax liabilities	5,789	2,163
	21,941	**11,497**
TOTAL INCOME TAXES	**120,785**	**86,253**

With reference to IRES, please note that on May 20, 2014 ADR, together with the companies of the Group, ADR Tel S.p.A. (“ADR Tel”), ADR Assistance, ADR Mobility (“ADR Mobility”) and ADR Security, communicated to the consolidating company Atlantia the desire of exercising the group taxation option, pursuant art. 117 of TUIR, for the three-year period 2014-2016.

Income taxes of previous years are positive for 154 thousand euros. The amount as of December 31, 2015 (also positive for 3,242 thousand euros), included 1,156 thousand euros of income deriving from the payment arranged by the Revenue Agency against the application submitted by ADR as the consolidating company for the tax period 2004, 2005 and 2006, after the recognition of the one-off deductibility of 10% of IRAP from the IRES taxable amount.

Deferred tax assets and liabilities were determined on the basis of the tax rates that are expected to be applied when these differences will be reversed, in consideration of the 3.5% decrease in the IRES rate, starting from the year 2017, in accordance with the Stability law 2016.

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

The incidence of the taxes for the year on the pre-tax result equals 23.2% (29.1% in 2015). The analysis of the difference between the theoretical and the actual tax rate for IRES is reported below:

(THOUSANDS OF EUROS)		2016		2015
	TAXABLE AMOUNT	TAX	TAXABLE AMOUNT	TAX
NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	**340,512**		**222,828**	
THEORETICAL RATE		27.5%		27.5%
Theoretical IRES		**93,641**		**61,278**
Permanent differences	12,050	3,314	7,982	2,195
Temporary differences	(65,199)	(17,930)	4,876	1,341
Actual IRES		**79,025**		**64,814**
EFFECTIVE RATE		**23.2%**		**29.1%**

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

The Class A4 Notes bond in pound sterling issued originally in 2003 by the securitization special-purpose company Romulus Finance, subsequently replaced – through an “issuer substitution” operation – by ADR is guaranteed, as of December 31, 2016, by a lien (via a so-called Deed of Assignment under British law) on the receivables that may derive from cross currency swap contracts hedging Class A4 Notes. This guarantee in favor of the creditors of the bond in pound sterling would be enforced only if the fair value of the cross currency swap contracts had a positive value (as of December 31, 2016 this value is negative for 138.5 million euros) and for an overall value up to 96.5 million euros.

The mentioned guarantee is the only one surviving the complex Security Package established in 2003 by ADR with regard to the securitization of the bank debt. Indeed, with the “issuer substitution” operation of March 2016, implemented in the form of notation, ADR actually became the direct debtor towards the A4 shareholders in place of the securitization special-purpose company Romulus Finance. As a consequence, the loan agreement between Romulus Finance and ADR – aimed at providing the vehicle Romulus with the funds needed to serve its debt to the shareholders – was terminated, and all the related guarantees were cancelled with it, together with the complex system of constraints and obligations (i.e. the Security Package) regarding ADR since 2003, in relation to the securitization structure.

In particular, in March 2016, Romulus Finance and ADR concluded, with the consent of all the Romulus creditors, an agreement by virtue of which ADR would acquire, pursuant to article 1273 of the Italian Civil Code, all the assets and liabilities that the Special Purpose Vehicle Romulus Finance now holds towards: (i) the A4 noteholders, (ii) the hedge counterparties of the cross currency swap and (iii) the other counterparties of the securitization (i.e. notes for Trustees, Agents, etc.). This agreement, effective on March 20, 2016, is structured as follows:

- an Issuer Substitution through which ADR has assumed the payables and all the payment obligations regarding the Class A4 notes directly towards the A4 noteholders;
- a novation of the Cross Currency Swap in place aimed exclusively, given the same other conditions, at replacing Romulus Finance with ADR as the swap counterparty in the current agreements;
- the cancellation by offsetting the residual A4 loan not yet repaid, between Romulus Finance and ADR consequently to the provisions above.

In particular, as a consequence of the entire redemption of the A4 loan between Romulus Finance (as loaner) and ADR (as borrower), the entire Security Package was redeemed. The Security Package was established in 2003 by ADR on its assets (current accounts, instruments, receivables and investments in subsidiary undertakings) supporting the A4 loan. The redemption of the Security Package entailed, pursuant to the contractual conditions currently in effect, the termination of the Intercreditor Agreement and with it, of the entire contractual structure (and relevant constraints) tied to the Romulus securitization, so as to allow for the complete independence of the various ADR loans.

With this operation, which includes also an agreement between the parties for the cancellation of the “Account Bank Agreement”, any residual interference of the Romulus securitization structure of

2003 on the existing financial contractual structure and on the agreements to be executed in the future, was definitively eliminated.

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

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

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

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

The documentation of the EMTN Program, updated on April 28, 2016, after the debt assumption operation described above, in line with market practice for "investment grade" issuers, does not envisage limitations to the charge of ADR nor the observance of financial covenants or obligations to perform/not perform (except for a negative pledging commitment, typical of the contractual documentation of a non-banking issuer), in line with market practice for investment grade issuers.

9. Other guarantees, commitments and risks

9.1 Guarantees

As of December 31, 2016 the ADR Group has guarantees issued as part of the loan agreements mentioned in Note 7. Sureties were not issued to clients and third parties (0.2 million euros as of December 31, 2015).

9.2 Commitments

The commitments on purchases of the ADR Group amount to 57.2 million euros regarding investment activities.

9.3 Management of financial risks

Credit risk

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

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

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

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

Liquidity risk

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

As of December 31, 2016 the ADR Group had a liquidity reserve estimated at 654.2 million euros, comprising:

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

The tables below represent the payments that are contractually due in relation to the financial assets and liabilities, including interest payments.

					12.31.2016
(THOUSANDS OF EUROS)	TOTAL CONTRACTUAL FLOWS	WITHIN THE YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 5 YEARS	MORE THAN 5 YEARS
Bonds	(1,031,388)	(33,068)	(33,163)	(698,101)	(267,056)
Medium/long-term loans	(70,502)	(112)	(126)	(70,264)	0
Derivatives with positive fair value	9,063	0	0	(1,536)	10,599
Derivatives with negative fair value	(141,023)	(9,660)	(12,045)	(33,443)	(85,875)
TOTAL	**(1,233,850)**	**(42,840)**	**(45,334)**	**(803,344)**	**(342,332)**

					12.31.2015
(THOUSANDS OF EUROS)	TOTAL CONTRACTUAL FLOWS	WITHIN THE YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 5 YEARS	MORE THAN 5 YEARS
Bonds	(1,122,729)	(35,490)	(35,343)	(106,402)	(945,494)
Medium/long-term loans	0	0	0	0	0
Derivatives with positive fair value	0	0	0	0	0
Derivatives with negative fair value	(75,916)	(7,047)	(8,668)	(21,769)	(38,432)
TOTAL	**(1,198,645)**	**(42,537)**	**(44,011)**	**(128,171)**	**(983,926)**

Interest rate and exchange rate risk

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

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

As of December 31, 2016 the ADR Group has:

- cross currency swap derivatives to cover the A4 bonds; Tranche A4 of the bonds originally issued by Romulus Finance, equal to 215 million pound sterling, was covered, for the entire duration (until expiration in 2023) by a cross currency swap in euro. The characteristics of this derivative instrument are described in Note 6.15;
- forward starting interest rate swap derivative contracts signed (i) on June 15, 2015 with a total notional capital of 250 million euros, effective from February 9, 2017, following the negotiated restructuring with the counterparties of June 20, 2016, for a duration of 10 years, (ii) on February 25, 2016 for a total notional value of 50 million euros, effective starting from April 20, 2017 for a duration of 9 years, (iii) on October 18, 2016 for a total notional value of 300 million euros, effective starting from June 20, 2020 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 6.4 and Note 6.15.

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

Sensitivity analysis

RATE RISK EXPOSURE AND SENSITIVITY ANALYSIS	FAIR VALUE MEASUREMENT		INTEREST RATE RISK				EXCHANGE RATE RISK			
	12.31.2016	12.31.2015	*SHOCK UP +10 BPS IR*		*SHOCK DOWN -10 BPS IR*		*SHOCK UP +10% FX*		*SHOCK DOWN -10% FX*	
			12.31.2016	12.31.2015	12.31.2016	12.31.2015	12.31.2016	12.31.2015	12.31.2016	12.31.2015
Non derivative financial liabilities (cash flow sensitivity)	(1,043,225)	(1,008,657)	0	0	0	0	(25,112)	(29,294)	25,112	29,294
Derivative instruments with positive fair value treated in hedge accounting	7,822	0	2,718	0	(2,765)	0	0	0	0	0
Derivative instruments with negative fair value treated in hedge accounting	(159,670)	(106,643)	3,671	2,980	(3,708)	(3,012)	25,112	29,294	(25,112)	(29,294)
Derivative instruments not treated in hedge accounting	0	0	0	0	0	0	0	0	0	0
TOTAL	**(1,195,073)**	**(1,115,300)**	**6,389**	**2,980**	**(6,473)**	**(3,012)**	**0**	**0**	**0**	**0**

The main sources of exposure of the ADR Group to the interest rate and exchange rate risk are related to the bonds and the existing derivative instruments. In particular, the potential impacts on the income statement and the balance sheet for the year 2016 (2015 for the comparison) related to the rate risks are:

- potential change of the financial expense and differentials regarding the derivative instruments in place;
- the potential change of the fair value of the derivative instruments in place.

The ADR Group has estimated the potential consolidated impacts produced by a shock of the interest rates and exchange rates, by using internal assessment models based on generally accepted logics. Hypothesized in particular were:

- for the derivative loans, a parallel change of +10 basis points (+0.1%) and -10 basis points (-0.1%) of the term rate curve;
- for the bonds issued in foreign currency and the relative derivative financial instruments, a change in the EUR/GBP exchange rate of +/- 10%.

The effects highlighted in the table in particular report the change, compared to the base scenario, in the hypotheses of Shock Up and Shock Down in the different market data.

Supplementing the information shown in the table above, it is specified that the impact deriving from the exchange rate risk on the cash flow hedge reserve to the shareholders' equity would be a reduction of 7.9 million euros in case of shock down and an increase of 6.5 million euros in case of shock up.

9.4 Information on fair value measurements

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

(THOUSANDS OF EUROS)	LEVEL 1	LEVEL 2	LEVEL 3	12.31.2016 TOTAL
Derivatives with positive fair value	0	7,822	0	7,822
Derivatives with negative fair value	0	(159,670)	0	(159,670)
TOTAL HEDGING DERIVATIVES	**0**	**(151,848)**	**0**	**(151,848)**

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

During 2016 no transfer took place between the various fair value hierarchy levels.

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

9.5 Litigation

Administrative, civil and labor litigation is followed by the ADR Group through its internal legal department which has provided, for the preparation of the accounts, a complete and exhaustive breakdown of the different civil, administrative and arbitration proceedings outstanding as of that date. As regards litigation as a whole, the ADR Group carried out a valuation of the risk of negative outcomes leading to the creation, prudentially, of a specific allowance under “Allowances for risks and charges” to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. The disputes for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions in accordance with the principles and procedures governing the preparation of financial statements. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome for the ADR Group, while negligible, could not be measured.

Tax litigation

Significant disputes involving the ADR Group are summarized below.

Litigation with the Customs Office - Electricity

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

Regarding the sentences issued by the Court and pertaining to the refusal to recognize the favorable terms applied to industrial facilities, the Company filed a motion for revocation as it believes these were issued by excluding essential facts whose existence is inferred from the documents of the case, which were not subject to dispute between the parties in the case.

- Similarly with the audit undertaken, for the years 2002-2006, by the Rome Tax Office, the Customs Office started two subsequent audits towards ADR on its taxation of the consumption, excise tax and surcharge on electricity in the periods 2007-2010 and 2011-2012. Following these audits, the Customs Office notified the relevant Demands for payment and the Imposition of administrative sanctions. The Tax Office subsequently notified, for the same tax periods, tax assessments for the VAT due on the challenged taxation of the consumption.

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

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

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

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

Litigation with the Customs Office - Duty Free Shop

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

Upon closing the dispute procedure that ended with the filing of the sentence issued by the Rome Regional Tax Commission, with which the right is definitively acknowledged to repayment of the custom duties, applications were formally lodged with the Customs Office and Equitalia Sud for partial relief, with contextual request for the refund of the higher amounts paid. On June 6, 2016, October 28, 2016 and January 20, 2017 ADR collected 5.3 million euros as partial repayment.

Tax Indemnity

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

ICI / IMU (PROPERTY TAXES)

- The Municipality of Fiumicino notified ADR two tax assessments, challenging the failure to declare and pay the local property tax for 2001 and 2002 regarding Hilton Rome Airport Hotel. The Company, considering that there are valid arguments in favor of its non-liability to pay this tax, has appealed against these tax assessments to the Provincial Tax Commission for Rome. On December 20, 2010 the Provincial Tax Commission for Rome deposited the sentence that rejected ADR's appeal for 2002. Due to the limited degree of investigation of the legal issues at stake in this case, the Company intends to appeal against the sentence of the Provincial Tax Commission for Rome. On December 23, 2011 the Provincial Tax Commission for Rome deposited the sentence that accepted ADR's appeal against the assessment notice for 2001. The municipality of Fiumicino lodged an appeal against the sentence handed down by the Provincial Tax Commission for Rome. On January 9, 2015 the sentences issued by the Regional Tax Commission were filed, which rejected the appeal filed by ADR for the year 2002 and accepted the appeal of the Municipality of Fiumicino for the year 2001, respectively. The Company lodged an appeal against the appeal sentence with the Supreme Court.
- In 2011 the Municipality of Fiumicino notified ADR two tax assessments for the years 2005 and 2006 regarding the local property tax for the Hilton Rome Airport Hotel, which the Company has appealed against to the Provincial Tax Commission for Rome and, subsequently to the filing of the unfavorable sentence of first instance, proposed the appeal to the Regional Tax Commission. On May 5, 2016 the Regional Tax Commission for Rome deposited the sentence that rejected ADR's appeal. The Company lodged an appeal with the Supreme Court.
- In line with the objected years, the Municipality of Fiumicino notified ADR tax assessments for the failure to pay the local property tax for 2007-2013 regarding the Hilton Rome Airport Hotel. The company appealed before the Provincial Tax Commission. With sentences filed on July 14, 2016, September 7, 2016 and December 30, 2016, the Provincial Tax Commission rejected the appeals filed by ADR for the years 2007, 2009, 2010 and 2011. The Company will lodge an appeal before the Regional Tax Commission.
- In 2011 the Municipality of Fiumicino notified ADR tax assessments for the failure to pay the local property tax only for 2007-2009 regarding buildings of Alitalia Technical Area. The company appealed before the Provincial Tax Commission which, with sentences filed on December 3, 2015 and November 28, 2016, rejected the appeals filed. ADR has already lodged an appeal with the Regional Tax Commission for 2008 and will do the same for 2009.

IRESA

Since June 2014 ADR has been served 92 appeals to the Provincial Tax Commission for Rome by 40 carriers, appealing against the charge notification letters issued by ADR for the period January - September 2014 regarding the payment of the Regional tax on aircraft noise (IRESA). The appeals are aimed at causing IRESA to be declared illegitimate, which ADR is currently collecting in compliance with the provisions of the agreement in force with the Lazio Regional Authority, after Regional Law no. 2 of April 29, 2013 came into force or, subordinately, to obtain that the same be reduced within the limits or the so-called “Destination Italy” decree and the consequent refund of the amounts in excess paid.

On June 9, 2015, the Provincial Tax Commission for Rome filed the sentence relating to the appeal put forward by AirOne. The sentence, partially accepting the requests of the carrier, cancels the debit notes referring to the periods after February 21, 2014, with compensation for litigation costs.

After signing the Addendum to the Agreement with the Lazio Regional Authority, ADR forwarded to the same Regional Authority the data needed to re-calculate the taxes due by the carriers for the period January 1, 2014-June 30, 2015. Based on the commitments assumed by the parties, which put the Regional Authority in charge of recalculating the precise tax burden for the carriers, with consequent autonomy in terms of assessment and collection, the Company reversed all the debiting papers issued and not yet paid in relation to the mentioned period.

Check of ADR Assistance fiscal position

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

On December 29, 2016 the Revenue Agency notified the company a tax assessment for the tax period 2014 regarding the deduction of employment expenses. The company, deeming these components deducted in the year of accrual will lodge a petition with the Revenue Agency to revoke this measure.

Administrative, civil and labor litigation

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

Airport fees and regulated tariffs

- On April 2014, EasyJet Switzerland SA summoned ADR to return 1 million euros, plus interest, equaling the amount paid, in its words, in excess (non-EU fees rather than EU fees for flights Swiss Confederation) from 2009 to 2013 for the landing and take-off fees and passenger boarding fees. At the first hearing of October 23, 2014, the parties only referred to the contents of the respective procedural documents and the judge set the terms for the briefs, setting the date for the next hearing for October 7, 2015, during which the date of the next hearing was set to December 20, 2017 to specify the conclusions.
- In July 2011 ADR was notified, in its capacity as involved party, the appeal lodged before the Lazio Regional Administrative Court by IBAR and ten airlines for the cancelation of the letter of May 11, 2011 with which ENAC declared that, with reference to the fee to use the automatic handling system of transit baggage “NET6000”, the cost connection limit just for 2011 is “equal to 1.87 euros per piece of baggage”. The applicant did not made a request for suspensive relief and a date for the relevant hearing has yet to be set.

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

Limitation of the handlers authorized to operate in Fiumicino

In December 2014 ADR was served five appeals to the Lazio Regional Administrative Court that challenge the Civil Aviation Authority directive of October 13, 2014 that limits the number of handlers authorized to provide the services under points 3, 4 and 5 (with exclusion of 5.7) of Attachment A to Italian Legislative Decree 18/99 at Fiumicino airport. The appeals were lodged by Assaereo, Aviation Services S.p.A., Consulta Srl, Consulta S.p.A. and IBAR. In December 2014, ADR was also served two reasons added to an appeal filed by “Fallimento Groundcare Milano S.r.l.”, which challenge the same Civil Aviation Authority directive. In February 2015, ALHA Airport notified an extraordinary appeal to the Head of State for the cancellation of ENAC’s measure.

Following the publication in the EUOJ of April 25, 2015 of the call for tender for the selection of the handlers authorized to perform the services above, Consulta S.p.A., Assaereo, IBAR and Aviation Services, which had already contested the Civil Aviation Authority limiting directive, also contested the call for tender before the Lazio Regional Administrative Court. Whereas ATA Italia filed a new appeal with the Lazio Regional Administrative Court for the cancellation of the call for tender. With additional grounds, Consulta S.p.A., in December 2015, also challenged, before the Lazio Administrative Court, the Civil Aviation Authority final awarding procedure of December 23, 2015, demanding the suspension of its application.

With appeal before the Lazio Regional Administrative Court of January 14, 2016, also WFS s.r.l. challenged ENAC's awarding procedure, in particular in the part regarding its exclusion.

After complex proceedings,

- the Lazio Administrative Court (TAR), with ruling filed on October 20, 2016, declared the interruption of the lawsuit started by ATA due to the bankruptcy of the plaintiff;
- on November 10, 2016 the sentence was published with which the Lazio Administrative Court (TAR) rejected the appeal of WFS, as this is partly inadmissible and partly groundless;
- on December 21, 2016 the sentences were published with which the Lazio Administrative Court (TAR) (i) rejected as unfounded, the main appeal and the four subsequent appeals for additional grounds of Consulta S.p.A. and (ii) declared the preclusion, due to ensuing absent interest, of the main appeal and the subsequent appeal for additional grounds of Assaereo.

Tender procedure for the sub-concession of a portion of the Cargo warehouse

- Following the publication in the OJEU of April 4, 2015 of the call for tender for the selection of a subject to entrust the sub-concession of a warehouse for the execution of the handling activities at Fiumicino airport, FLE and BAS filed two separate appeals with the Lazio Regional Administrative Court for the cancellation of the call for tender.

  At the relevant hearing of June 16, 2016 regarding the appeal filed by FLE, the plaintiff declared that the disputed issue had ceased, also as ratification of the definitive awarding; therefore, with Ruling of June 21, 2016, the Administrative Court declared the preclusion of the case due to ensuing absent interest.

  With sentence of December 22, 2016 the Lazio Regional Administrative Court declared the preclusion of appeal filed by BAS. BAS put forward a second appeal to the Lazio Regional Administrative Court against the new configuration of the Cargo warehouse, which is still pending.
- On April 27, 2016, Alitalia lodged an appeal before the Lazio Regional Administrative Court, requesting a precautionary measure to obtain the cancellation of the final awarding to the company X-Press; rejected the Alitalia’s suspensive relief, scheduling the hearing for January 11, 2017 and rejecting the appeal at the same time.

Tender procedure for the sub-concession of spaces of the General Aviation Terminal at Ciampino airport

As regards the public tender procedure for assigning spaces for sub-concessions that will be made available after the upgrade of the General Aviation Terminal at Ciampino airport, ADR was served an appeal from ARGOS VIP Private Handling against the call for tender, before sending the invitation letter published in the ADR’s purchasing portal on August 25, 2016, with cautionary measures requested also by the monocratic judge who had rejected them on August 2, 2016. At the hearing of October 19, 2016, the applicant waived the suspensive relief while awaiting the outcome of the tender procedure. On January 25, 2017, Lazio Administrative Court, with its ruling, declared the preclusion of the appeal filed by Argos.

Airport Fuel Supply Fees

- ENI S.p.A. has brought a claim before the Rome civil court against its own client airlines in order to ascertain their obligation to pay the oil company the amounts it owes to airport operators, and to order them to pay the amount accrued since October 2005. In the same claim, ENI S.p.A. has also brought a secondary claim against airport operators, including ADR, in order to ascertain that the concession fees paid by ENI to airport operators should not be calculated on the basis of the amount of fuel supplied to airlines. Moreover, as specifically regards ADR, ENI requests that the Company be ordered to return the amount paid in October 2005, totaling 0.2 million euros and that it be determined that ENI does not owe the amount of 1.1 million euros requested by ADR until May 2006 and yet unpaid. Following a referral order on the role, on May 28, 2014 a hearing was held on the outcome, for which the judge reserved the right to decide on the need to obtain a preliminary ruling before the European Court of Justice, however without any specification as regards the subject of the abovementioned issue. At the hearing of December 2, 2015 to pronounce the final judgment, the Judgment was withheld by the Judge, granting the Parties the legal terms to prepare the legal briefs and the responses.
- AirOne S.p.A. has taken out legal proceedings at the Civil Tribunal of Rome against Tamoil, its jet fuel supplier, as well as certain airport operators including ADR claiming the illegality of the fees charged to oil companies by operators in return for the use of airport infrastructure, which these companies subsequently “pass on” to carriers. Consequently, AirOne also requests that Tamoil – together with the above airport operators – be ordered to repay the sum paid by AirOne since 2003,

amounting to 2.9 million euros. With no definitive sentence in 2012, the Judge provided an expert to examine the case. At the hearing of February 19, 2015 the judge reserved the right to decide how to continue the case, due to the various requests regarding the trial put forward by the Parties. With order of February 21, 2015 the judge, having reported the need for an additional technical assessment, required an expert to examine the case. The case was initially postponed to the hearing of April 20, 2016 to examine the appraisal and to the hearing of February 25, 2016 to continue the investigation. At the time, the examining magistrate, having acknowledged the positions of the Parties with regard to the additional documents requested by the expert, ordered the latter to reply to the questions based on the documents in the records, setting a term for the expert until April 30, 2016 to forward a draft to the parties, and to the parties a term until May 30, 2016 to make any observations and, again, a term for the expert until June 30, 2016 to file the definitive report. The case was postponed to the hearing of September 14, 2016 to examine the appraisal. At the time, the examining magistrate postponed the judgment to the hearing of May 16, 2018 for final judgment.

- Alitalia under extraordinary administration has taken out legal proceedings at the Civil Tribunal of Milan against some oil companies to force them to return the amounts paid from time to time as royalties on fuel in the period 2000 – 2009, due to the alleged mismatch between these amounts and the management costs for the specific service. In these proceedings, the oil company executives invoked ADR, as third parties, and other airport operators in consideration of the fact that the royalties on fuel were requested by the latter. In some proceedings underway, with partial judgment, the Court of Milan, after deciding on the preliminary exceptions raised by the parties, such as, for example, the limitation of Alitalia's right before May 2000, submitted the case to preliminary inquiry in order to carry out an economic and accounting appraisal "*that may determine a mismatch between the consideration in question and the actual costs incurred for the service, stating the amount of the possible difference between the costs and the consideration paid as airport fees, also in order to ascertain whether and to what extent the plaintiff carried out a passing on operation for the mentioned consideration towards its passengers*". Within the framework of these appraisals - which were started in April 2016 and are planned to end in July 2017 for all the proceedings (with the hearings postponed until September 2017), ADR appointed its own technical consultant.

Noise abatement measures

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

IRESA

- In 2014 six appeals were filed before the Lazio Regional Administrative Court (with request for precautionary measures) by Alitalia Cai (2), AirOne (2), Alitalia Cityliner and CAI First. The plaintiffs demand the cancellation of the charge notification letters issued by ADR for the period January – September 2014 regarding the payment of the Regional tax on aircraft noise (IRESA), which ADR is currently collecting in compliance with the provisions of the agreement in force with the Lazio Regional Authority, after Regional Law no. 2 of April 29, 2013 came into force. To date no hearing has been set.

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

Building plan

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

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

- The Project of completion of Fiumicino Sud (which completed its approval procedure before the competent Authorities) includes the creation of the new exit interconnecting "Autostrada A91 Roma – Fiumicino" and the "East Area – *Cargo City*" of the Leonardo Da Vinci Airport of Fiumicino. To proceed with the works, despite the authorizations already obtained, the project was subject to an additional road safety check requested by the Ministry of Transport pursuant to Italian Legislative Decree no. 35 of March 15, 2011.

  This check led to two intermediate reports with which ADR received some measures. On October 26, 2016 the Company sent the Ministry of Transport a note highlighting the measures adopted in the project and those not adopted with reason for the failed adoption.

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

Bankruptcy proceedings involving clients

- A series of sentences passed by the Bankruptcy Court in Rome have declared the following companies bankrupt: Alitalia S.p.A. under special administration, Volare S.p.A. under special administration, Alitalia Express S.p.A. under special administration, Alitalia Servizi S.p.A. under special administration, Alitalia Airport S.p.A. under special administration, between the end of 2011 and 2013 initially insolvencies and subsequently some distribution plans were filed following which, on March 20, 2014, 10.3 million euros were collected as "insolvency claim" secured by a lien. 0.1 million euros were collected on March 19, 2014, in accordance with the distribution plan regarding Alitalia Express under special administration.
- In 2009 Volare Airlines S.p.A. under special administration and Air Europe S.p.A. in special administration entered into civil proceedings in order to obtain cancellation of payments made to ADR during the year prior to the carrier's entry into bankruptcy and an order requiring ADR to pay back a sum of 6.7 million euros and 1.8 million euros. With sentence of June 2011, the Court

ordered ADR to pay the requested amounts; the Company lodged an appeal. Regarding the ruling for Volare Airlines in special administration, with sentence filed on July 2012, the Appeal Court of Milan rejected ADR's appeal. In order to avoid the enforceable proceeding, ADR paid 7.4 million euros (including interests and expenses). Regarding the ruling for Air Europe in special administration, with sentence filed on July 18, 2014, the Appeal Court of Milan rejected ADR's appeal. In order to avoid the enforceable proceeding, ADR paid about 2 million euros (including interests and expenses). ADR has proposed the appeal to the Supreme Court in both cases. An announcement of the date of a hearing is awaited.

Sub-concession of retail outlets

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

Labor disputes

- A group of 12 plaintiffs, previously employed by ADR and transferred to the company Ligabue Air Catering S.p.A. (subsequently Ligabue Gate Gourmet Roma S.p.A.) at the time of the sale of the West end catering business unit, filed a case against ADR and Lazio Regional Authority. The plaintiffs claim compensation for not having been hired by other companies at the same economic conditions applied by Ligabue Gate Gourmet Roma S.p.A., based on a ministerial award signed by ADR together with other companies and local bodies, including the Lazio Regional Authority, when the company went bankrupt. The compensation claimed by the plaintiffs amounts to about 9.1 million euros. At the hearing of September 21, 2016, the sentence was settled positively for ADR, given the total rejection of the adversary claims.

Tenders

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

2014, the counterparty put forward an appeal with the Supreme Court. An announcement of the date of a hearing to discuss the matter is awaited.

- ATI NECSO Entrecanales – Lamaro Appalti has appealed to the Supreme Court against the sentence of the Court of Appeal, which in 2011 fully rejected the claim for damages for 9.8 million euros, plus interest, revaluation and costs, in relation to claims posted in the contract accounts relating to the contract for work on the extension and restructuring of Satellite Ovest (Satellite West) at Fiumicino airport. On February 15, 2017 the appeal was discussed and the Prosecutor, while referring to the reasons of inadmissibility and groundlessness mentioned by ADR, concluded by requesting that the appeal be declared inadmissible and groundlessness. The final decision is awaited.
- With reference to the evolution of the negotiations with ATI Cimolai, which was awarded with the construction works at departure area F (formerly Pier C), it is noted that, with the signature of the Planning Agreement, the main assumption is met to entirely restart all the works previously slowed down in connection with the failed finalization of the tariff agreement. The full resumption was formalized with the agreement entered into between ADR and ATI on August 7, 2013. This agreement also states the new contractual terms to finalize the work. However, since the volumes and characteristics of the work have significantly changed in the meantime, in order to more effectively meet the operating and commercial requirements, it was necessary to renegotiate with the counterparty both the scheduling and financial terms, also aiming to encourage the conclusion of the works within 2016. This negotiation led to signing, on August 7, 2014, of the Deed of submission to the technical variation and supplementary appraisal no. 3 phase 3 and 4 that absorbed the revision of the project regarding the works for the completion of the Pier and Front Building and the works regarding BHS/HBS. This appraisal was approved by ENAC on August 6, 2015.

  By signing the work progress report no. 96 (works until April 30, 2016), A.T.I. Cimolai updated the lodged reserves (about 177 million euros), which were all formally rejected. In consideration of this amount having been reached (exceeding the contractual amount by 10%), the procedure under art. 240 of the Procurement Code (amicable agreement) was activated. Following the establishment of the Commission for the amicable agreement on June 10, 2016, the mentioned Commission started an intense activity of analysis of the reserves posted in the accounts in order to determine if and to what extend these were due. On September 26, 2016 the Commission conclusive report was formalized towards the parties with the proposal of financial recognition hypothesized. With reference to the contract with ATI Cimolai, based on the proposal of financial recognition put forward by the Commission for the amicable settlement, on October 21, 2016 the parties signed a specific settlement deed with the intension of releasing the reserves accrued on April 30, 2016 and all the potential additional disputes for known facts on the date of the same agreement, by ADR recognizing a significantly lower amount than the total value of the reserves. With this deed ATI Cimolai also undertook to end the contract by December 31, 2016.

Claims for damages

- In 2011 ADR received a claim for damages for 27 million dollars for direct damages (the indirect ones are still being defined) from AXA Assicurazioni, who insures Ryanair, for the damage suffered by aircraft B737-800 E-IDYG as a consequence of the emergency landing due to a bird strike taking place on November 10, 2008 at Ciampino airport. ADR declines any responsibility for the event. Should the survey being conducted by the competent authorities reveal ADR's clear responsibility, the compensation would be covered by the third-party liability insurance policy of the airport operator.

- About 160 claims have been received from third parties (mainly sub-concessionaires, handlers and passengers) with reference to the fire, only a portion of which, however, is concerned by a clear quantification of the damages (about 107 million euros). To face these claims for compensation, included in the provisions was a prudent valuation, made on the basis of the best current information, of the liabilities the Company is likely to be called to account for (including the portion on the insurers' account).

Reserves on works posted by the contractors

Reserves posted by the contractors amount to about 6 million euros as of December 31, 2016 (68 million euros as of December 31, 2015) towards ADR. Based on past evidence, only a small percentage of the reserves posted is actually due to the contractors. If recognized, the reserves will be recorded as an increase in the cost of concession fees.

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

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

10. Transactions with related parties

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

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

Trade transactions and other transactions

(THOUSANDS OF EUROS)	12.31.2016		2016		12.31.2015		2015	
	ASSETS	LIABILITIES	REVENUES	COSTS	ASSETS	LIABILITIES	REVENUES	COSTS
PARENT COMPANIES								
Atlantia S.p.A.	7,691	16,048	66	(1,105)	11,405	18,221	90	(1,028)
TOTAL RELATIONS WITH PARENT COMPANIES	7,691	16,048	66	(1,105)	11,405	18,221	90	(1,028)
ASSOCIATED UNDERTAKINGS								
Pavimental S.p.A.	610	21,267	636	(29,215)	202	14,740	215	(74,022)
Spea Engineering S.p.A.	151	40,046	561	(38,232)	284	33,635	887	(37,936)
Ligabue Gate Gourmet S.p.A. (insolvent)	482	968	0	0	482	968	0	0
TOTAL RELATIONS WITH ASSOCIATED UNDERTAKINGS	1,243	62,281	1,197	(67,447)	968	49,343	1,102	(111,958)
RELATED PARTIES								
Leonardo Energia S.c.a.r.l.	154	2,853	264	(18,561)	238	3,375	359	(20,057)
Fiumicino Energia S.r.l.	35	0	170	0	68	0	169	0
Infoblu S.p.A.	0	26	0	(38)	0	26	0	(26)
Telepass S.p.A.	51	68	77	(280)	19	84	62	(335)
Autogrill S.p.A.	1,098	89	12,271	(499)	1,564	82	10,463	(532)
Azzurra Aeroporti S.r.l.	160	0	160	0	0	0	0	0
Autostrade per l'Italia S.p.A.	383	902	505	(902)	192	335	191	(393)
Autostrade Tech S.p.A.	0	178	0	(200)	0	156	0	(258)
Consorzio Autostrade Italiane Energia	0	0	0	(23)	0	0	0	(17)
Essediesse S.p.A.	0	0	0	0	0	0	0	(32)
Edizione S.r.l.	0	22	0	(22)	0	0	0	0
Key Management Personnel	0	3,016	0	(4,627)	0	4,253	0	(6,958)
TOTAL RELATIONS WITH RELATED PARTIES	1,881	7,154	13,447	(25,152)	2,081	8,311	11,244	(28,608)
TOTAL	**10,815**	**85,483**	**14,710**	**(93,704)**	**14,454**	**75,875**	**12,436**	**(141,594)**

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

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

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

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

The remuneration due to the parties in charge of planning, managing and controlling the company and thus the executive directors and not the managers with strategic responsibilities (so-called key management personnel) in office at December 31, 2016 amount to 4,627 thousand euros and include the amount pertaining to remuneration, employment compensation, non-monetary benefits, bonuses and other incentives for assignments at ADR (the remuneration is indicated regarding the directors that in the period covered the position, also for a portion of the year).

Financial relations

(THOUSANDS OF EUROS)	12.31.2016		2016		12.31.2015		2015	
	ASSETS	LIABILITIES	INCOME	EXPENSE	ASSETS	LIABILITIES	INCOME	EXPENSE
PARENT COMPANIES								
Atlantia S.p.A.	0	251,566	0	(14,333)	0	293,458	0	(14,894)
TOTAL RELATIONS WITH PARENT COMPANIES	0	251,566	0	(14,333)	0	293,458	0	(14,894)
RELATED PARTIES								
Spea Engineering S.p.A.	0	0	0	0	0	0	9	0
TOTAL RELATIONS WITH RELATED PARTIES	0	0	0	0	0	0	9	0
TOTAL	0	251,566	0	(14,333)	**0**	**293,458**	**9**	**(14,894)**

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

11. Other information

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

The Public Prosecutor of Civitavecchia opened two criminal proceedings in relation to the fire that, on the night between May 6 and 7, 2015 concerned a large area of Terminal 3 (hereafter also “T3”):

- the first proceeding regards the offences under articles 113 and 449 of the criminal code (participation in arson), in relation to which, on November 25, 2015, the proceeding under art. 415 bis of the Criminal Procedure Code was issued, notifying the conclusion of the preliminary investigation against: (i) five employees from the contractor of the ordinary maintenance of the air-conditioning systems and two ADR employees, all investigated also with regard to the offence under art. 590 of the criminal code (personal injury through negligence), (ii) the then Managing Director of ADR in the capacity as “employer” of the Company, (iii) the Head of the Fire Corps Contingent and (iv) the Director of the Lazio Airport System (ENAC); this case is pending before the Public Prosecutor at the Court of Civitavecchia;
- the second crime-related proceeding concerns the safety in the workplace violations under Italian Legislative Decree 81/2008 that the then Managing Director of ADR is charged with, in his capacity as employer of the company, and two managers of the ADR Group with the same role and function in the two subsidiary undertakings (ADR Security and Airport Cleaning), for which the investigated subjects were all admitted to pay fines. Having complied with all the set provisions, the conditions were met to declare the contested charges settled.

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

The hearing focused on the assessments regarding the civil actions, currently limited to some commercial sub-concessionaires, in addition to 3 of the 4 individuals concerned by injury through negligence from smoke poisoning, aimed at obtaining compensation for damages suffered consequently to the offence. The hearing is set to continue on May 18, 2017.

At the end of 2016 negotiations were started with the insurers for the settlement of the consequences of the accident. It is currently hypothesized that an agreement may be reached by the first quarter of 2017.

For an analysis of the accounting treatment in these Consolidated financial statements as of December 31, 2016, reference is made to the following explanatory notes: Note 6.9 Other current assets, Note 6.14 Other allowances for risks and charges, Note 7.1 Revenues and Note 9.5 Litigation.

11.2 Information on remuneration plans based on shares

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

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

The table below shows the chief elements of the incentive plans as of December 31, 2016, highlighting the rights attributed to directors and employees of the ADR Group. In addition, the unitary fair values of the assigned rights are shown, determined by a purposefully entrusted expert, using the Monte Carlo model and the parameters shown below.

	NO. OF RIGHTS ASSIGNED	NO. OF RIGHTS REVOKED	NO. OF RIGHTS AT 12.31.2016	VESTING EXPIRY	EX. EXP./ ASSIGN.	EXERCISE PRICE (EURO)	UNIT FAIR VALUE ON THE ASSIGN. DATE	REV. UNIT FAIR VALUE AT 12.31.2016	EXPECTED EXPIRY ON THE ASSIGN. DATE (YEARS)	RISK-FREE INTEREST RATE	EXP. VOLATILITY (=HISTORICAL)	DIVIDENDS EXPECTED ON THE ASSIGN. DATE
Stock option plans 2011 of Atlantia extended to ADR	494,903	(173,170)	321,733	11.8.2016	11.9.2019	16.02	2.65	-	6	0.86%	29.5%	5.62%
Stock grant plans 2011 of Atlantia extended to ADR	62,880	(20,250)	42,630	11.8.2016	11.9.2018	na	11.87	-	4-5	0.69%	28.5%	5.62%
Phantom stock option plans 2014 of Atlantia extended to ADR	766,032	(255,618)	510,414	5.9.2017	5.9.2020	na	2.44	4.39	3-6	1.10%	28.9%	5.47%
Phantom stock option plans 2014 of Atlantia extended to ADR	758,751	(240,271)	518,480	5.8.2018	5.8.2021	na	2.03	1.99	3-6	1.01%	25.8%	5.32%
Phantom stock option plans 2014 of Atlantia extended to ADR	591,618	0	591,618	6.10.2019	6.10.2022	na	1.89	1.99	3-6	0.61%	25.3%	4.94%

11.3 Remuneration of independent auditors

In accordance with art. 149-12 of the Issuers' Regulations, which apply to ADR as it is a company controlled by a listed company (Atlantia), a breakdown of the fees paid to the ADR Group's principal independent auditors is shown in the table below (€/000):

TYPE OF SERVICE	SERVICE PROVIDER	RECIPIENT	REMUNERATION 2016
Auditing	EY S.p.A.	ADR S.p.A.	212
Certification services	EY S.p.A.	ADR S.p.A.	75
Other Services (*)	EY S.p.A.	ADR S.p.A.	92
Other Services (**)	Ernst & Young Financial Business Advisory S.p.A.	ADR S.p.A.	271
Other Services (**)	Studio Legale Tributario (EY)	ADR S.p.A.	131
Auditing	EY S.p.A.	ADR Tel S.p.A. ADR Assistance S.r.l. ADR Security S.r.l. ADR Mobility S.r.l. Airport Cleaning S.r.l. Romulus Finance S.r.l.	85
Other Services (**)	EY S.p.A.	ADR Tel S.p.A. ADR Assistance S.r.l. ADR Security S.r.l. ADR Mobility S.r.l. Airport Cleaning S.r.l. Romulus Finance S.r.l.	4
TOTAL			**870**

(*) Comfort letter on the issue of the bond loan, Subscription of Income Tax Return and 770 forms

(**) Support to the London City project and EMIR regulatory conformity.

11.4 Events and non-recurring, atypical or unusual transactions

During 2016, no non-recurring, atypical or unusual transactions were performed with third parties.

No significant non-recurrent events occurred in 2016. With reference to the significant non-recurrent event occurred in the year (the fire at T3 of May 2015) reference is made to Note 11.1 for an update.

12. Subsequent events

- In December 2016, Alitalia informed ADR of its intention to launch a financial restructuring plan in preparation for the implementation of a business plan that is suitable to solve the known business situation.

  In this phase, Alitalia has agreed for the first quarter of 2017 a moratorium on the payment terms which implies, particularly for ADR, a limited negative impact on working capital, already actually reflected in the accounts as of December 31, 2016. To this day the payment commitments assumed by Alitalia during the moratorium phase have been fully respected.

- On February 1, 2017, on its website ADR published the incentives Policy for the development of air traffic at Rome Fiumicino airport, aimed at supporting the start of new long/short-mid haul services or the increase of frequency for existing long-haul destinations.

- On February 28, 2017 law 19/2017 was published of conversion of decree 244/2016 for the “extension and definition of the terms”. This law repeals the laws and decrees that had imposed the payment of the general system charges on the energy consumed, reinstating its application only to the energy drawn from public networks. Furthermore, the law just issued requires the ceasing of the effects of the repealed provisions that have not occurred yet. The methods of application of this new regulation will be defined in the coming months by the Italian Regulatory Authority for Electricity Gas and Water as the actuator of this new regulatory system. The adoption is thus awaited in order to more clearly define the scope, also in terms of a possible extension of the applicability.

The Board of Directors

ANNEXES

Annex 1 - List of equity investments

NAME	REGISTERED OFFICE	ASSETS	CURRENCY	SHARE CAPITAL (EURO)	SHAREHOLDERS	% HELD	% ADR GROUP INTEREST	CONSOLIDATION METHOD OR VALUATION CRITERION
PARENT COMPANY								
Aeroporti di Roma S.p.A.	Fiumicino (Rome)	Airport management	Euros	62,224,743				
SUBSIDIARY UNDERTAKINGS								
ADR Tel S.p.A.	Fiumicino (Rome)	Telephony	Euros	600,000	Aeroporti di Roma S.p.A.	99	100	Line-by-line
					ADR Sviluppo S.r.l.	1		
ADR Assistance S.r.l.	Fiumicino (Rome)	Assistance to passengers with reduced mobility (PRM)	Euros	4,000,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
ADR Sviluppo S.r.l.	Fiumicino (Rome)	Real estate management	Euros	100,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
ADR Mobility S.r.l.	Fiumicino (Rome)	Management of parking and car parks	Euros	1,500,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
ADR Security S.r.l.	Fiumicino (Rome)	Security and control services	Euros	400,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
Airport Cleaning S.r.l.	Fiumicino (Rome)	Cleaning services	Euros	1,500,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
SPECIAL PURPOSE ENTITY								
Romulus Finance S.r.l. in liquidation	Conegliano (Treviso)	Credit securitization	Euros	10,000	n/a	-		Line-by-line
ASSOCIATED UNDERTAKINGS								
Pavimental S.p.A.	Rome	Building	Euros	10,116,452.45	Aeroporti di Roma S.p.A.	20		Measured using the equity method
Spea Engineering S.p.A.	Rome	Engineering and design services	Euros	6,966,000	Aeroporti di Roma S.p.A.	20		Measured using the equity method
Consorzio E.T.L. - European Transport Law (in liquidation)	Rome	Study on European transport rules	Euros	82,633	Aeroporti di Roma S.p.A.	25		Valued at cost
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	Tessera (Venice)	Airport catering	Euros	103,200	Aeroporti di Roma S.p.A.	20		Valued at cost
OTHER INVESTMENTS								
S.A.CAL. S.p.A.	Lamezia Terme (Catanzaro)	Airport management	Euros	7,755,000	Aeroporti di Roma S.p.A.	16.57		Valued at cost
Aeroporto di Genova S.p.A.	Genova Sestri	Airport management	Euros	7,746,900	Aeroporti di Roma S.p.A.	15		Valued at cost
Azzurra Aeroporti S.r.l.	Rome	Real estate, financial investments, etc.	Euros	2,500,000	Aeroporti di Roma S.p.A.	10		Valued at cost
Leonardo Energia - Società Consortile a r.l.	Fiumicino (Rome)	Electricity production	Euros	10,000	Aeroporti di Roma S.p.A.	10		Valued at cost
Consorzio Autostrade Italiane Energia	Rome	Supply on the electricity market	Euros	113,949	Aeroporti di Roma S.p.A.	1		Valued at cost

REPORT OF THE
INDEPENDENT AUDITORS

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Building a better working world

Independent auditor's report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Aeroporti di Roma Group, which comprise the balance sheet as at 31 December 2016, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of Aeroporti di Roma S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 2.950.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
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Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Building a better working world

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Aeroporti di Roma Group as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Management Report on Operations with the consolidated financial statements

We have performed the procedures required under audit standard (ISA Italia) n. 720B in order to express an opinion, as required by the law, on the consistency of the Management Report on Operations with the consolidated financial statements. The Directors of Aeroporti di Roma S.p.A. are responsible for the preparation of the Management Report on Operations in accordance with the applicable laws and regulations. In our opinion, the Management Report on Operations is consistent with the consolidated financial statements of Aeroporti di Roma Group as at 31 December 2016.

Rome, 29 March 2017

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

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

SEPARATE FINANCIAL STATEMENTS AS OF **DECEMBER 31, 2016**

Separate Financial Statements as of December 31, 2016

FINANCIAL STATEMENTS **OF AEROPORTI DI ROMA S.P.A.**

Statement of financial position

ASSETS (THOUSANDS OF EUROS)	NOTES	12.31.2016	OF WHICH TOWARDS RELATED PARTIES	12.31.2015	OF WHICH TOWARDS RELATED PARTIES
NON-CURRENT ASSETS					
Tangible assets	5.1	51,033		35,578	
Concession fees		2,272,464		2,033,976	
Other intangible assets		9,294		14,357	
Intangible assets	5.2	2,281,758		2,048,333	
Equity investments	5.3	79,689		35,228	
Other non-current financial assets	5.4	11,236		2,925	
Deferred tax assets	5.5	100,577		109,135	
Other non-current assets	5.6	429		468	
TOTAL NON-CURRENT ASSETS		2,524,722		2,231,667	
CURRENT ASSETS					
Inventories		3,310		3,433	
Trade receivables		291,100	*9,390*	270,206	*8,738*
Commercial activities	5.7	294,410	*9,390*	273,639	*8,738*
Other current financial assets	5.4	0		10,516	
Current tax assets	5.8	7,118	*7,081*	12,045	*7,081*
Other current assets	5.9	49,714	*486*	52,014	*4,010*
Cash and cash equivalents	5.10	66,570		206,201	
TOTAL CURRENT ASSETS		417,812	*16,957*	554,415	*19,829*
TOTAL ASSETS		2,942,534	***16,957***	2,786,082	***19,829***

SHAREHOLDERS' EQUITY AND LIABILITIES (THOUSANDS OF EUROS)	NOTES	12.31.2016	OF WHICH TOWARDS RELATED PARTIES	12.31.2015	OF WHICH TOWARDS RELATED PARTIES
SHAREHOLDERS' EQUITY					
Share capital		62,225		62,225	
Reserves and retained earnings		890,277		931,923	
Net income for the year, net of the advance on dividends		148,540		134,556	
TOTAL SHAREHOLDERS' EQUITY	5.11	**1,101,042**		**1,128,704**	
LIABILITIES					
NON-CURRENT LIABILITIES					
Provisions for employee benefits	5.12	13,486		14,176	
Provision for renovation of airport infrastructure	5.13	106,147		157,834	
Other allowances for risks and charges	5.14	26,110		23,579	
Allowances for non-current provisions		145,743		195,589	
Bonds		834,195	*251,116*	594,005	
Medium/long-term loans		69,804		327,152	*327,152*
Financial instruments - derivatives		138,519		0	
Non-current financial liabilities	5.15	1,042,518	*251,116*	921,157	*327,152*
Other non-current liabilities	5.16	936	*454*	3,895	*2,877*
TOTAL NON-CURRENT LIABILITIES		1,189,197	*251,570*	1,120,641	330,029
CURRENT LIABILITIES					
Provisions for employee benefits	5.12	1,278		784	
Provision for renovation of airport infrastructure	5.13	95,796		97,990	
Other allowances for risks and charges	5.14	51,284		36,366	
Allowances for current provisions		148,358		135,140	
Trade payables	5.17	301,930	*98,313*	243,204	*82,316*
Trade liabilities		301,930	*98,313*	243,204	*82,316*
Current share of medium/long-term financial liabilities		15,955	*450*	16,068	*693*
Financial instruments - derivatives	5.15	21,394		7,036	
Other current financial liabilities		13,275	*13,275*	7,332	*7,332*
Current financial liabilities	5.15	50,624	*13,725*	30,436	*8,025*
Current tax liabilities	5.8	21,862	*15,229*	17,089	*17,089*
Other current liabilities	5.18	129,521	*2,603*	110,868	*1,397*
TOTAL CURRENT LIABILITIES		652,295	***129,870***	536,737	108,827
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,942,534**	***381,440***	**2,786,082**	***438,856***

Income statement

(THOUSANDS OF EUROS)	NOTES	2016	OF WHICH TOWARDS RELATED PARTIES	2015	OF WHICH TOWARDS RELATED PARTIES
REVENUES	6.1				
Revenues from airport management		836,341	*39,483*	757,980	*37,333*
Revenues from construction services		301,986		154,419	
Other operating income		31,883	*5,894*	28,821	*5,311*
TOTAL REVENUES		1,170,210	*45,377*	941,220	*42,644*
COSTS					
Consumption of raw materials and consumables	6.2	(29,670)	*(18,547)*	(31,973)	*(20,057)*
Service costs	6.3	(612,995)	*(189,111)*	(511,350)	*(225,698)*
Payroll costs	6.4	(84,554)	*(3,796)*	(76,990)	*(5,055)*
Concession fees		(34,712)		(33,599)	
Expenses for leased assets		(3,300)		(3,458)	
Allocation to (use of) the provisions for renovation of airport infrastructure		57,437		65,620	
Allocations to allowances for risks and charges		(3,675)		(20,602)	
Other costs		(9,348)	*(733)*	(9,613)	*(990)*
Other operating costs	6.5	6,402	*(733)*	(1,652)	*(990)*
Amortization of tangible assets	5.1	(8,056)		(5,059)	
Amortization of intangible concession fees	5.2	(63,498)		(62,324)	
Amortization of other intangible assets	5.2	(3,848)		(3,345)	
Amortization and depreciation		(75,402)		(70,728)	
(Write-downs) Value recoveries	5.3	0		0	
TOTAL COSTS		(796,219)	(212,187)	(692,693)	(251,800)
OPERATING INCOME (EBIT)		373,991		**248,527**	
Financial income	6.6	11,297	*10,588*	15,629	*12,324*
Financial expense	6.6	(80,881)	*(18,903)*	(48,208)	*(21,965)*
Foreign exchange gains (losses)	6.6	25,032		126	
FINANCIAL INCOME (EXPENSE)		(44,552)	*(8,315)*	(32,453)	*(9,641)*
INCOME (LOSS) BEFORE TAXES		**329,439**		**216,074**	
Income taxes	6.7	(113,697)		(81,518)	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**215,742**		**134,556**	
Net income (loss) from discontinued operations		0		0	
NET INCOME FOR THE YEAR		**215,742**		**134,556**	

Statement of Comprehensive Income

(THOUSANDS OF EUROS)	NOTES	2016	2015
NET INCOME FOR THE YEAR (A)		**215,742**	**134,556**
Effective part of the profits (losses) on cash flow hedge	5.15	753	(7,036)
Tax effect of the other gains (losses)		(428)	1,935
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect		**325**	**(5,101)**
Actuarial gains (losses) on benefits to employees posted in the Shareholders' equity	5.12	(329)	481
Tax effect of other actuarial gains (losses)		44	(132)
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect		**(285)**	**349**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT		**40**	**(4,752)**
COMPREHENSIVE INCOME FOR THE YEAR		**215,782**	**129,804**

Statement of changes in Shareholders' equity

(THOUSANDS OF EUROS)	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	OTHER RESERVES AND RETAINED EARNINGS	NET INCOME FOR THE YEAR	TOTAL SHAREHOLDERS' EQUITY
BALANCE AS OF DECEMBER 31, 2014	**62,225**	**12,462**	**667,389**	**0**	**253,212**	**131,023**	**1,126,311**
Net income for the year						134,556	134,556
Other components of comprehensive income:							
Profits (losses) from fair value measurement of the cash flow hedge derivative instruments, net of the tax effect				(5,101)			(5,101)
Actuarial gains (losses) on benefits to employees, net of the tax effect					349		349
Comprehensive income for the year				(5,101)	349	134,556	129,804
Dividend distribution						(128,183)	(128,183)
Profit allocation					2,840	(2,840)	0
Merger through incorporation of ADR Advertising					213		213
Other changes					559		559
BALANCE AS OF DECEMBER 31, 2015	**62,225**	**12,462**	**667,389**	**(5,101)**	**257,173**	**134,556**	**1,128,704**
Net income for the year						215,742	215,742
Other components of comprehensive income:							
Profits (losses) from fair value measurement of the cash flow hedge derivative instruments, net of the tax effect				325			325
Actuarial gains (losses) on benefits to employees, net of the tax effect					(285)		(285)
Comprehensive income for the year				325	(285)	215,742	215,782
Dividend distribution						(134,405)	(134,405)
Profit allocation					150	(150)	0
Distribution of advance on dividends						(67,203)	(67,203)
Assumption pursuant to art. 1273 of the Italian Civil Code of A4 Notes				(53,865)	10,924		(42,941)
Other changes					1,105		1,105
BALANCE AS OF DECEMBER 31, 2016	**62,225**	**12,462**	**667,389**	**(58,641)**	**269,067**	**148,540**	**1,101,042**

Statement of cash flows

(THOUSANDS OF EUROS)	NOTES	2016	2015
Net income for the year		**215,742**	**134,556**
Adjusted by:			
Amortization and depreciation	5.1/5.2	75,402	70,728
Allocation to the provisions for renovation of airport infrastructure		52,707	91,392
Financial expenses from discounting provisions		3,674	3,004
Change in other provisions		16,806	14,155
Write-down (revaluation) of non-current financial assets and equity investments		7,556	0
Net change in deferred tax (assets) liabilities		21,735	13,061
Other non-monetary costs (revenues)		4,032	1,697
Changes in the working capital and other changes		65,649	(24,857)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		463,303	303,736
Investments in tangible assets	5.1	(23,475)	(23,782)
Investments in intangible assets	5.2	(311,952)	(141,063)
Works for renovation of airport infrastructure		(110,144)	(146,933)
Equity investments		(52,001)	(500)
Gains from divestment of tangible and intangible assets and equity investments and divisions		11,145	10,016
Net change in other non-current assets		39	(11)
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)		(486,388)	(302,273)
Dividends paid		(201,608)	(128,183)
Raising of medium/long-term loans	5.15	69,797	0
Repayment of medium/long-term loans	5.15	0	(10,646)
Net change in other current and non-current financial liabilities		129	(39)
Net change in current and non-current financial assets		9,193	4,939
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		(122,489)	(133,929)
NET CASH FLOW FOR THE YEAR (A+B+C)		(145,574)	(132,466)
Cash and cash equivalents at the start of the year	5.10	198,869	331,334
Cash and cash equivalents at the end of the year	5.10	53,295	198,868

Reconciliation of cash and cash equivalents

(THOUSANDS OF EUROS)		2016	2015
Net cash and cash equivalents at the start of the year		198,869	331,334
Cash and cash equivalents		206,201	338,410
Current accounts with subsidiary undertakings		(7,332)	(7,076)
Net cash and cash equivalents at the end of the year		53,295	198,868
Cash and cash equivalents		66,570	206,200
Current accounts with subsidiary undertakings		(13,275)	(7,332)

Additional information to the statement of cash flows

(THOUSANDS OF EUROS)		2016	2015
Net income taxes paid (reimbursed)		82,262	56,535
Interest income collected		517	596
Interest payable and commissions paid		41,387	53,990
Dividends received		10,574	12,227

NOTES TO THE FINANCIAL STATEMENTS **OF AEROPORTI DI ROMA S.P.A.**

1. General information

Aeroporti di Roma S.p.A.[1] (hereafter the "Company" or "ADR") manages the Roman airport system on an exclusive basis under the concession signed between the Italian Civil Aviation Authority ("ENAC") and ADR. On December 21, 2012 the Prime Minister approved the new Planning Agreement signed between ADR and ENAC on October 25, 2012, based on which ADR is entrusted with managing the airport system directly and indirectly through the subsidiary undertakings, which specific activities are assigned to.

The registered office of the Company is in Fiumicino, Via dell'Aeroporto di Fiumicino 320, while the secondary office is in Ciampino, Via Appia Nuova 1651. The duration is currently set until December 31, 2050.

On the date of these Separate Financial Statements, Atlantia S.p.A. ("Atlantia") is the shareholder that holds the majority of the shares of ADR (60,187,231, equal to 96.72% of the capital) and exercises the management and coordination towards the company. The notice regarding management and coordination required by art. 2497 bis of the Italian Civil Code is reported in Annex 1.

ADR, by holding significant majority equity investments in other companies, also prepares the consolidated financial statements of the Group, published together with these financial statements.

These financial statements were approved by the Board of Directors of the company during the meeting of March 9, 2017 and subject to audit by EY S.p.A.

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

[1] Leonardo S.p.A. (now ADR) was incorporated on January 25, 2000[1] for the purpose of acquiring holdings in airport management companies. As a result of the privatization of ADR, on July 31, 2000 Leonardo S.p.A. acquired 51.148% of the share capital of ADR, an airport management company founded on February 12, 1974, from IRI S.p.A. (now Fintecna S.p.A.). This equity investment was increased to 95.860% following the public offerings (obligatory and residual) launched by Leonardo S.p.A., in order to acquire the remaining shares of ADR, pursuant to art. 106 of Legislative Decree 58/98. The offerings were concluded on November 6, 2000 and March 23, 2001. Other shares in ADR S.p.A. were purchased on the open market. Therefore, with effect from March 29, 2001, in accordance with the action taken by the Italian Stock Exchange, Borsa Italiana S.p.A., ADR's shares, which had been quoted since July 24, 1997, were subsequently delisted. The deed for the ensuing merger of ADR and Leonardo was drawn up on May 16, and came into effect on May 21, 2001, under the terms of art. 2503 of the Italian Civil Code. At the time of the merger of ADR with Leonardo S.p.A., the latter changed its name to ADR.
The merger adjustments were posted to the financial statements of the acquiring company, with effect from January 1, 2001, for both statutory and fiscal purposes.

2. Form and content of the financial statements

The financial statements for the year ended December 31, 2016 were prepared pursuant to articles 2 and 4 of Italian Legislative Decree no. 38/2005, in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and endorsed by the European Commission, in force on the balance sheet date.

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

The financial statements comprise the accounting statements (statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows) and these explanatory notes, applying the provisions of IAS 1 "Presentation of Financial Statements" and the general criterion of the historical cost, with the exception of the financial statement items that according to IFRS are recognized at their fair value, as stated in the valuation criteria of the individual items. The statement of financial position is presented on the basis of the statement that provides for a distinction between current and non-current assets and liabilities, while these are classified on the basis of their nature in the income statement. The statement of cash flows was prepared by applying the indirect method. IFRS were applied consistently with the indications of the "Framework for the Preparation and Presentation of Financial Statements" and no issues emerged that required derogations pursuant to IAS 1.

All the values are expressed in thousands of euros, unless otherwise stated. The euro is both the ADR's functional currency and the currency of presentation of the financial statements.

For each item in the accounting statements, the corresponding value of the previous year is reported for comparison purposes.

3. Accounting standards applied

The accounting standards and valuation criteria applied in preparing the Financial Statements for the year ended December 31, 2016 are the same as those adopted for the preparation of the Consolidated Financial Statements, to which reference is made, except for the recognition and measurement of Equity investments.

Equity investments in subsidiary undertakings, associated undertakings and joint ventures are valued at purchase cost, inclusive of directly attributable accessory charges, rectified in the presence of any losses in value identified as described in the section regarding "Impairment of assets (impairment test)", which are recorded in the income statement. The same are restored if the reasons for the write-downs made cease to apply.

The term "subsidiary undertakings" means all companies over which ADR has the power to determine, either directly or indirectly, the financial and operating policies in order to obtain benefits from their activities.

Investments in associated undertakings are those in which ADR is capable of exercising a significant influence, but not control or joint control, by contributing to the financial and operating decision-making policies of the investee.

The assets in other companies can be classified in the category of financial assets held for sale as defined in IAS 39 and are initially recorded at cost, as determined on the settlement date, as it represents the fair value, inclusive of the directly attributable transaction costs.

Subsequently, these equity investments are measured at fair value, if this can be determined, with the effects being attributed to the comprehensive income statement and thus in a specific shareholders' equity reserve. At the time of an impairment loss, or when this is recognized, the profits and losses in this reserve are posted in the income statement.

Any losses in value identified as described in the section regarding "Impairment of assets (Impairment test)", are restored in the other components of the comprehensive income statement if the reasons for the write-downs made cease to apply. If the fair value cannot be determined in a reliable manner, the equity investments classified under financial assets held for resale are valued at cost, adjusted by the impairment losses; in this case the losses in value are not subject to reinstatement.

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

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

4. Concession Agreement

Concessionary Relationship

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

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

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

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

For more details on the Concession Agreement reference is made to the Consolidated Financial Statements.

5. Information on the items of the statement of financial position

5.1 Tangible assets

(THOUSANDS OF EUROS)	12.31.2015			CHANGE			12.31.2016		
	COST	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	COST	ACC. AMORT.	NET VALUE
Plant and machinery	54,323	(38,868)	15,455	13,524	(5,701)	13,651	81,498	(44,569)	36,929
Industrial and commercial equipment	11,929	(10,080)	1,849	1,374	(566)	0	13,303	(10,646)	2,657
Other assets	22,860	(18,369)	4,491	2,063	(1,789)	30	25,413	(20,618)	4,795
Work in progress and advances	13,783	0	13,783	6,514	0	(13,645)	6,652	0	6,652
TOTAL TANGIBLE ASSETS	**102,895**	**(67,317)**	**35,578**	**23,475**	**(8,056)**	**36**	**126,866**	**(75,833)**	**51,033**

(THOUSANDS OF EUROS)	12.31.2014			CHANGE			12.31.2015		
	COST	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	COST	ACC. AMORT.	NET VALUE
Plant and machinery	47,384	(35,922)	11,462	6,366	(3,187)	814	54,323	(38,868)	15,455
Industrial and commercial equipment	10,696	(9,629)	1,067	1,207	(451)	26	11,929	(10,080)	1,849
Other assets	21,597	(18,510)	3,087	2,437	(1,421)	388	22,860	(18,369)	4,491
Work in progress and advances	1,559	0	1,559	13,772	0	(1,548)	13,783	0	13,783
TOTAL TANGIBLE ASSETS	**81,236**	**(64,061)**	**17,175**	**23,782**	**(5,059)**	**(320)**	**102,895**	**(67,317)**	**35,578**

Tangible assets, equaling 51,033 thousand euros (35,578 thousand euros as of December 31, 2015) rose in the year by 15,455 thousand euros, partly offset by the depreciation of 8,056 thousand euros.

Investments of 23,475 thousand euros mainly refer to:

- within the category Plant and machinery (13,524 thousand euros) to advertising equipment (1,115 thousand euros) and baggage inspection equipment (12,201 thousand euros);
- within the category Industrial and commercial equipment (1,374 thousand euros) to security equipment (1,253 thousand euros);
- within the category Other assets (2,063 thousand euros) to electronic machinery (1,809 thousand euros);
- within the category work in progress and advances (6,514 thousand euros), inspection equipment for 2,091 thousand euros.

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

After the Issuer Substitution operation described in Note 7 - Guarantees and covenants on medium/long-term liabilities of these Explanatory Notes, starting from March 2016, the constraints to the Romulus Finance S.r.l. (“Romulus Finance” or “Romulus”) financial structure were removed, including the guarantees provided by the ADR Group and concerning movable property (such as plant, machinery and instruments, etc.).

5.2 Intangible assets

(THOUSANDS OF EUROS)			12.31.2015			CHANGE			12.31.2016
	COST	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	COST	ACC. AMORT.	NET VALUE
Concession fees									
Airport management concession - rights acquired	2,179,164	(751,436)	1,427,728	0	(50,096)	0	2,179,164	(801,532)	1,377,632
Airport management concession - investments in infrastructure	739,771	(133,523)	606,248	301,986	(13,402)	0	1,041,757	(146,925)	894,832
TOTAL CONCESSION FEES	2,918,935	(884,959)	2,033,976	301,986	(63,498)	0	3,220,921	(948,457)	2,272,464
Other activities	49,060	(41,353)	7,707	4,314	(3,848)	21	53,395	(45,201)	8,194
Advances to suppliers	6,650	0	6,650	5,652	0	(11,202)	1,100	0	1,100
TOTAL OTHER INTANGIBLE ASSETS	55,710	(41,353)	14,357	9,966	(3,848)	(11,181)	54,495	(45,201)	9,294
TOTAL INTANGIBLE ASSETS	**2,974,645**	**(926,312)**	**2,048,333**	**311,952**	**(67,346)**	**(11,181)**	**3,275,416**	**(993,658)**	**2,281,758**

(THOUSANDS OF EUROS)			12.31.2014			CHANGE			12.31.2015
	COST	ACC. AMORT.	NET VALUE	INVESTMENTS	AMORTIZATION	OTHER CHANGES	COST	ACC. AMORT.	NET VALUE
Concession fees									
Airport management concession - rights acquired	2,179,164	(701,340)	1,477,824	0	(50,096)	0	2,179,164	(751,436)	1,427,728
Airport management concession - investments in infrastructure	603,158	(121,293)	481,865	136,613	(12,230)	0	739,771	(133,523)	606,248
TOTAL CONCESSION FEES	2,782,322	(822,633)	1,959,689	136,613	(62,326)	0	2,918,935	(884,959)	2,033,976
Other activities	44,618	(38,009)	6,609	4,450	(3,343)	(9)	49,060	(41,353)	7,707
Advances to suppliers	13,958	0	13,958	0	0	(7,308)	6,650	0	6,650
TOTAL OTHER INTANGIBLE ASSETS	58,576	(38,009)	20,567	4,450	(3,343)	(7,317)	55,710	(41,353)	14,357
TOTAL INTANGIBLE ASSETS	**2,840,898**	**(860,642)**	**1,980,256**	**141,063**	**(65,669)**	**(7,317)**	**2,974,645**	**(926,312)**	**2,048,333**

Intangible assets, equal to 2,281,758 thousand euros (2,048,333 thousand euros as of December 31, 2015) rose by 233,425 thousand euros mainly due to investments, equal to 311,952 thousand euros, only partly offset by the amortization for the year equal to 67,346 thousand euros.

Concession fees include the concession relating to managing the Rome's airport system; for further information on the concession relationship reference should be made to Note 4. In detail:

- Airport management concession - rights acquired: Represents the value of the airport management concession, acquired at a charge; this value was accounted for at the time of the merger of ADR into Leonardo S.p.A. (now ADR) and expresses the higher price paid by Leonardo S.p.A. for ADR shares compared to the pro-rata value of shareholders' equity of the Company;
- Airport management concession - investments in infrastructure: includes the activities to create new infrastructure and/or improve and enhance the existing airport infrastructure carried out by ADR.

The investments in the Airport management concession - investments in infrastructure equal 301,986 thousand euros and relate to construction services provided in the year on infrastructure in concession. In applying IFRIC 12, in the income statement the costs connected to these investments are recorded, as well as the fair value of the related construction services carried out.

Worth noting are:

- works to create departure area E/F (formerly Pier C) for 191.4 million euros;
- work on the HBS/BHS Terminal 1 for 28.4 million euros;
- work on the East Terminal System for 12.7 million euros;
- urbanization work West area/Aprons W for 9.5 million euros;
- work on Terminal 3 - Expansion of the arrivals and baggage reclaim area for 8.7 million euros;
- civil maintenance work for 5.6 million euros;
- terminal maintenance and optimization works for 5.1 million euros.

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

The Other assets, equal to 8,194 thousand euros (7,707 thousand euros as of December 31, 2015), include the rights to use the property rights, concessions, licenses, trademarks and similar rights. The investments for the year, equal to 4,314 thousand euros, mainly refer to the implementation of airport systems, the evolutionary maintenance of the accounting system and the acquisition of licenses.

Advances to suppliers, equal to 1,100 thousand euros (6,651 thousand euros as of December 31, 2015), refer to the advances for the works to create departure area F (formerly Pier C), agreed with ATI Cimolai and disbursed in 2014 and in 2016, in accordance with the Deed of submission of the technical variation and supplementary appraisal no. 3 phase 3 and 4 of August 7, 2014, in order to guarantee a fast resumption of the works and the respect of the set delivery terms. The 5,551 thousand euro increase compared to December 31, 2015 is attributable to the advance paid in the six-month period, net of the recovery occurred in the period in relation to the work progress.

5.3 Equity investments

The item Equity Investments has a balance of 79,689 thousand euros as of December 31, 2016 (35,228 thousand euros at the end of the previous year).

			12.31.2015			CHANGE			12.31.2016
(THOUSANDS OF EUROS)	GROSS VALUE	ACCUM. DEPR. AND WRITE-DOWNS	NET VALUE	INCR.	DECR.	DEPR. AND REV.	GROSS VALUE	ACCUM. DEPR. AND WRITE-DOWNS	NET VALUE
SUBSIDIARY UNDERTAKINGS									
ADR Assistance S.r.l.	4,000	0	4,000	0	0	0	4,000	0	4,000
ADR Tel S.p.A	594	0	594	0	0	0	594	0	594
ADR Mobility S.r.l.	1,740	0	1,740	16	0	0	1,756	0	1,756
ADR Security S.r.l.	500	0	500	0	0	0	500	0	500
Airport Cleaning S.r.l.	2,000	0	2,000	0	0	0	2,000	0	2,000
ADR Sviluppo S.r.l	100	0	100	0	0	0	100	0	100
	8,934	**0**	**8,934**	**16**	**0**	**0**	**8,950**	**0**	**8,950**
ASSOCIATED UNDERTAKINGS									
Consorzio E.T.L. (in liquidation)	10	(10)	0	0	0	0	10	(10)	0
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	3,883	(3,883)	0	0	0	0	3,883	(3,883)	0
Pavimental S.p.A.	9,768	0	9,768	0	0	(7,206)	9,768	(7,206)	2,562
Spea Engineering S.p.A.	14,324	0	14,324	0	0	0	14,324	0	14,324
	27,985	**(3,893)**	**24,092**	**0**	**0**	**(7,206)**	**27,985**	**(11,099)**	**16,886**
OTHER COMPANIES									
Azzurra Aeroporti S.r.l.	0	0	0	52,000	0	0	52,000	0	52,000
Aeroporto di Genova S.p.A.	1,394	(500)	894	0	0	0	1,394	(500)	894
S.A.CAL. S.p.A.	1,307	0	1,307	0	0	(350)	1,307	(350)	957
Consorzio Autostrade Italiane Energia	0	0	0	1	0	0	1	0	1
Leonardo Energia - Società Consortile a r.l.	1	0	1	0	0	0	1	0	1
	2,702	**(500)**	**2,202**	**52,001**	**0**	**(350)**	**54,703**	**(850)**	**53,853**
TOTAL EQUITY INVESTMENTS	**39,621**	**(4,393)**	**35,228**	**52,017**	**0**	**(7,556)**	**91,638**	**(11,949)**	**79,689**

Equity investments rose by 44,461 thousand euros compared to December 31, 2015 due to the combined effect of:

- increase in the investment in ADR Mobility S.r.l. ("ADR Mobility") of 16 thousand euros in relation to the valorization of the remuneration plans based on shares and settled with the conferment of securities regarding the personnel operating at the company;
- reduction of the investment in Pavimental S.p.A. ("Pavimental") (20% of the capital) of 7,206 thousand euros, consequently to the devaluation made. The company, which is engaged in the provision of engineering services for work design and management activities, in 2016 recorded significant losses (-33.7 million euros);
- subscription of a 10% share, for an overall value of 52,000 thousand euros, of Azzurra Aeroporti S.r.l., a company engaged in the acquisition of equity investments, loans and technical coordination, securities, real estate, financial and industrial investment transactions; on November 9, 2016 Azzurra Aeroporti S.r.l. purchased 64% of the capital of Aéroports de la Côte d'Azur (ACA), the company that owns the airports of Nice, Cannes-Mandelieu and Saint Tropez;
- write-down of 350 thousand euros of the interest in the shares of S.A.CAL. S.p.A. (16.57%);
- subscription of a 1% share (equal to 1 thousand euros) of Consorzio Autostrade Italiane Energia, which supplies energy to the market.

Below are the details of the Equity investments held as of December 31, 2016 with indication of the share held and the relevant book value:

NAME	REGISTERED OFFICE	CURRENCY	NUMBER OF SHARES/	CAPITAL (EURO)	NUMBER OF SHARES/STAKES HELD	% HELD	SHAREHOLDERS' EQUITY AS OF 12.31.2016 (*) (€/000)	NET INCOME (LOSS) FOR THE YEAR 2016 (*) (€/000)	BOOK VALUE (THOUSANDS OF EUROS)
SUBSIDIARY UNDERTAKINGS									
ADR Assistance S.r.l.	Fiumicino (Rome)	euros	1	4,000,000	1	100%	4,441	(136)	4,000
ADR Tel S.p.A	Fiumicino (Rome)	euros	600,000	600,000	600,000	99%	7,684	2,385	594
ADR Mobility S.r.l.	Fiumicino (Rome)	euros	1	1,500,000	1	100%	15,115	6,824	1,756
ADR Security S.r.l.	Fiumicino (Rome)	euros	1	400,000	1	100%	2,519	1,826	500
Airport Cleaning S.r.l.	Fiumicino (Rome)	euros	1	1,500,000	1	100%	3,344	652	2,000
ADR Sviluppo S.r.l	Fiumicino (Rome)	euros	1	100,000	1	100%	152	19	100
TOTAL SUBSIDIARY UNDERTAKINGS									8,950
ASSOCIATED UNDERTAKINGS									
Consorzio E.T.L. (in liquidation)	Rome	euros	1	82,633	1	25%	6	(14)	0
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	Tessera (Venice)	euros	20,000	103,200	4,000	20%	-	-	-
Pavimental S.p.A.	Rome	euros	77,818,865	10,116,452.45	15,563,773	20%	15,394	(33,707)	2,562
Spea Engineering S.p.A.	Milan	euros	1,350,000	6,966,000	270,000	20%	93,629	17,734	14,324
TOTAL ASSOCIATED UNDERTAKINGS									16,886
OTHER COMPANIES									
Azzurra Aeroporti S.r.l.	Rome	euros	10	2,500,000	1	10%	662,789	(7,215)	52,000
Aeroporto di Genova S.p.A.	Genova Sestri	euros	15,000	7,746,900	2,250	15%	5,810	125	894
S.A.CAL. S.p.A.	Lamezia Terme (Catanzaro)	euros	15,000	7,755,000	2,485	16.57%	5,760	(2,006)	957
Consorzio Autostrade Italiane Energia	Rome	euros	1	113,949	1	1%			1
Leonardo Energia - Società Consortile a r.l.	Fiumicino (Rome)	euros	1	10,000	1	10%	268	0	1
TOTAL OTHER COMPANIES									53,853
TOTAL EQUITY INVESTMENTS									**79,689**

(*) The data relating to the shareholders' equity and the profit for the year of Aeroporto di Genova S.p.A. and S.A.CAL. S.p.A. refer to the year 2015 (last year approved)

After the Issuer Substitution operation described in Note 7 - Guarantees and covenants on medium/long-term liabilities of these Explanatory Notes, starting from March 2016, the constraints to the Romulus financial structure were removed, including the guarantees provided by ADR and concerning the shares and stakes held by ADR in the capital of the subsidiary undertakings.

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

5.4 Other current and non-current financial assets

(THOUSANDS OF EUROS)	12.31.2016			12.31.2015		
	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE
OTHER FINANCIAL ASSETS						
Derivatives with positive fair value	7,822	0	7,822	0	0	0
Other financial assets	3,414	0	3,414	13,441	10,516	2,925
TOTAL OTHER FINANCIAL ASSETS	**11,236**	**0**	**11,236**	**13,441**	**10,516**	**2,925**

Derivatives with positive fair value

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Interest rate hedging derivatives	7,822	0	7,822
Interest accrual	0	0	0
TOTAL DERIVATIVES WITH POSITIVE FAIR VALUE	**7,822**	**0**	**7,822**
non-current share	7,822	0	7,822
current share	0	0	0

Interest rate hedging derivatives

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

During the month of October 2016 ADR signed three interest rate swap contracts of the forward starting type, with activation on February 20, 2020, adopting a policy of hedging against the prospective rate risk deriving from future financial requirements. This policy is aimed at reducing the risk of misalignment between the return of invested capital and the cost of debt.

Below is a table summarizing the outstanding derivative contracts with positive fair value of ADR at December 31, 2016.

									FAIR VALUE OF THE DERIVATIVE		*FAIR VALUE CHANGE*	
COUNTERPARTY	COMPANY	INSTRUM.	TYPE	RISK COVERED	SUBSCR. DATE	EXP.	NOTIONAL VALUE COVERED	RATE APPLIED	AT 12.31.2016	AT 12.31.2015	TO THE INCOME STATEMENT	TO OCI (***)
Unicredit, BNPP, RBS	ADR	IRS FWD (*)	CF	I	10/2016	02/2030	300,000	The pay an average fixed rate of 0.969% and receive 6 month EURIBOR	7,822	0	0	7,822
					TOTAL				**7,822**	**0**	**0**	**7,822**
					of which:							
					Foreign currency hedging derivatives				0	0		
					Interest rate hedging derivatives				7,822	0		

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

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

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

For the valuation techniques and the inputs used to determine the fair value of the derivatives reference is made to Note 8.4 Information on fair value measurement.

Other financial assets

Other non-current financial assets equal 3,414 thousand euros (2,925 thousand euros as of December 31, 2015) and refer mainly to the accessory charges incurred for the start and restructuring of the Revolving Credit Facility in December 2013 and July 2016, respectively, and those incurred to subscribe bank loans not used yet, in December 2016. These charges are booked on a pro-quota basis to the income statement based on the duration of the line. The increase of 488 thousand euros is attributable to the combined effect of the rise in accessory charges, deriving from last year's renegotiation and the subscription of the new bank loans, and the relevant attribution to the income statement.

Other current financial assets (10,516 thousand euros as of December 31, 2015) only included the balance of the "Debt Service Reserve Account" term current account, which was closed after the definitive removal, at the end of March, of the obligation to deposit a contractually set amount in a term account to guarantee the old Romulus securitization debt started by ADR in 2003. The relevant funds were transferred to a bank account in the name of the Company.

The so-called Issuer Substitution operation, which was the basis for the removal of the constraints to the Romulus financial structure, is detailed in Note 7 - Guarantees and covenants on medium/long-term liabilities of these Explanatory Notes.

5.5 Deferred tax assets

(THOUSANDS OF EUROS)	12.31.2015			CHANGE			12.31.2016
		PROVI SIONS	RELEASES	DEFERRED TAX ASSETS/TAX LIABILITIES ON INCOME / CHARGES RECORDED IN THE SHAREHOLDERS' EQUITY	ASSUMPTION PURSUANT TO ART. 1273 OF THE ITALIAN CIVIL CODE OF A4 NOTES	RATE CHANGE EFFECT	
DEFERRED TAX ASSETS							
Allocation to (use of) the provisions for renovation	106,020	3,649	(22,698)			308	87,279
Allocation to allowance for obsolete and slow	18	103	(12)			(14)	95
Allocations to provisions for doubtful accounts	8,702	131	(1,584)			202	7,451
Amortized cost and derivative instruments	6,157	0	(245)	(181)	13,561	(287)	19,005
Allowances for risks and charges	12,777	5,293	(243)			(1,152)	16,675
Other	1,675	532	(360)	90		(116)	1,821
TOTAL DEFERRED TAX ASSETS	135,349	9,708	(25,142)	(91)	13,561	(1,059)	132,326
DEFERRED TAX LIABILITIES THAT CAN BE							
Application of IFRIC 12	26,214	7,689	(2,153)			(1)	31,749
TOTAL DEFERRED TAX LIABILITIES	26,214	7,689	(2,153)			(1)	31,749
TOTAL NET DEFERRED TAX ASSETS	**109,135**	**2,019**	**(22,989)**	**(91)**	**13,561**	**(1,058)**	**100,577**

The changes of 2016 refer mainly to the allocation and use of the provisions for risks and charges, provisions for renovation of airport infrastructure and the effects of applying IFRIC 12 on the fixed assets, as well as the Issuer Substitution operation detailed in Note 7.

The "Rate change effect" refers to items that were previously expected to be reversed in 2016 at an IRES rate of 27.5% but, based on updated forecasts, will be reversed in 2017 at a rate of 24%.

5.6 Other non-current assets

Other non-current assets, equal to 429 thousand euros (468 thousand euros as of December 31, 2015), refer to guarantee deposits.

5.7 Commercial activities

Commercial assets, equal to 294,410 thousand euros (273,639 thousand euros as of December 31, 2015), include:

- inventories (equal to 3,310 thousand euros, 3,433 thousand euros as of December 31, 2015) comprising consumable materials, clothing, spare parts, cleaning material, fuel, etc. After the Issuer Substitution operation described in Note 7, starting from March 2016, the constraints to the Romulus financial structure were removed, including the guarantees provided by ADR and concerning inventories;
- trade receivables (equal to 291,100 thousand euros, 270,206 thousand euros as of December 31, 2015) are broken down in the table below:

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Due from clients	304,897	260,464	44,433
Due from subsidiary undertakings	6,660	5,922	738
Due from parent companies	51	225	(174)
Receivables for construction services	18,872	47,117	(28,245)
Other trade receivables	618	1,654	(1,036)
TOTAL TRADE RECEIVABLES, GROSS OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	331,098	315,382	15,716
Provisions for doubtful accounts	(32,313)	(37,470)	5,157
Provisions for overdue interest	(7,685)	(7,706)	21
TOTAL PROVISIONS FOR DOUBTFUL ACCOUNTS	(39,998)	(45,176)	5,178
TOTAL TRADE RECEIVABLES	**291,100**	**270,206**	**20,894**

"Due from clients" (gross of provisions for doubtful loans) total 304,897 thousand euros and recorded a positive change of 44,433 thousand euros, which reflects an extension of the average collection times, attributable especially to the aviation business component influenced by the difficult situation emerged towards the end of the year for the main national carrier.

As regard to this circumstance, the Company currently believes that conditions are not met to adjust the value of the related trade receivables; in any case, in the possible scenario of this carrier discontinuing operations, the full recoverability of the non-current assets included in the invested capital is confirmed since the latter value is significantly below the value in use estimated for the airport concession.

Following the payment mentioned above, the amounts due to ADR from the companies of the Alitalia group under special administration equal 11,045 thousand euros. For the amounts due from Alitalia S.p.A. under special administration, worth remembering is that in 2011 the surety of 6.3 million euros was enforced, issued by Alitalia/CAI to secure the amounts due to ADR from Alitalia S.p.A. under special administration (as well as to the aircraft owned by lessors, obliged in a fair manner) in order to allow the aircrafts owned by the lessors to reach Alitalia/CAI free from claims of seizure for protection purposes made by ADR. The amount enforced and collected was posted under the Other current liabilities.

Due from subsidiary undertakings, equal to 6,660 thousand euros, increased compared to the end of 2015 (+738 thousand euros). For more details about these receivables, reference is made to Note 9 Relations with related parties.

The receivables from ENAC for construction services (gross of the provisions for doubtful accounts), equal to 18,872 thousand euros (47,117 thousand euros as of December 31, 2015), comprise the receivables for work, largely relating to the state-financed portion of construction works in departure area E/F. The reduction of 28,245 thousand euros is attributable to the receivables of previous years from ENAC for construction services and paid by the body in September 2016.

The other trade receivables (618 thousand euros and 1,655 thousand euros as of December 31, 2015) refer to prepaid expenses of a commercial nature and advances to suppliers.

The table below shows the age of the trade receivables.

(THOUSANDS OF EUROS)	TOTAL RECEIVABLES	RECEIVABLES THAT ARE NOT PAST DUE AND NOT WRITTEN-DOWN	RECEIVABLES WRITTEN-DOWN, NET OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	PAST DUE RECEIVABLES NOT WRITTEN-DOWN		
				FROM 0 TO 90 DAYS	BETWEEN 90 AND 365 DAYS	> 1 YEAR
12.31.2016	**291,100**	158,270	92,068	37,391	1,643	1,728
12.31.2015	**270,206**	159,545	75,102	31,280	3,103	1,176

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

(THOUSANDS OF EUROS)	12.31.2015	INCREASES	DECREASES	12.31.2016
Provisions for doubtful accounts	37,470	1,816	(6,973)	32,313
Provisions for overdue interest	7,706	0	(21)	7,685
TOTAL PROVISIONS FOR DOUBTFUL ACCOUNTS	**45,176**	1,816	(6,994)	39,998

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

After the Issuer Substitution operation described in Note 7 - Guarantees and covenants on medium/long-term liabilities of these Explanatory Notes, starting from March 2016, the constraints to the Romulus financial structure were removed, including the guarantees provided by the ADR Group and concerning the receivables.

5.8 Current tax assets and liabilities

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

	ASSETS			LIABILITIES		
(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE	12.31.2016	12.31.2015	CHANGE
Due from/to parent companies for tax consolidation	7,081	7,081	0	15,229	17,089	(1,860)
IRES	37	36	1	0	0	0
IRAP	0	4,928	(4,928)	6,633	0	6,633
TOTAL	**7,118**	**12,045**	**(4,927)**	**21,862**	**17,089**	**4,773**

Current tax assets, equal to 7,118 thousand euros (12,045 thousand euros as of December 31, 2015), comprise mainly 7,081 thousand euros of the receivable from the parent company Atlantia (7,081 thousand euros as of December 31, 2015), for the application for refund regarding the higher

IRES paid in the taxation periods 2007-2011 due to the non-deduction of IRAP on staff costs; for further information on the tax consolidation please see Note 6.7 Income taxes.

The IRAP receivable is 0 as of December 31, 2016, decreasing by 4,928 thousand euros compared to the end of the previous year consequently to the tax accrued in the year.

Current tax liabilities equaled 21,862 thousand euros and consist mainly of the payable to the parent company Atlantia due to the tax consolidation equal to 15,229 euros, regarding the tax estimate for the year, net of the advances already paid; for further information on the tax consolation please see Note 6.7 Income taxes. The IRAP payable rose by 6,633 thousand euros consequently to the tax accrued in 2016.

5.9 Other current assets

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Due from associated undertakings	482	482	0
Receivables from the parent company	0	3,528	(3,528)
Due from tax authorities	9,168	23,439	(14,271)
Due from others	40,064	24,565	15,499
TOTAL OTHER CURRENT ASSETS	**49,714**	**52,014**	**(2,300)**

"Due from the parent company" is equal to zero compared to a balance of 3,528 thousand euros as of December 31, 2015, which included ADR's VAT credit in December, in relation to the agreement signed in 2015 with Atlantia for the activation of the group VAT settlement procedure, not renewed in 2016.

Due from tax authorities, equal to 9,168 thousand euros (23,439 thousand euros as of December 31, 2015), mainly include:

- VAT credit of 2,363 thousand euros (12,795 thousand euros as of December 31, 2015);
- due from tax authorities equal to 5,745 thousand euros, for taxes (and the relevant collection charges and interest) regarding the period 1/1/1993-3/23/1995, recognized as limited by the Supreme Court, within the dispute with the Customs Office, and with repayment required. The reduction of 3,839 thousand euros compared to December 31, 2015 is attributable to the partial repayment occurred in the year (for more information see Note 8.5 Litigation).

Due from others are equal to 40,064 thousand euros (24,565 thousand euros at December 31, 2015) and include the receivable from the Insurance companies posted in line with the transactional agreements being settled, net of the collected amounts.

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

(THOUSANDS OF EUROS)	TOTAL RECEIVABLES	RECEIVABLES THAT ARE NOT PAST DUE AND NOT WRITTEN-DOWN	RECEIVABLES WRITTEN-DOWN, NET OF THE PROVISIONS FOR DOUBTFUL ACCOUNTS	PAST DUE RECEIVABLES NOT WRITTEN-DOWN		
				FROM 0 TO 90 DAYS	BETWEEN 90 AND 365 DAYS	> 1 YEAR
12.31.2016	**49,714**	49,099	0	0	0	615
12.31.2015	**52,014**	50,421	0	0	171	1,422

5.10 Cash and cash equivalents

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Bank and post office deposits	66,549	206,182	(139,633)
Cash and notes in hand	21	19	2
Current accounts with the subsidiary undertakings	0	0	0
TOTAL CASH AND CASH EQUIVALENTS	**66,570**	**206,201**	**(139,631)**

Cash and cash equivalents, amounting to 66,570 thousand euros, have decreased by 139,631 thousand euros compared to December 31, 2015, consequently to the investments of the year as well as to the distribution of dividends.

After the Issuer Substitution operation, already starting from March 2016, the constraints imposed by the Romulus financial contracts with regard to liquidity management were removed (so-called Account Bank Agreement). Due to this removal, ADR is no longer subject to any constraint to use its available funds deriving from financial contracts and is entirely released from segregations of amounts to predefined bank accounts to guarantee the debt repayment.

5.11 Shareholders' equity

The shareholders' equity of ADR as of December 31, 2016 amounts to 1,101,042 thousand euros (1,128,704 thousand euros as of December 31, 2015), broken down as follows:

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Share capital	62,225	62,225	0
Legal reserve	12,462	12,462	0
Share premium reserve	667,389	667,389	0
Cash flow hedge reserve	(58,641)	(5,101)	(53,540)
Other reserves and retained earnings	269,067	257,173	11,894
Net income for the year, net of the advance on dividends	148,540	134,556	13,984
TOTAL SHAREHOLDERS' EQUITY	**1,101,042**	**1,128,704**	**(27,662)**

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

- income for the year for 215,742 thousand euros;
- the distribution of the dividends of the year 2015 equal to 134,405 thousand euros (2.16 euros per share);
- the distribution of the advance on dividends of the year 2016 equal to 67,203 thousand euros (1.08 euro per share);
- the Issuer Substitution transaction for -42,941 thousand euros, as in Note 7.

As of December 31, 2016 ADR's share capital, wholly subscribed and paid up, amounts to 62,224,743 euros, represented by 62,224,743 shares with a par value of 1 euro each.

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

The cash flow hedge reserve includes the measurement at fair value of the cash flow hedge derivatives; for more details reference is made to Note 5.15.

Other reserves and retained earnings, equal to 269,067 thousand euros include: i) the losses deriving from the actuarial write-down of the provisions for employee benefits, net of the tax effect, for -3,029 thousand euros, ii) the transition reserve net of the relevant tax effect, for -155,162 thousand euros, iii) retained earnings for 406,588 thousand euros; vi) the reserve relating to the effects of the transactions for the sale of equity investments and divisions under common control, equal to 17,981 thousand euros; vii) the reserve regarding the remuneration plans based on shares for 1,977 thousand euros.

Furthermore, pursuant to IFRS 2, the value accrued in the year of the fair value of the remuneration plans based on shares and settled with the conferment of securities as resolved by the Board of Directors of the parent company Atlantia also in favor of employees and directors of ADR, equal to 1,105 thousand euros, was booked to the income statement, counterbalanced by an increase in the specific shareholders’ equity reserve, classified in the item “other reserves and retained earnings”. For information on the remuneration plans based on shares reference is made to Note 10.2.

Below is the statement analyzing the capital and the net Shareholders’ equity reserves with indication of the related possibility of use, in compliance with the provisions of art. 2427 of the Italian Civil Code and IAS 1 paragraph 76.

(THOUSANDS OF EUROS)	AMOUNT	POSSIBILITY OF USE	AVAILABLE PORTION	SUMMARY OF THE USES MADE IN THE THREE PREVIOUS YEARS	
				TO COVER LOSSES	FOR OTHER REASONS
SHARE CAPITAL	62,225	B	0		
RESERVES					
Legal reserve (1)	12,462	A, B	17		
Share premium reserve (2)	667,389	A, B, C	667,389		
Cash flow hedge reserve, net of the tax effects	(58,641)	B	0		
Other reserves and retained earnings	269,068	A, B, C	269,068		
TOTAL RESERVES	890,278		936,474		
TOTAL CAPITAL AND RESERVES	**952,503**				
Non-distributable amount (3)			58,641		
Distributable amount			877,833		

(1) of which available the share exceeding one fifth of the capital

(2) distributable for the entire amount, given that the legal reserve has reached the limit as defined by art. 2430 of the Italian Civil Code

(3) equal to the negative balance of the Cash flow hedge reserve, net of the tax effects

Legend: A: For capital increase; B: to cover losses C: for distribution to shareholders.

5.12 Provisions for employee benefits (current and non-current share)

Provisions for employee benefits are 14,764 thousand euros, of which 13,486 thousand euros non-current (14,176 thousand euros as of December 31, 2015), and consist of an employee severance indemnity provision, governed by art. 2120 of the Italian Civil Code, which includes the estimate of the bond, determined based on actuarial techniques, relating to the amount to be paid to ADR employees when terminating the employment relationship. The change in the employee severance indemnity provision is shown in the following table.

(THOUSANDS OF EUROS)		2016
INITIAL VALUE OF THE EMPLOYEE SEVERANCE INDEMNITY PROVISION		**14,960**
Current cost		
Interest payable	118	
Total costs recorded in the income statement		118
Liquidation / Releases		(663)
Actuarial gains/losses from changes in the demographic assumptions	19	
Actuarial gains/losses from changes in the financial assumptions	395	
Effect of past experience	(85)	
Total actuarial gains/losses recognized in the comprehensive income statement		329
Other changes		20
FINAL VALUE OF THE EMPLOYEE SEVERANCE INDEMNITY PROVISION		**14,764**
of which:		
non-current share		13,486
current share		1,278

Summarized below are the main assumptions made for the actuarial estimate process regarding the employee severance indemnities at December 31, 2016:

FINANCIAL ASSUMPTIONS	2016	2015
Discounting rate	0.86%	1.39%
Inflation rate	1.5% from 2017 onwards	1.5% for 2016 1.8% for 2017 1.7% for 2018 1.6% for 2019 2.0% from 2020 onwards
Annual rate of increase in employee severance indemnities	2.18% from 2017 onwards	2.18% for 2016 2.37% for 2017 2.3% for 2018 2.24% for 2019 and 2.49% from 2020 onwards
Annual rate of pay increase	0.0%	0.7%
Annual turnover rate	0.9%	1.05%
Annual rate of disbursement of advances	1.1%	1.5%

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

DEMOGRAPHIC ASSUMPTIONS	2016/2015
Mortality	Mortality tables RG48 published by the State's general office (with adoption of the age shifting)
Inability	INPS tables divided by age and gender, reduced to 70%
Retirement	Satisfaction of the minimum requirements set by the General Compulsory Insurance, updated on the basis of Law no. 214 of 22 December 2011, adjusted to the changes in the life expectancy consequently to Ministerial Decree of 12.06.2011, which requires a 3-month increase from 01.01.2013, and to the more recent Ministerial Decree 12.16.2014, which required an additional 4-month increasing from 01.01.2016

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

(THOUSANDS OF EUROS)	1.0% INCREASE	1.0% DECREASE	0.25% INCREASE	0.25% DECREASE
Annual turnover rate	14,691	14,805		
Inflation rate			14,929	14,601
Discounting rate			14,487	15,050

The weighted average duration of the obligations for the defined benefit plans for the employees at year end is 10 years and the service costs predicted for 2017 are equal to zero.

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

(THOUSANDS OF EUROS)	
1st year	899
2nd year	973
3rd year	1,063
4th year	1,016
5th year	1,098

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

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

The Provisions for renovation of airport infrastructure, equal to 201,943 thousand euros (255,824 thousand euros at December 31, 2015), of which 95,796 thousand euros for the current share (97,990 thousand euros at December 31, 2015), include the current value of the updated estimate of the charges to be incurred for extraordinary maintenance recoveries and replacements in the face of the contractual obligation set by the airport concession signed by the granting Administration with the aim of ensuring the due functionality and safety of the airport infrastructure.

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

(THOUSANDS OF EUROS)	12.31.2015	PROVISIONS	DISCOUNTING EFFECT	OPERATING USES	12.31.2016
Provision for renovation of airport infrastructure	**255,824**	52,707	3,556	(110,144)	**201,943**
of which:					
current share	97,990				95,796
non-current share	157,834				106,147

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

The Other allowances for risks and charges are equal to 77,394 thousand euros (59,945 thousand euros at December 31, 2015), of which 51,284 thousand euros for the current share (36,366 thousand euros at December 31, 2015). Reported below is the analysis of the breakdown of the item and the changes during the year.

(THOUSANDS OF EUROS)	12.31.2015	PROVISIONS	DECREASES FOR THE REVERSAL OF FUNDS IN EXCESS	OPERATING USES	12.31.2016
Tax provisions	15,603	3,675	0	0	19,278
Provisions for current and potential disputes	43,075	15,620	0	(1,816)	56,879
Provisions for internal insurance	1,239	0	(15)	0	1,224
To cover investee companies' losses	28	0	0	(15)	13
TOTAL OTHER ALLOWANCES FOR RISKS AND CHARGES	**59,945**	**19,295**	**(15)**	**(1,831)**	**77,394**
of which:					
current share	36,366				51,284
non-current share	23,579				26,110

The tax provision, equal to 19,278 thousand euros, relating to the risk of a negative outcome of the pending cases regarding the dispute with UTF (now the Customs Office) on the tax and additional fee on electricity for the period 2002-2012, following the unfavorable decisions of the Supreme Court on some disputes already considered by the Court, and to the valuation of the liability risk consequently to the unfavorable decisions concerning ICI/IMU (property taxes).

The provisions for current and potential disputes of 56,879 thousand euros (43,075 thousand euros at December 31, 2015) include the estimated charges that are expected to be incurred in connection with the disputes in progress at year end. 1,816 thousand euros of these provisions were used in 2016, essentially as a result of some disputes, and an increase was recorded consequently to net provisions for 15,620 thousand euros shown in the financial statements as a reduction of the relevant revenues for insurance compensation, within the item "operating revenues".

This fund includes, among others, a prudent valuation, made on the basis of the best current information, of the liabilities the Company is likely to be called to account for (including the portion on the insurers' account), for the claims for compensation of third parties referring to the fire event at T3. On this point, so far 160 claims have been lodged by third parties (carriers, handlers, sub-concessionaires and passengers), only partly supported by a clear quantification of the damages, to date equaling about 107 million euros. For more information on the fire event at Terminal 3, reference is made to Note 10.1.

For further information on the current disputes reference should be made to Note 8.5 Litigation.

5.15 Financial liabilities (current and non-current share)

(THOUSANDS OF EUROS)	12.31.2016					12.31.2015		
	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	BOOK VALUE	CURRENT SHARE	NON-CURRENT SHARE
MEDIUM/LONG-TERM FINANCIAL LIABILITIES								
Bonds	834,195	0	834,195	595,095	239,100	594,005	0	594,005
Medium/long-term loans	69,804	0	69,804	69,804	0	327,152	0	327,152
Accrued expenses medium/long-term financial liabilities	15,955	15,955	0	0	0	16,068	16,068	0
TOTAL MEDIUM/LONG-TERM FINANCIAL LIABILITIES	919,954	15,955	903,999	664,899	239,100	**937,225**	**16,068**	**921,157**
FINANCIAL INSTRUMENTS - DERIVATIVES	159,913	21,394	138,519	0	138,519	**7,036**	**7,036**	**0**
OTHER CURRENT FINANCIAL LIABILITIES	13,275	13,275	0	**0**	**0**	**7,332**	**7,332**	**0**
TOTAL FINANCIAL LIABILITIES	**1,093,142**	**50,624**	**1,042,518**	**664,899**	**377,619**	**951,593**	**30,436**	**921,157**

Bonds

(THOUSANDS OF EUROS)	12.31.2015	CHANGE					12.31.2016
	BOOK VALUE	NEW LOANS RAISED	ASSUMPTION PURSUANT TO ART. 1273 OF THE ITALIAN CIVIL CODE OF A4 NOTES	REPAYMENTS	EXCHANGE RATE DIFFERENCES	AMORTIZED COST EFFECT	BOOK VALUE
Bonds	**594,005**	0	262,885	0	(25,039)	2,344	**834,195**
non-current share	594,005						834,195

Bonds are equal to 834,195 thousand euros (594,005 thousand euros at December 31, 2015). The change in the year, for 240,190 thousand euros, refers mainly to the effects from the Issuer Substitution operation, which required ADR to assume the bond loan in Sterling originally issued by the vehicle Romulus Finance, the effects of the change in the Euro/Sterling exchange rate and of the valuation with the amortized cost method.

Reported below is the main information regarding the bond issues existing as of December 31, 2016.

(THOUSANDS OF EUROS)

NAME	ISSUER	PAR VALUE	CURRENCY	BOOK VALUE	INTEREST RATE	COUPON	REPAYMENT	DURATION	EXPIRY
Class A4 (*)	ADR (**)	215,000	GBP	239,100	5.441%	every six months	at maturity	20 years	02/2023
€600,000,000 3.250% EMTN Program	ADR	600,000	EUR	595,095	3.25%	yearly	at maturity	7 years and 2 months	02/2021
TOTAL BONDS				**834,195**					

(*) the book value recorded in the financial statements (239.1 million euros) is affected by the adoption of the amortized cost method and the adjustment to the exchange rate at the end of the year.

(**) originally issued by the vehicle Romulus Finance and subsequently "replaced" by ADR following the Issuer Substitution operation detailed in Note 7.

99.87% of Class A4 bonds in Sterling are held by the parent company Atlantia after the conclusion of the Tender Offer procedure launched by the same in January 2015 towards the holders of the outstanding A4 bonds. For further information reference should be made to Note 7.

In addition to the bond issue carried out originally through the vehicle Romulus Finance, the bonds shown in the financial statements include the senior unsecured bond issue of December 10, 2013 for an overall par value of 600 million euros, as part of the important plan adopted by ADR at the time in order to refinance its financial debt. The securities representing the bond issue of December 2013 were placed with qualified investors listed in the regulated market of the Irish stock exchange.

The bonds were issued by ADR with validity on its medium-term issue plan (Euro Medium Term Note Program - EMTN Program) approved by ADR in November 2013 for a maximum amount of 1.5 billion euros. The senior unsecured bond issue was rated “BBB+”, “Baa1” and “BBB+” by the agencies Standard & Poor's, Moody's and Fitch, respectively. Moody’s also assigns a negative outlook, in line with the one assigned to the Italian Republic, while the other two agencies assign a stable outlook.

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

(THOUSANDS OF EUROS)		12.31.2016		12.31.2015
	BOOK VALUE	*FAIR VALUE*	BOOK VALUE	*FAIR VALUE*
Fixed rate	834,195	974,172	594,005	662,580
	834,195	**974,172**	**594,005**	**662,580**

The fair value of the bond issues was determined on the basis of the market values available at December 31, 2016; in particular, the future cash flows were discounted on the basis of the standard discounting curves used in market practice (6-month Euribor and 6-month Libor). A spread was also considered on the curves to express the counterparty risk, in line with ADR's situation on the measurement date. Compared to December 31, 2015, net of the mentioned Issuer Substitution operation that required ADR to assume the Class A4 bond loan, the effect of discounting the flows for the purpose of the valuation is such to determine an increase in fair value. However, this effect is more than offset by the exchange rate effect in the case of the bond loan in Sterling. As a consequence, net of the increase to the assumption of the Class A4 bond loan for 308.2 million euros, a fair value increase of 3.4 million euros is recorded compared to December 31, 2015.

Medium/long-term loans

(THOUSANDS OF EUROS)	12.31.2015			CHANGE	12.31.2016
	BOOK VALUE	NEW LOANS RAISED	ASSUMPTION PURSUANT TO ART. 1273 OF THE ITALIAN CIVIL CODE OF A4 NOTES	AMORTIZED COST EFFECT	BOOK VALUE
Medium/long-term loans	**327,152**	70,000	(327,102)	(246)	**69,804**
- non-current share	327,152				69,804
- current share	0				0

Medium/long-term loans are equal to 69,804 (327,152 thousand euros as of December 31, 2015). The change of the year (-257,348 thousand euros) is essentially due to the related to the cancellation, by offsetting, of the loan towards Romulus Finance consequently to the Issuer Substitution operation. More in particular, ADR, consequently to the cancellation above, (i) assumed the payables and all the payment obligations regarding the Class A4 notes directly towards the noteholders and (ii) replaced Romulus Finance as the counterparty in the Cross Currency Swap contracts. This decrease was partly offset by the bank loan granted by Banca Nazionale del Lavoro (“BNL”) on November 4, 2016 for a total of 100 million euros and used for 70 million euros.

Reported below is the main information regarding medium/long-term loans existing as of December 31, 2016.

(THOUSANDS OF EUROS)					12.31.2016				
FINANCER	NAME	AMOUNT GRANTED	AMOUNT USED (PAR VALUE)	BOOK VALUE	CURRENCY	RATE	REPAYMENT	DURATION	EX.
Syndicate of banks	*Revolving Credit Facility (“RCF”)*	250,000	0	0	EUR	variable index-linked to the Euribor + margin	revolving	5 years (*)	7/2021
Banca Nazionale del Lavoro (“BNL”)	*BNL Loan*	100,000	70,000	69,804	EUR	0.18%	at maturity	4 years	11/2020
European Investment Bank (“EIB”)	*EIB Loan*	150,000	0	0	EUR	Fixed or floating	*amortising*	up to 15 years	-
Cassa Depositi e Presiti (“CDP”)	*CDP Loan*	150,000	0	0	EUR	Fixed or floating	*amortising*	up to 15 years	-
TOTAL MEDIUM/LONG-TERM LOANS		**650,000**	**70,000**	**69,804**					

(*) this duration may be extended in accordance with the relevant contracts and optionally, for another two years.

The Revolving Credit Facility (“RCF”), like the ADR debt deriving from the bond issue carried out under the EMTN Program, is of the senior unsecured type and is aimed at ensuring suitable liquidity support for the Company's development plans. The syndicate of banks that granted this loan comprises: Barclays, BNP Paribas, Crédit Agricole, Mediobanca, Natixis, Société Générale, The Royal Bank of Scotland and UniCredit.

The interest rates applied to the RCF vary in relation to the level of ADR's rating. It should be noted that on March 22, 2016, the Moody's rating agency raised the unsecured debt of ADR from Baa2 to Baa1. However, this upgrade was not followed by a reduction in the margin of the RCF line since the other two agencies, Standard & Poor’s and Fitch Ratings, had already previously recognized the same rating level assigned by Moody’s in March 2016. Thanks to the renegotiation of the same revolving line in July 2016, ADR immediately benefitted from a reduction, given the same rating, of 50% of the margin applied according to the old contracts of 2013 and may benefit also from a possible reduction in this margin in case of additional upgrades by the agencies.

The line of banking credit granted by BNL was signed by ADR in November 2016. This new line of banking credit totaling 100 million euros and used for 70 million euros as of December 31, 2016, expires in November 2020, has a bullet type repayment and is characterized by a contractual structure in line with the forecasts included in the RCF.

In December 2016 two new contracts were drafted with regard to the 300 million euro line resolved by the European Investment Bank (“EIB”) in favor of ADR in 2014, with contracts partly with EIB (150 million euros) and partly, for the residual 150 million euros, with Cassa Depositi e Prestiti (“CDP”). The EIB/CDP loan was subscribed by the two banks to support the “Aeroporti di Roma – Fiumicino Sud” project regarding the execution of the main works included in the project of infrastructural development of the existing airport perimeter of Fiumicino. These are fixed- or floating-rate loans of the amortizing type with maturity up to 15 years and a period of availability of (i) 36 months for the EIB line and (ii) 18 months for the CDP line. As of December 31, 2016 these new funding lines have not been used yet. These loans, unlike the RCF contract and the bilateral

BNL loan, feature a series of covenants requested by the EIB in consideration of the particular duration and especially of the specific type and objective of the loan, with “project” type purpose.

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

(THOUSANDS OF EUROS)	12.31.2016		12.31.2015	
	BOOK VALUE	*FAIR VALUE*	BOOK VALUE	*FAIR VALUE*
Fixed rate	69,804	69,053	327,152	435,502
Floating rate	0	0	0	0
TOTAL MEDIUM/LONG-TERM LOANS	**69,804**	**69,053**	**327,152**	**435,502**

Derivatives with negative fair value

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Foreign currency hedging derivatives	73,903	0	73,903
Interest rate hedging derivatives	85,767	7,036	78,731
Interest accrual	243	0	243
TOTAL DERIVATIVES WITH NEGATIVE FAIR VALUE	**159,913**	**7,036**	**152,877**
Non-current share	138,519	0	138,519
Current share	21,394	7,036	14,358

Exchange rate and interest rate hedging derivatives

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

As of December 31, 2016 ADR has a cross currency swap allowing the cash flows in euro regarding the payment of interest and the redemption of the A4 bond in pound sterling to be stabilized.

As part of the Issuer Substitution transaction mentioned above, a novation of the Cross Currency Swaps was carried out, originally subscribed between Romulus Finance and the banking counterparties, essentially aimed at replacing Romulus Finance with ADR as the swap counterparty in the current agreements.

During the month of June 2015 (and subsequently restructured in June 2016) and in February 2016, ADR signed interest rate swap contracts of the forward starting type, starting on February 9, 2017 and April 20, 2017, respectively, adopting a policy of hedging against the prospective rate risk deriving from future financial requirements. This policy is aimed at reducing the risk of misalignment between the return of invested capital and the cost of debt.

With reference to the derivative IRS forward starting contracts entered into on June 15, 2015 and subsequently restructured on June 20, 2016 for a notional capital of 250.0 million euros, it is underlined that the activation date started on February 9, 2017. Based on the information available so far, the request for new loans is planned in the first half of 2017; the hedging effectiveness of the two derivatives is thus confirmed.

Below is a table summarizing the outstanding derivative contracts of ADR at December 31, 2016.

									FAIR VALUE OF THE DERIVATIVE		FAIR VALUE CHANGE		
COUNTERPARTY	COMPANY	INSTRUM.	TYPE	RISK COVERED	SUBSCR. DATE	EXP.	NOTIONAL VALUE COVERED	RATE APPLIED	AT 12.31.2016	AT 12.31.2015	ASSUMPTION PURSUANT TO ART. 1273 OF THE ITALIAN CIVIL CODE OF A4 NOTES	TO THE INCOME STATEMENT	TO OCI (***)
Mediobanca, UniCredit	ADR	CCS	CF	I	02/2013	02/2023	325,019	It receives a fixed rate of 5.441% and pays 3 month Euribor + 90bps until 12/2009, then pays a fixed rate of 6.4%	(64,616)	0	(71,854)	204	7,034
				C					(73,903)	0	(48,865)	(25,038)	0
									(138,519)	0	(120,719)	(24,834)	7,034
Société Générale	ADR	IRS FWD (*)	CF	I	06/2015 (restructured on 6/2016)	02/2027	250,000	It pays a fixed rate of 1.530% and receives 6 month EURIBOR	(20,819)	(7,036)	0	(11)	(13,772)
Société Générale	ADR	IRS FWD (**)	CF	I	02/2016	04/2026	50,000	It pays a fixed rate of 0.688% and receives 6 month EURIBOR	(332)	0	0	0	(332)
					TOTAL				**(159,670)**	**(7,036)**	**(120,719)**	**(24,845)**	**(7,070)**
					of which:								
					Foreign currency hedging derivatives				(73,903)	0			
					Interest rate hedging derivatives				(85,767)	(7,036)			

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

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

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

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

For the valuation techniques and the inputs used to determine the fair value of the derivatives reference is made to Note 8.4 Information on fair value measurement.

Other current financial liabilities

The Other current liabilities are equal to 13,275 thousand euros (7,332 thousand euros at December 31, 2015) and refer to the payables to the subsidiary undertaking for the use of the centralized cash management system.

5.16 Other non-current liabilities

The other non-current liabilities are equal to 936 thousand euros (3,895 thousand euros as of December 31, 2015) and consist for 732 thousand euros of the non-current share of the dues to personnel and 204 thousand euros of the non-current share dues to social security agencies. The 2,959 thousand euro decrease is essentially attributable to the reclassification under Other current liabilities of 3.9 million euros, maturing in the short term.

5.17 Trade payables

Trade payables are equal to 301,930 thousand euros (243,204 thousand euros at December 31, 2015).

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Due to suppliers	259,613	203,697	55,916
Due to subsidiary undertakings	32,691	28,482	4,209
Due to parent companies	1,028	1,130	(102)
Deferred income	1,193	1,227	(34)
Advances received	7,405	8,668	(1,263)
TOTAL TRADE PAYABLES	**301,930**	**243,204**	**58,726**

Due to suppliers (excluding subsidiary undertakings and parent companies), equal to 259,613 thousand euros, rose by 55,916 thousand euros consequently to the expanding investments in the year.

The Amounts due to subsidiary undertakings, equal to 32,691 thousand euros, increased by 4,209 thousand euros. For more details about these payables, reference is made to Note 9 Relations with related parties.

Deferred income, equal to 1,193 thousand euros, is essentially in line with the balance at the end of 2015.

5.18 Other current liabilities

The Other current liabilities are equal to 129,521 thousand euros (110,868 thousand euros at December 31, 2015). The item is analyzed in the table below.

(THOUSANDS OF EUROS)	12.31.2016	12.31.2015	CHANGE
Payables for taxes other than income taxes	81,847	69,529	12,318
Payables for firefighting services	0	104	(104)
Payables to personnel	11,378	6,700	4,678
Due to social security agencies	5,670	4,341	1,329
Payables for security deposits	9,746	9,722	24
Other payables	20,880	20,472	408
TOTAL OTHER CURRENT LIABILITIES	**129,521**	**110,868**	**18,653**

The Payables for taxes other than income taxes are equal to 81,847 thousand euros (69,529 thousand euros at December 31, 2015) and mainly include:

- payable for the passenger surcharges for 71,296 thousand euros (58,829 thousand euros at December 31, 2015). This amount was paid the following month after collection of municipal surcharge from carriers, while the outstanding amounts due are recorded in a contra-entry under receivables from clients. The surcharge on the passenger boarding fee charged to the carriers equals 10 euros per passenger, of which 7.5 euros allocated to INPS and one euro (commissarial surcharge) for the commissarial management of the Municipality of Rome. The trend of the payable for the surcharge, increasing by 12,467 compared to the end of 2015, reflects the correlated effect of the trend, in the year, of the corresponding fees from the carriers, which is partly offset by the increase in the surcharge destined to INPS of 2.5 euros starting from January 1, 2016 and until August 31, 2016;

payable of 7,934 thousand euros to the Lazio Regional Authority for IRESA (4,989 thousand euros as of December 31, 2015). This tax is charged by the Lazio Regional Authority to carriers, who are obliged to pay it to the airport management companies which, in line with the surcharges commented on above, must periodically pay them back to the Regional board. ADR started to charge this tax in May 2014, applicable from January 1, 2014, after the signing of the agreement for tax management of the tax with the Lazio Regional Authority on January 30, 2014. The 2,945 thousand euro increase in IRESA charges compared to December 31, 2015 reflects the correlated effect of the performance in the year of this type of collections from carriers.

The increase, compared to the end of the previous year, in Payables for taxes other than income taxes, equal to 15,412 thousand euros, is attributable to the change in the payable due to surcharges and IRESA, as described above, and the payment, made in the year, of the payable to the Customs Office of 3,104 thousand euros regarding the dispute on revenue tax and surcharges on electricity, is essentially attributable to the surcharge 357/2015 for 15,959 thousand euros.

Payables to personnel, equal to 11,378 thousand euros (6,700 thousand euros as of December 31, 2015), and Due to social security agencies, equal to 5,670 thousand euros (4,341 thousand euros), rose by 6,007 thousand euros in total, mainly attributable to the reclassification of Other non-current liabilities for 3.9 million euros.

The Other payables, equal to 20,880 thousand euros, include 17,186 thousand euros (17,195 thousand euros at December 31, 2015) of the payable to ENAC for the concession fee. This payable decreased by 9 thousand euros in relation to the portion accrued in the year, net of the payment of the balance 2015 and the first installment of 2016.

6. Information on the items of the income statement

6.1 Revenues

Revenues in 2016 equal 1,170,210 thousand euros (941,220 thousand euros in 2015) and are broken down as follows:

(THOUSANDS OF EUROS)	2016	2015
AERONAUTICAL		
Airport fees	494,640	440,174
Centralized infrastructures	17,672	13,198
Security services	92,035	84,313
Other	31,353	27,627
	635,700	*565,312*
NON-AERONAUTICAL		
Sub-concessions and utilities:		
Properties and utilities	42,266	40,726
Shops	110,729	105,436
Car parks	15,151	14,781
Advertising	11,152	9,822
Car parks	1,592	1,489
Other	19,751	20,414
	200,641	*192,668*
REVENUES FROM AIRPORT MANAGEMENT	836,341	757,980
REVENUES FROM CONSTRUCTION SERVICES	301,986	154,419
OTHER OPERATING INCOME	31,883	28,821
TOTAL REVENUES	**1,170,210**	**941,220**

Revenues from airport management, equal to 836,341 thousand euros, rose by 10.3% overall compared to the reference period, essentially due to the development of aeronautical activities (+12.5%), driven by the positive traffic performance and the tariff adjustment component. The performance of the non-aeronautical segment also showed a 4.1% growth, mainly as a consequence of the greater spaces available compared to 2015, heavily impacted by the fire at T3, with sub-concessions of retail outlets and real estate management rising by 5.0% and 3.8%, respectively.

Revenues from construction services equal to 301,986 thousand euros (154,419 thousand euros in 2015) refer to revenues from construction services for self-funded works (136,612 thousand euros in the reference period). In 2016 no revenues from construction services for works funded by the government (former Pier C) were recorded (17,808 thousand euros in the comparative year).

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

Other operating income equal to 31,883 thousand euros (28,821 thousand euros in the comparative period) is broken down as follows:

(THOUSANDS OF EUROS)	2016	2015
Grants and subsidies	67	339
Gains on disposals	0	9
Other:		
Reabsorption of funds:		
Provisions for overdue interest	3	0
Other allowances for risks and charges	6,895	0
Expense recoveries	6,524	7,307
Damages and compensation from third parties	12,536	16,541
Other income	5,858	4,625
TOTAL OTHER OPERATING INCOME	**31,883**	**28,821**

The item “Damages and compensation from third parties” affected in 2016 the definition of the extent of the damages referring to the coverage of the extra-costs and the costs of restoring and salvaging incurred because of the fire. This sum supplements the compensation value already posted as an estimate in the comparison year.

6.2 Consumption of raw materials and consumables

The item Consumption of raw materials and consumables is equal to 29,670 thousand euros (31,973 thousand euros in 2015). The details are reported in the table below.

(THOUSANDS OF EUROS)	2016	2015
Fuel and lubricants	2,929	3,450
Electricity, gas and water	22,028	24,075
Consumables, spare parts and various materials	4,713	4,448
TOTAL CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**29,670**	**31,973**

The total decrease of 2,303 thousand euros refers mainly to:

- lower costs for fuel and lubricants for 521 thousand euros attributable essentially to the petrol price component;
- lower electricity, gas and water costs for 2,047 thousand euros essentially attributable to the price component and lower electricity consumption.

6.3 Service costs

Service costs equal 612,995 thousand euros (511,350 thousand euros in 2015). The details are reported in the table below.

(THOUSANDS OF EUROS)	2016	2015
Costs for maintenance	40,639	51,107
Costs for renovation of airport infrastructure	110,144	146,933
External service costs	83,422	76,847
Costs for construction services	291,211	147,914
Cleaning and disinfestations	26,898	27,402
Professional services	12,720	13,471
Firefighting services	8,408	8,647
Other costs	38,740	37,376
Remuneration of Directors and Statutory Auditors	813	1,653
TOTAL SERVICE COSTS	**612,995**	**511,350**

The increase in costs for services is attributable essentially to the greater costs for construction services (143.3 million euros) and to the costs for external services (+6.6 million euros), partly offset by lower costs for ordinary maintenance and costs for the renovation of airport infrastructures, net of the cost component linked to the fire at Terminal 3, aimed mainly at improving the service quality, and the commercial costs regarding promotional initiatives.

This performance was partly offset by the decrease in the costs related to the fire (reclassified mainly under maintenance, external services and other costs), which in 2015 included the costs of securing and salvaging the areas affected by the event; in the six months under review instead, these include the incurred additional costs related to the operating penalizations caused by the fire. The costs for renovation of airport infrastructures decreased (-36.8 million euros).

6.4 Payroll costs

Payroll costs equal 84,554 thousand euros (76,990 thousand euros in 2015). The details are reported in the table below.

(THOUSANDS OF EUROS)	2016	2015
Salaries and wages	61,418	55,843
Social security charges	16,617	15,304
Post-employment benefits	5,702	4,798
Previous years payroll costs adjustments	(132)	0
Other costs	949	1,045
TOTAL PAYROLL COSTS	**84,554**	**76,990**

The increase of 7.6 million euros compared to the comparative period is related to the higher average headcount of the Company (+79.9 resources), consequently to the initiatives to improve passenger assistance levels and to the hiring linked to the implementation of the Development Plan under the Planning Agreement.

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

AVERAGE HEADCOUNT	2016	2015	CHANGE
Managers	47.8	44.3	3.5
Administrative staff	193.4	178.5	14.9
White-collar	728.7	683.7	45
Blue-collar	257.1	240.6	16.5
TOTAL AVERAGE HEADCOUNT	**1,227.0**	**1,147.1**	**79.9**

6.5 Other operating costs

The other operating costs equal -6,402 thousand euros (1,652 thousand euros in 2015). The details are reported in the table below.

(THOUSANDS OF EUROS)	2016	2015
Concession fees	34,712	33,599
Expenses for leased assets	3,300	3,458
Allocation to (use of) the provisions for renovation of airport infrastructure	(57,437)	(65,620)
Allocations to allowances for risks and charges	3,675	20,602
Other costs:		
Allocations to provisions for doubtful accounts	1,816	1,621
Indirect taxes and levies	5,614	5,926
Other expenses	1,918	2,066
TOTAL OTHER OPERATING COSTS	**(6,402)**	**1,652**

Concession fees, equal to 34,712 thousand euros, increased by 1,113 thousand euros due mainly to the increase in traffic.

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

The Allocations to allowances for risks and charges are equal to 3,675 thousand euros compared to 20,602 thousand euros of the reference period; for more details reference is made to Note 5.14.

Provisions for doubtful accounts, equal to 1,816 thousand euros, reflect an updated assessment of the recoverability of the Company's trade receivables, up 195 million euros compared to the comparison period.

6.6 Financial income (expense)

The item financial incomes (expenses) equals -44,552 thousand euros (-32,453 thousand euros in 2015). The details are reported in the tables below.

Financial income

(THOUSANDS OF EUROS)	2016	2015
Interest income		
Interest on bank deposits and loans	110	434
Interest from subsidiary undertakings	14	95
Other income		
Interest on overdue current receivables	0	7
Interest from clients and others	374	7
Dividends from subsidiary undertakings	10,574	12,227
Other income	225	2,859
TOTAL FINANCIAL INCOME	**11,297**	**15,629**

Interest on bank deposits and loans, equal to 110 thousand euros, decreased by 324 thousand euros compared to December 31, 2015, due to, on the one side, the lower deposits and, on the other, the lower lending rates recognized by the counterparties on these deposits.

The Dividends from equity investment, attributed to the year when these are resolved according to international accounting standards, equaling 10,574 thousand euros, relate to:

- ADR Mobility S.r.l. for 4,000 thousand euros as per 2015 profit allocation approved by the General Meeting of March 10, 2016;
- ADR Security S.r.l. ("ADR Security") for 2,272 thousand euros as per 2015 profit allocation approved by the General Meeting of March 10, 2016;
- ADR Tel S.p.A. ("ADR Tel") for 2,007 thousand euros as per 2015 profit allocation approved by the General Meeting of March 9, 2016;
- Spea Engineering S.p.A. for 2,295 thousand euros as per 2015 profit allocation approved by the General Meeting of March 21, 2016.

The Other income item is equal to 225 thousand euros down compared to the 2,859 thousand euros in December 2015 since in the previous year this item included the capital gain deriving from the sale to Atlantia of the A4 bonds in the portfolio.

Financial expense

(THOUSANDS OF EUROS)	2016	2015
FINANCIAL EXPENSE FROM DISCOUNTING PROVISIONS FOR RENOVATION OF AIRPORT INFRASTRUCTURE	**3,556**	**2,808**
FINANCIAL INTEREST EXPENSE		
Interest on outstanding bonds	30,685	19,458
Interest on medium/long-term loans	5,331	24,544
Interest paid to subsidiary undertakings	5	15
Effects of applying the amortized cost method	3,135	1,178
Other financial interest expenses	5	9
	39,161	**45,204**
EXPENSE ON DERIVATIVES		
IRS differentials	5,440	0
Measurement charges	25,050	0
	30,490	**0**
OTHER EXPENSES		
Financial expense from discounting employee benefits	118	196
Devaluation of investments valued at cost	7,556	0
	7,674	**196**
TOTAL FINANCIAL EXPENSE	**80,881**	**48,208**

The Financial expense from discounting provisions for renovation of airport infrastructure, equal to 3,556 thousand euros, includes the financial component for the discounting of the provision and rose by 748 thousand euros consequently to the change in the rate applied.

Interest on outstanding bonds amounts to 30,685 thousand euros (19,458 thousand euros in the comparative period) and refers to the EMTN bond loan issued in December 2013 and to the pertaining share on the bond loan in Sterling starting from the assumption date.

Interest on medium/long-term loans (5,331 thousand euros) decreased by 19,213 thousand euros due mainly to the cancellation of the loan to Romulus Finance occurred at the same time as the date of assumption of the bond loan in Sterling.

The expense from valuation of derivatives, equal to 25,050 thousand euros (0 thousand euros in 2015) reflects the change occurring from the date of assumption until December 31, 2016 in the fair value of the cross currency swap contracts for the Euro/Sterling exchange rate component hedging the A4 bonds issued in pound sterling (shown in Note 5.15). As a matter of fact, the devaluation of the pound sterling against the euro in the period stated above led to a negative change in the fair value of the derivative, which balanced the accounting of an exchange rate profit (on this point see the subsequent Foreign exchange gains/loss table).

Other expenses rose compared to the comparative period due to the devaluation of the equity investments in Pavimental S.p.A. (7,206 thousand euros) and S.A.CAL. S.p.A. (350 thousand euros).

Foreign exchange gains (losses)

(THOUSANDS OF EUROS)	2016	2015
Foreign exchange gains	25,099	136
Foreign exchange losses	(67)	(10)
TOTAL FOREIGN EXCHANGE GAINS (LOSSES)	**25,032**	**126**

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

6.7 Income taxes

The income taxes equal 113,697 thousand euros (81,518 thousand euros in 2015). The item is analyzed in the table below.

(THOUSANDS OF EUROS)	2016	2015
CURRENT TAXES		
IRES	74,049	59,674
IRAP	18,064	11,494
	92,113	71,168
DIFFERENCES ON CURRENT TAXES OF PREVIOUS YEARS		
Income taxes of previous years	(152)	(2,711)
	(152)	(2,711)
DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets	16,199	9,902
Deferred tax liabilities	5,537	3,159
	21,736	13,061
TOTAL INCOME TAXES	**113,697**	**81,518**

With reference to IRES, please note that on May 20, 2014 ADR, together with the companies of the Group, ADR Tel, ADR Assistance, ADR Mobility and ADR Security, communicated to the consolidating company Atlantia the desire of exercising the group taxation option, pursuant art. 117 of TUIR, for the three-year period 2014-2016.

The Income taxes of previous years are positive for 152 thousand euros, compared to a balance of +2,711 thousand euros in 2015, which included 1,139 thousand euros of income deriving from the payment arranged by the Revenue Agency against the application submitted by ADR as the consolidating company for the tax period 2004, 2005 and 2006, after the recognition of the one-off deductibility of 10% of IRAP from the IRES taxable amount.

Deferred tax assets and liabilities were determined on the basis of the tax rates that are expected to be applied when these differences will be reversed, in consideration of the 3.5% decrease in the IRES rate, starting from the year 2017, in accordance with the Stability law 2016.

The incidence of the taxes for the year on the pre-tax result equals 22.5% (27.6% in 2015). The analysis of the difference between the theoretical and the actual tax rate for IRES is reported below:

(THOUSANDS OF EUROS)		2016		2015
	TAXABLE AMOUNT	TAX	TAXABLE AMOUNT	TAX
NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	**329,439**		**216,074**	
THEORETICAL RATE		**27.5%**		**27.5%**
Theoretical IRES		**90,596**		**59,420**
Permanent differences	4,854	1,335	(5,891)	(1,620)
Temporary differences	(65,023)	(17,882)	6,814	1,874
Actual IRES		**74,049**		**59,674**
EFFECTIVE RATE		**22.5%**		**27.6%**

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

The Class A4 Notes bond in pound sterling issued originally in 2003 by the securitization special-purpose company Romulus Finance, subsequently replaced – through an "issuer substitution" operation – by ADR is guaranteed, as of December 31, 2016, by a lien (via a so-called Deed of Assignment under British law) on the receivables that may derive from cross currency swap contracts hedging Class A4 Notes. This guarantee in favor of the creditors of the bond in pound sterling would be enforced only if the fair value of the cross currency swap contracts had a positive value (as of December 31, 2016 this value is negative for 138.5 million euros) and for an overall value up to 96.5 million euros.

The mentioned guarantee is the only one surviving the complex Security Package established in 2003 by ADR with regard to the securitization of the bank debt. Indeed, with the "issuer substitution" operation of March 2016, implemented in the form of notation, ADR actually became the direct debtor towards the A4 shareholders in place of the securitization special-purpose company Romulus Finance. As a consequence, the loan agreement between Romulus Finance and ADR – aimed at providing the vehicle Romulus with the funds needed to serve its debt to the shareholders – was terminated, and all the related guarantees were cancelled with it, together with the complex system of constraints and obligations (i.e. the Security Package) regarding ADR since 2003, in relation to the securitization structure.

In particular, in March 2016, Romulus Finance and ADR concluded, with the consent of all the Romulus creditors, an agreement by virtue of which ADR would acquire, pursuant to article 1273 of the Italian Civil Code, all the assets and liabilities that the Special Purpose Vehicle Romulus Finance now holds towards: (i) the A4 noteholders, (ii) the hedge counterparties of the cross currency swap and (iii) the other counterparties of the securitization (i.e. notes for Trustees, Agents, etc.). This agreement, effective on March 20, 2016, is structured as follows:

- an Issuer Substitution through which ADR has assumed the payables and all the payment obligations regarding the Class A4 notes directly towards the A4 noteholders;
- a novation of the Cross Currency Swap in place aimed exclusively, given the same other conditions, at replacing Romulus Finance with ADR as the swap counterparty in the current agreements;
- the cancellation by offsetting the residual A4 loan not yet repaid, between Romulus Finance and ADR consequently to the provisions above.

In particular, as a consequence of the entire redemption of the A4 loan between Romulus Finance (as loaner) and ADR (as borrower), the entire Security Package was redeemed. The Security Package was established in 2003 by ADR on its assets (current accounts, instruments, receivables and investments in subsidiary undertakings) supporting the A4 loan. The redemption of the Security Package entailed, pursuant to the contractual conditions currently in effect, the termination of the Intercreditor Agreement and with it, of the entire contractual structure (and relevant constraints) tied to the Romulus securitization, so as to allow for the complete independence of the various ADR loans.

With this operation, which includes also an agreement between the parties for the cancellation of the "Account Bank Agreement", any residual interference of the Romulus securitization structure of 2003 on the existing financial contractual structure and on the agreements to be executed in the future, was definitively eliminated.

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

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

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

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

The documentation of the EMTN Program, updated on April 28, 2016, after the debt assumption operation described above, in line with market practice for "investment grade" issuers, does not envisage limitations to the charge of ADR nor the observance of financial covenants or obligations to perform/not perform (except for a negative pledging commitment, typical of the contractual documentation of a non-banking issuer), in line with market practice for investment grade issuers.

8. Other guarantees, commitments and risks

8.1 Guarantees

As of December 31, 2016 ADR has guarantees issued as part of the loan agreements mentioned in Note 7. Sureties were not issued to clients and third parties (0.2 million euros as of December 31, 2015).

8.2 Commitments

The commitments on purchases of ADR amount to 59.4 million euros regarding investment activities.

8.3 Management of financial risks

Credit risk

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

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

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

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

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

The greatest credit risk is the receivables arising from its transactions with customers. The risk of customers 'default is dealt with by making provisions in a specific allowance for doubtful accounts, whose balance is reviewed from time to time. ADR's policy in this respect involves the making of

provisions for each position, depending on the age of the receivable, the creditworthiness of the individual customer, the progress in the receivable management and collection process.

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

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

Liquidity risk

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

As of December 31, 2016 ADR had a liquidity reserve estimated at 646.6 million euros, comprising:

- 66.6 million euros refer to cash and cash equivalents
- 580.0 million euros of unused credit facilities (for more details see Note 5.15).

The tables below represent the payments that are contractually due in relation to the financial liabilities, including interest payments.

12.31.2016

(THOUSANDS OF EUROS)	TOTAL CONTRACTUAL FLOWS	WITHIN THE YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 5 YEARS	MORE THAN 5 YEARS
Bonds	(1,031,388)	(33,068)	(33,163)	(698,101)	(267,056)
Medium/long-term loans	(70,502)	(112)	(126)	(70,264)	0
Derivatives with positive fair value	9,063	0	0	(1,536)	10,599
Derivatives with negative fair value	(141,023)	(9,660)	(12,045)	(33,443)	(85,875)
TOTAL	**(1,233,850)**	**(42,840)**	**(45,334)**	**(803,344)**	**(342,332)**

12.31.2015

(THOUSANDS OF EUROS)	TOTAL CONTRACTUAL FLOWS	WITHIN THE YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 5 YEARS	MORE THAN 5 YEARS
Bonds	(715,611)	(19,595)	(19,405)	(58,542)	(618,069)
Medium/long-term loans	(474,036)	(20,743)	(20,801)	(62,461)	(370,031)
Derivatives with positive fair value	0	0	0	0	0
Derivatives with negative fair value	(6,782)	(1,839)	(3,516)	(6,256)	4,829
TOTAL	**(1,196,429)**	**(42,177)**	**(43,722)**	**(127,259)**	**(983,271)**

Interest rate and exchange rate risk

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

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

As of December 31, 2016 ADR has:

- cross currency swap derivatives to cover the A4 bonds; Tranche A4 of the bonds originally issued by Romulus Finance, equal to 215 million pound sterling, was covered, for the entire duration (until expiration in 2023) by a cross currency swap in euro. The characteristics of this derivative instrument are described in Note 5.15;
- forward starting interest rate swap derivative contracts signed (i) on June 15, 2015 with a total notional capital of 250 million euros, effective from February 9, 2017, following the negotiated restructuring with the counterparties of June 20, 2016, for a duration of 10 years, (ii) on February 25, 2016 for a total notional value of 50 million euros, effective starting from April 20, 2017 for a duration of 9 years, (iii) on October 18, 2016 for a total notional value of 300 million euros, effective starting from June 20, 2020 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 5.4 and Note 5.15.

ADR does not have any other transaction in foreign currency in place.

Sensitivity analysis

RATE RISK EXPOSURE AND SENSITIVITY ANALYSIS	FAIR VALUE MEASUREMENT		INTEREST RATE RISK				EXCHANGE RATE RISK			
	12.31.2016	12.31.2015	*SHOCK UP +10 BPS IR*		*SHOCK DOWN -10 BPS IR*		*SHOCK UP +10% FX*		*SHOCK DOWN -10% FX*	
			12.31.2016	12.31.2015	12.31.2016	12.31.2015	12.31.2016	12.31.2015	12.31.2016	12.31.2015
Non derivative financial liabilities (cash flow sensitivity)	(1,043,225)	(1,098,082)	0	0	0	0	(25,112)	0	25,112	0
Derivative instruments with positive fair value treated in hedge accounting	7,822	0	2,718	0	(2,765)	0	0	0	0	0
Derivative instruments with negative fair value treated in hedge accounting	(159,670)	(7,036)	3,671	2,375	(3,708)	(2,403)	25,112	0	(25,112)	0
Derivative instruments not treated in hedge accounting	0	0	0	0	0	0	0	0	0	0
TOTAL	**(1,195,073)**	**(1,105,118)**	**6,389**	**2,375**	**(6,473)**	**(2,403)**	**0**	**0**	**0**	**0**

The main sources of exposure of ADR to the interest rate and exchange rate risk are related to the bonds and the existing derivative instruments. In particular, the potential impacts on the income statement and the balance sheet for the year 2016 (2015 for the comparison) related to the rate risks are:

- potential change of the financial expense and differentials regarding the derivative instruments in place;
- the potential change of the fair value of the derivative instruments in place.

ADR has estimated the potential consolidated impacts produced by a shock of the interest rates and exchange rates, by using internal assessment models based on generally accepted logics. Hypothesized in particular were:

- for the derivative loans, a parallel change of +10 basis points (+0.1%) and -10 basis points (-0.1%) of the term rate curve;
- for the bonds issued in foreign currency and the relative derivative financial instruments, a change in the EUR/GBP exchange rate of +/- 10%.

The effects highlighted in the table in particular report the change, compared to the base scenario, in the hypotheses of Shock Up and Shock Down in the different market data.

Supplementing the information shown in the table above, it is specified that the impact deriving from the exchange rate risk on the cash flow hedge reserve to the shareholders' equity would be a reduction of 7.9 million euros in case of shock down and an increase of 6.5 million euros in case of shock up.

8.4 Information on fair value measurements

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

				12.31.2016
(THOUSANDS OF EUROS)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Derivatives with positive fair value	0	7,822	0	7,822
Derivatives with negative fair value	0	(159,670)	0	(159,670)
TOTAL HEDGING DERIVATIVES	**0**	**(151,848)**	**0**	**(151,848)**

The only financial instruments of the Company valued at fair value are the derivative instruments described in Note 5.4 and Note 5.15. These derivative instruments are included in "level 2" of the "fair value hierarchy" defined by IFRS 7, with the fair value measured on the basis of the valuation techniques that refer to the parameters that can be observed in the market, other than the price of the financial instrument.

During 2016 no transfer took place between the various fair value hierarchy levels.

With reference to the financial liabilities, for which note 5.15 indicates the fair value, this fair value, calculated according to the techniques stated in the above mentioned notes, is included in level 2 of the "fair value hierarchy" defined by IFRS 7.

8.5 Litigation

Administrative, civil and labor litigation is followed by the Company through its internal legal department which has provided, for the preparation of these Financial Statements, a complete and exhaustive breakdown of the different civil, administrative and arbitration proceedings outstanding as of that date. As regards litigation as a whole, the Company carried out a valuation of the risk of negative outcomes leading to the creation of a specific allowance under "Allowances for risks and charges" to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. The disputes for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions in accordance with the principles and procedures governing the preparation of financial statements. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

For a description of the significant disputes involving ADR, reference is made to the consolidated financial statements.

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

9. Transactions with related parties

The transactions of ADR with related parties are performed in the interest of the Company and are part of the ordinary management. Such transactions are regulated on a basis that is equivalent to those prevailing in transactions between independent parties.

During the six-month period no significant transactions or transactions that significantly affected the Company's financial position or results took place. The transactions of ADR with related parties are performed in the interest of the Company and are part of the ordinary management. Such transactions are regulated on a basis that is equivalent to those prevailing in transactions between independent parties.

In 2016 no significant transactions or transactions that significantly affected the Company's financial position or results took place.

Trade transactions and other transactions

(THOUSANDS OF EUROS)	12.31.2016		2016		12.31.2015		2015	
	ASSETS	LIABILITIES	REVENUES / INCOME	COSTS / EXPENSE	ASSETS	LIABILITIES	REVENUES / INCOME	COSTS / EXPENSE
PARENT COMPANIES								
Atlantia	7,301	16,257	66	(1,105)	11,016	18,219	89	(1,028)
TOTAL RELATIONS WITH PARENT COMPANIES	7,301	16,257	66	(1,105)	11,016	18,219	89	(1,028)
SUBSIDIARY UNDERTAKINGS								
ADR Assistance S.r.l.	810	2,874	1,767	(17,527)	912	2,757	1,959	(16,793)
ADR Tel S.p.A.	359	13,459	1,201	(24,946)	394	7,096	1,199	(18,647)
ADR Mobility S.r.l.	2,943	189	21,752	(1,287)	2,210	8	21,167	(1,151)
ADR Security S.r.l.	733	9,801	2,614	(49,820)	1,063	13,665	2,735	(46,041)
Airport Cleaning S.r.l.	1,819	5,222	3,657	(26,078)	1,343	4,956	3,477	(24,770)
TOTAL RELATIONS WITH SUBSIDIARY UNDERTAKINGS	6,664	31,545	30,991	(119,658)	5,922	28,482	30,537	(107,402)
ASSOCIATED UNDERTAKINGS								
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	482	968	0	0	482	968	0	0
Pavimental S.p.A.	607	21,125	621	(28,931)	199	14,632	199	(73,844)
Spea Engineering S.p.A.	104	39,953	477	(38,177)	185	33,449	783	(37,766)
TOTAL RELATIONS WITH ASSOCIATED UNDERTAKINGS	1,193	62,046	1,098	(67,108)	866	49,049	982	(111,610)
RELATED PARTIES								
Romulus Finance S.r.l.	0	0	0	0	0	0	0	(4,203)
Leonardo Energia S.c.ar.l.	153	2,853	259	(18,561)	237	3,375	354	(20,057)
Fiumicino Energia S.r.l.	35	0	170	0	68	0	169	0
Infoblu S.p.A.	0	26	0	(38)	0	26	0	(26)
Autostrade per l'Italia S.p.A.	382	676	505	(677)	192	99	191	(101)
Autogrill S.p.A.	1,069	55	12,128	(296)	1,528	40	10,322	(235)
Azzurra Aeroporti S.r.l.	160	0	160	0	0	0	0	0
Autostrade Tech S.p.A.	0	103	0	(72)	0	135	0	(131)
Edizione S.r.l.	0	22	0	(22)	0	0	0	0
Consorzio Autostrade Italiane Energia	0	0	0	(23)	0	0	0	(17)
Essediesse S.p.A.	0	0	0	0	0	0	0	(32)
KEY MANAGEMENT PERSONNEL	0	3,016	0	(4,627)	0	4,253	0	(6,958)
TOTAL RELATIONS WITH RELATED PARTIES	1,799	6,751	13,222	(24,316)	2,025	7,928	11,036	(31,760)
TOTAL	**16,957**	**116,599**	**45,377**	**(212,187)**	**19,829**	**103,678**	**42,644**	**(251,800)**

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

Transactions carried out by ADR with subsidiary undertakings in 2016 refer primarily to the supply of goods and the provision of trade services.

The revenues of ADR Assistance, generated exclusively from relations with ADR, refer to the provision of assistance services to passengers with reduced mobility; ADR charged the company royalties, utilities, administrative services, etc.

ADR Tel posted revenues from telephony and IT services provided to ADR and carried out upgrading works on the telephone network; ADR's charges to the company refer to royalties and rentals on the lease of telecommunications assets and premises, and for utilities and staff services.

ADR's revenues from ADR Mobility mainly relate to the royalties on the areas and buildings used as car parks as well as utilities, administrative and general services, etc.

ADR Security's revenues from ADR concern airport security services and on demand services at Fiumicino and Ciampino airports; ADR charged the company royalties, utilities, administrative and general services, etc.

Airport Cleaning posted revenues from cleaning services provided to ADR; ADR charged the company royalties, utilities, administrative and general services, etc.

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

- Pavimental S.p.A.: A company owned by Atlantia, it carries out maintenance and modernization work of the airport paving for ADR;
- Spea Engineering S.p.A.: A company owned by Atlantia, carries out airport engineering services (work design and management) for ADR;
- Fiumicino Energia S.r.l.: A subsidiary undertaking of Atlantia that manages the gas-fired co-generation plant at Fiumicino airport for the production of electricity. Via a business unit lease contract, operation of the co-generation plant was entrusted to Leonardo Energia - Società consortile a r.l., which is owned by ADR and Fiumicino Energia S.r.l., with respective shareholdings of 10% and 90%. Based on the agreements existing between ADR and Fiumicino Energia in 2023 the co-generation plant will be transferred free of charge to ADR. The limited liability consortium, which also operates the thermal energy plant at Fiumicino, under a sub-concession from ADR, provides electric and thermal energy to ADR;
- Autogrill S.p.A. (indirect subsidiary undertaking of Edizione S.r.l. which, indirectly, holds a sufficient interest in Atlantia): ADR posted revenues from the sub-concession of spaces, royalties, utilities, car parks and sundry services; the company provided ADR with the canteen replacement service.

The remuneration due to the parties in charge of planning, managing and controlling the company and thus the executive directors and not and the managers with strategic responsibilities (so-called key management personnel) in office at December 31, 2016 amount to 4,627 thousand euros and include the amount pertaining to remuneration (the remuneration is indicated regarding the directors that in the year covered the position, also for a portion of the year), employment compensation, non-monetary benefits, bonuses and other incentives for assignments at ADR.

Financial relations

(THOUSANDS OF EUROS)	12.31.2016		2016		12.31.2015		2015	
	ASSETS	LIABILITIES	INCOME	EXPENSE	ASSETS	LIABILITIES	INCOME	EXPENSE
PARENT COMPANIES								
Atlantia	0	251,566	0	(14,333)	0	0	0	0
TOTAL RELATIONS WITH PARENT COMPANIES	0	251,566	0	(14,333)	0	0	0	0
SUBSIDIARY UNDERTAKINGS								
ADR Assistance S.r.l.	0	109	2	0	0	994	2,508	(3)
ADR Tel S.p.A	0	3,088	2,007	(1)	0	949	2,106	(4)
ADR Security S.r.l.	0	3,303	2,284	(1)	0	5	4,096	0
ADR Mobility S.r.l.	0	4,454	4,000	(2)	0	4,418	3,600	(7)
Airport Cleaning S.r.l.	0	2,321	0	(1)	0	966	5	(1)
TOTAL RELATIONS WITH SUBSIDIARY UNDERTAKINGS	0	13,275	8,293	(5)	0	7,332	12,315	(15)
RELATED COMPANIES								
Spea Engineering S.p.A.	0	0	2,295	0	0	0	9	0
Romulus Finance	0	0	0	(4,565)	0	327,846	0	(21,950)
TOTAL RELATIONS WITH RELATED PARTIES	0	0	2,295	(4,565)	0	327,846	9	(21,950)
TOTAL	**0**	**264,841**	**10,588**	**(18,903)**	**0**	**335,178**	**12,324**	**(21,965)**

Financial relations with the subsidiary undertakings ADR Tel, ADR Assistance, Security and ADR Mobility and Airport Cleaning regard the use of the centralized treasury system, which is conducted on an arm's length basis. The system has been put into place in order to optimize the management of financial resources and facilitate the settlement of inter-company trading relations. The balance of the item financial income includes the dividends paid by the subsidiary undertakings (ADR Tel, ADR Assistance, ADR Security and ADR Mobility) for a total of 13,275 thousand euros.

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

10. Other information

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

The Public Prosecutor of Civitavecchia opened two criminal proceedings in relation to the fire that, on the night between May 6 and 7, 2015 concerned a large area of Terminal 3 (hereafter also "T3"):

- the first proceeding regards the offences under articles 113 and 449 of the criminal code (participation in arson), in relation to which, on November 25, 2015, the proceeding under art. 415 bis of the Criminal Procedure Code was issued, notifying the conclusion of the preliminary investigation against: (i) five employees from the contractor of the ordinary maintenance of the air-conditioning systems and two ADR employees, all investigated also with regard to the offence under art. 590 of the criminal code (personal injury through negligence), (ii) the then Managing Director of ADR in the capacity as "employer" of the Company, (iii) the Head of the Fire Corps Contingent and (iv) the Director of the Lazio Airport System (ENAC); this case is pending before the Public Prosecutor at the Court of Civitavecchia;
- the second crime-related proceeding concerns the safety in the workplace violations under Italian Legislative Decree 81/2008 that the then Managing Director of ADR is charged with, in his capacity as employer of the company, and two managers of the ADR Group with the same role and function in the two subsidiary undertakings (ADR Security and Airport Cleaning), for which the investigated subjects were all admitted to pay fines. Having complied with all the set provisions, the conditions were met to declare the contested charges settled.

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

The hearing focused on the assessments regarding the civil actions, currently limited to some commercial sub-concessionaires, in addition to 3 of the 4 individuals concerned by injury through negligence from smoke poisoning, aimed at obtaining compensation for damages suffered consequently to the offence. The hearing is set to continue on May 18, 2017.

At the end of 2016 negotiations were started with the insurers for the settlement of the consequences of the accident. It is currently hypothesized that an agreement may be reached by the first quarter of 2017.

For an analysis of the accounting treatment in these Statutory financial statements as of December 31, 2016, reference is made to the following explanatory notes: Note 5.9 Other current assets, Note 5.14 Other allowances for risks and charges, Note 6.1 Revenues and Note 8.5 Litigation.

10.2 Information on remuneration plans based on shares

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

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

The table below shows the chief elements of the incentive plans as of December 31, 2016, highlighting the rights attributed to directors and employees of ADR. In addition, the unitary fair values of the assigned rights are shown, determined by a purposefully entrusted expert, using the Monte Carlo model and the parameters shown below.

	NO. OF RIGHTS ASSIGNED	NO. OF RIGHTS REVOKED	NO. OF RIGHTS AT 12.31.2016	VESTING EXPIRY	EX. EXP./ ASSIGN.	EXERCISE PRICE (EURO)	UNIT FAIR VALUE ON THE ASSIGN. DATE	REV. UNIT FAIR VALUE AT 12.31.2016	EXPECTED EXPIRY ON THE ASSIGN. DATE (YEARS)	RISK-FREE INTEREST RATE	EXP. VOLATILITY (=HISTORICAL)	DIVIDENDS EXPECTED ON THE ASSIGN. DATE
Stock option plans 2011 of Atlantia extended to ADR	494,903	(173,170)	321,733	11.8.2016	11.9.2019	16.02	2.65	-	6	0.86%	29.5%	5.62%
Stock grant plans 2011 of Atlantia extended to ADR	62,880	(20,250)	42,630	11.8.2016	11.9.2018	na	11.87	-	4-5	0.69%	28.5%	5.62%
Phantom stock option plans 2014 of Atlantia extended to ADR	766,032	(255,618)	510,414	5.9.2017	5.9.2020	na	2.44	4.39	3-6	1.10%	28.9%	5.47%
Phantom stock option plans 2014 of Atlantia extended to ADR	758,751	(240,271)	518,480	5.8.2018	5.8.2021	na	2.03	1.99	3-6	1.01%	25.8%	5.32%
Phantom stock option plans 2014 of Atlantia extended to ADR	591,618	0	591,618	6.10.2019	6.10.2022	na	1.89	1.99	3-6	0.61%	25.3%	4.94%

10.3 Remuneration of independent auditors

In accordance with art. 149-12 of the Issuers' Regulations, which apply to ADR as it is a company controlled by a listed company (Atlantia S.p.A.), a breakdown of the fees paid to the ADR Group's principal independent auditors is shown in the table below (€/000):

TYPE OF SERVICE	SERVICE PROVIDER	RECIPIENT	REMUNERATION 2016
Auditing	EY S.p.A.	ADR	212
Certification services	EY S.p.A.	ADR	75
Other Services (*)	EY S.p.A.	ADR	92
Other Services (**)	Ernst & Young Financial Business Advisory S.p.A.	ADR	271
Other Services (**)	Studio Legale Tributario (EY)	ADR	131
TOTAL			**781**

(*) Comfort letter on the issue of the bond loan, Subscription of Income Tax Return and 770 forms

(**) Support to the London City project and EMIR regulatory conformity.

10.4 Events and non-recurring, atypical or unusual transactions

During 2016, no non-recurring, atypical or unusual transactions were performed with third parties.

No significant non-recurrent events occurred in 2016. With reference to the significant non-recurrent event occurred in the year (the fire at T3 of May 2015) reference is made to Note 10.1 for an update.

11. Subsequent events

For a description of the Subsequent events after the end of the year reference is made to the Consolidated Financial Statements.

The Board of Directors

REPORT OF THE INDEPENDENT AUDITORS

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Independent auditor's report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

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

Report on the financial statements

We have audited the accompanying financial statements of Aeroporti di Roma S.p.A., which comprise the balance sheet as at 31 December 2016, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors of Aeroporti di Roma S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Aeroporti di Roma S.p.A. as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Other matter

As required by the law, the explanatory notes include the condensed financial information of the entity that exercises management and coordination over the Company. Such financial information has not been audited by us.

Report on other legal and regulatory requirements

Opinion on the consistency of the Management Report on Operations with the financial statements

We have performed the procedures required under audit standard (ISA Italia) n. 720B in order to express an opinion, as required by the law, on the consistency of the Management Report on Operations with the financial statements. The Directors of Aeroporti di Roma S.p.A. are responsible for the preparation of the Management Report on Operations in accordance with the applicable laws and regulations. In our opinion, the Management Report on Operations is consistent with the financial statements of Aeroporti di Roma S.p.A. as at 31 December 2016.

Rome, 29 March 2017

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

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

REPORT OF THE BOARD **OF STATUTORY AUDITORS**

Report of the Board of Statutory Auditors to the Ordinary General Meeting of the Shareholders of Aeroporti di Roma S.p.A., pursuant to art. 2429 of the Italian Civil Code

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

During the year ended December 31, 2016 our activity was based on the legal provisions and the regulations for statutory auditors issued by the Italian Accounting Profession.

Supervisory Activity

We verified compliance with the law, the articles of association and the principles of good governance.

We took part in the Shareholders' Meetings and the meetings of the Board of Directors, in relation to which, based on the information available, we did not find any violation of the law and the articles of association, nor transactions that were manifestly imprudent, risky or such to compromise the value of the Company's assets. The Board of Statutory Auditors is aware that any conflict of interest was declared pursuant to the law.

We acquired information from the Directors and the Governing Bodies as regards the general operating performance and the business outlook as well as on the most significant transactions in terms of size or characteristics, carried out by the Company and, based on the information acquired, we have no particular remarks to make.

We met with the auditor in charge of the statutory auditing, and no relevant information or data emerged that must be highlighted in this report.

We met with the Internal Audit Manager, and no relevant information or data emerged that must be highlighted in this report.

We met with the Supervisory Body, and no issues emerged as regards the correct implementation of the organizational model that must be highlighted in this report.

We gathered information on and supervised, within our competence, the adequacy of the organizational structure of the Company, also through the acquisition of information from the heads of the departments, and have no remarks to report on this point.

We gathered information on and supervised, within our competence, the adequacy and operation of the administration-accounting system as well as its reliability to fairly represent the operations; this was done by obtaining information from the heads of the departments and the auditor in charge of the statutory auditing, and examining the corporate documentation, and have no special remark to make on this point.

No reports were made pursuant to art. 2408 of the Italian Civil Code.

In compliance with the provisions of art. 13 of Italian Legislative Decree 39/2010, on March 21, 2016, we gave our favorable opinion regarding the approval by the Shareholders of the exceptional integration of the remuneration of the auditing firm Ernst & Young.

Moreover, on June 16, 2016, pursuant to art. 2389, paragraph 3 of the Italian Civil Code, we expressed an opinion in relation to the remuneration of the Chairman and the Managing Director.

During the supervisory activity, as described above, no significant events emerged that are such to require mention in this report.

Consolidated Financial Statements and Separate Financial Statements

We examined the draft consolidated financial statements and the draft separate financial statements for the year ended December 31, 2016, which were made available to us according to art. 2429 of the Italian Civil Code, with regard to which we report the following points.

On March 29, 2017 the independent auditors Ernst & Young issued the reports pursuant to articles 14 and 16 of Italian Legislative Decree 39/2010. These state that the consolidated financial statements and the financial statements for the year ended December 31, 2016 comply with the International Financial Reporting Standards adopted by the European Union and with the measures issued to implement art. 9 of Italian Legislative Decree no. 38/2005, and that were drawn up clearly and present a true and fair view of the financial position, the results of operation and the cash flows of Aeroporti di Roma S.p.A. for the year ended on this date.

The Board of Statutory Auditors points out that, pursuant to Italian Legislative Decree 38/2005, it has drawn up the consolidated financial statements and the separate financial statements in compliance with the International Financial Reporting Standards. For comparative purposes, the consolidated financial statements and the separate financial statements present the data corresponding to the previous year.

As we are not responsible for the statutory audit of the financial statements, we verified their general layout, their overall compliance with the laws relating to form and content and have no particular observations to make in this regard.

We verified the compliance with the legal provisions regarding the preparation of the management report on operations and acknowledged that the Independent Auditors carried out the procedures indicated in auditing standard (ISA Italia) no. 720 B and expressed, as required by law, an opinion of consistency of the management reports on operations with the consolidated financial statements and the separate financial statements for the year ended December 31, 2016.

Finally, we state that the notes to the financial statements and the management report on operations illustrate in detail the risk linked to the evolution of the Alitalia situation and the impact, including potential, on the financial position, the results of operation and the cash flows of the Company.

It must also be pointed out that, until today, the commitments undertaken by Alitalia towards A.d.R, following the moratorium on the payment terms, have been honored as agreed. The Board constantly monitors the situation, receiving suitable information by the administration body, also in order to inform the Meeting about the developments subsequently to the date of this report.

Conclusions

Dear Shareholders,

also considering the results of the activity performed by the auditor in charge of the statutory auditing contained in the audit report of the Financial Statements, the Board proposes to the meeting to approve the financial statements for the year ended December 31, 2016 as prepared by the Directors.

For the Board of Statutory Auditors, the Chairman

Mr. Giampiero Riccardi

Rome, March 29, 2017

ANNEXES

Annex 1 - Condensed financial statements of Atlantia S.p.A. for the year ended December 31, 2015

From August 2, 2007, ADR qualifies as a company "managed and coordinated" by Gemina. As a result of the merger via incorporation of Gemina in Atlantia, with effect as from December 1, 2013, ADR is subject to the "management and co-ordination" of Atlantia.

Key data from the Financial statements of Atlantia as of December 31, 2015, the latest available financial statements, are shown in the table below:

Financial statements of Atlantia S.p.A. for the year ended December 31, 2015

BALANCE SHEET (thousands of euros)

ASSETS	12.31.2015
Non-current assets	15,922,879
Current assets	1,588,964
Total assets	**17,511,843**
SHAREHOLDERS' EQUITY AND LIABILITIES	
Shareholders' equity	9,708,330
of which share capital	*825,784*
Non-current liabilities	6,667,341
Current liabilities	1,136,172
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**17,511,843**

INCOME STATEMENT (thousands of euros)

	2015
Operating income	2,100
Operating costs	(32,449)
Operating income (EBIT)	**(30,349)**
Income (loss) for the year	**733,409**

Annex 2 - Financial and operational highlights of subsidiary and associated undertakings

Pursuant to art. 2429, paragraphs 3 and 4 of the Italian Civil Code, reported below are the main financial and operational data for the year 2016 approved by the Board of Directors of ADR's subsidiary and associated undertakings. These companies prepare their financial statements according to the Italian accounting standards.

ADR Assistance S.r.l.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2016	12.31.2015
Intangible fixed assets	417	591
Tangible fixed assets	1,809	834
A. - Fixed assets	**2,226**	**1,425**
Trade receivables	2,900	2,757
Other activities	1,422	1,546
Trade payables	(1,284)	(1,436)
Allowances for risks and charges	(80)	(29)
Other liabilities	(1,910)	(1,869)
B. – Working capital	**1,048**	**969**
C. – Invested capital, minus short-term liabilities (A+B)	**3,274**	**2,394**
D. - Employee severance indemnities	**8**	**4**
E. – Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**3,266**	**2,390**
financed by:		
Share capital	4,000	4,000
Reserves and retained earnings	577	166
Net income (loss) for the year	(136)	410
F. - Shareholders' equity	**4,441**	**4,576**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing (net cash and cash equivalents)	**(1,175)**	**(2,186)**
Short-term borrowing	0	0
Cash and current receivables	(1,175)	(2,186)
(G+H)	**(1,175)**	**(2,186)**
I. - Total as in "E" (F+G+H)	**3,266**	**2,390**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2016	2015*
A.- Revenues	**17,545**	**16,796**
B.- Revenues from ordinary activities	**17,545**	**16,796**
Cost of materials and external services	(3,489)	(3,660)
C.- Added value	**14,056**	**13,136**
Payroll costs	(13,355)	(12,149)
D.- Gross operating income	**701**	**987**
Amortization and depreciation	(536)	(395)
Allowances for risks and charges	(61)	(8)
Other income (expense), net	1	190
E.- Operating income	**105**	**774**
Financial income and expense	(3)	18
F.- Income (loss) before taxes	**102**	**792**
Current taxes for the year	(278)	(297)
Deferred tax assets (liabilities) for the year	40	(85)
	(238)	**(382)**
G. - Net income (loss) for the year	**(136)**	**410**

* The values reported differ from the schemes approved previously because of the reclassification of the extraordinary income and expense and the updated measurement of assets and liabilities (previously classified in other operating income and expenses) in the relevant reference ordinary items, in relation to the changes introduced by Italian Legislative Decree 139/2015 to the Italian Civil Code on financial statements.

ADR Tel S.p.A.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2016	12.31.2015
Intangible fixed assets	2,071	2,342
Tangible fixed assets	726	26
Non-current financial assets	3	3
A. - Fixed assets	**2,800**	**2,371**
Inventories	987	264
Trade receivables	15,014	8,526
Other activities	379	367
Trade payables	(13,846)	(9,899)
Allowances for risks and charges	0	0
Other liabilities	(1,985)	(1,074)
B. – Working capital	**549**	**(1,816)**
C. – Invested capital, minus short-term liabilities (A+B)	**3,349**	**555**
D. - Employee severance indemnities	**1,275**	**1,264**
E. – Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**2,074**	**(709)**
financed by:		
Share capital	600	600
Reserves and retained earnings	4,699	4,699
Net income (loss) for the year	2,385	2,027
F. - Shareholders’ equity	**7,684**	**7,326**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing (net cash and cash equivalents)	**(5,610)**	**(8,035)**
Short-term borrowing	0	0
Cash and current receivables	(5,610)	(8,035)
(G+H)	**(5,610)**	**(8,035)**
I. - Total as in “E” (F+G+H)	**2,074**	**(709)**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2016	2015*
A.- Revenues	**33,173**	**27,516**
Capitalized costs and expenses	110	138
B.- Revenues from ordinary activities	**33,283**	**27,655**
Cost of materials and external services	(24,489)	(19,512)
C.- Added value	**8,794**	**8,142**
Payroll costs	(4,810)	(4,162)
D.- Gross operating income	**3,984**	**3,980**
Amortization and depreciation	(847)	(1,070)
Other provisions	0	(36)
Allowances for risks and charges	0	0
Other income (expense), net	414	73
E.- Operating income	**3,551**	**2,947**
Financial income and expense	5	25
F.- Income (loss) before taxes	**3,556**	**2,972**
Current taxes for the year	(1,173)	(807)
Deferred tax assets (liabilities) for the year	2	(138)
	(1,171)	**(945)**
G. - Net income (loss) for the year	**2,385**	**2,027**

* The values reported differ from the schemes approved previously because of the reclassification of the extraordinary income and expense and the updated measurement of assets and liabilities (previously classified in other operating income and expenses) in the relevant reference ordinary items, in relation to the changes introduced by Italian Legislative Decree 139/2015 to the Italian Civil Code on financial statements.

ADR Security S.r.l.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2016	12.31.2015
Intangible fixed assets	3	11
Tangible fixed assets	0	0
A. - Fixed assets	**3**	**11**
Trade receivables	9,948	13,812
Other activities	722	1,378
Trade payables	(2,685)	(2,300)
Allowances for risks and charges	(5)	(44)
Other liabilities	(5,428)	(6,024)
B. – Working capital	**2,552**	**6,822**
C. – Invested capital, minus short-term liabilities (A+B)	**2,555**	**6,833**
D. - Employee severance indemnities	**3,715**	**3,968**
E. – Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**(1,160)**	**2,865**
financed by:		
Share capital	400	400
Reserves and retained earnings	293	293
Net income (loss) for the year	1,826	2,272
F. - Shareholders' equity	**2,519**	**2,965**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**(3,679)**	**(100)**
Short-term borrowing	0	0
Cash and current receivables	(3,679)	(100)
(G+H)	**(3,679)**	**(100)**
I. - Total as in "E" (F+G+H)	**(1,160)**	**2,865**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2016	2015*
A.- Revenues	**50,264**	**46,590**
B.- Revenues from ordinary activities	**50,264**	**46,590**
Cost of materials and external services	(9,121)	(8,021)
C.- Added value	**41,143**	**38,569**
Payroll costs	(38,048)	(34,748)
D.- Gross operating income	**3,095**	**3,821**
Amortization and depreciation	(9)	(10)
Allowances for risks and charges	(0)	(44)
Other income (expense), net	387	108
E.- Operating income	**3,473**	**3,875**
Financial income and expense	(11)	(80)
F.- Income (loss) before taxes	**3,462**	**3,795**
Current taxes for the year	(1,623)	(1,278)
Deferred tax assets (liabilities) for the year	(12)	(245)
	(1,635)	**(1,523)**
G. - Net income (loss) for the year	**1,827**	**2,272**

* The values reported differ from the schemes approved previously because of the reclassification of the extraordinary income and expense and the updated measurement of assets and liabilities (previously classified in other operating income and expenses) in the relevant reference ordinary items, in relation to the changes introduced by Italian Legislative Decree 139/2015 to the Italian Civil Code on financial statements.

ADR Mobility S.r.l.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2016	12.31.2015
Intangible fixed assets	5,992	4,698
Tangible fixed assets	3,878	4,003
Non-current financial assets	0	1
A. - Fixed assets	**9,870**	**8,702**
Trade receivables	4,020	3,784
Other activities	692	759
Trade payables	(4,493)	(6,375)
Allowances for risks and charges	(479)	(476)
Other liabilities	(1,008)	(800)
B. – Working capital	**(1,268)**	**(3,108)**
C. – Invested capital, minus short-term liabilities (A+B)	**8,602**	**5,594**
D. - Employee severance indemnities	**649**	**695**
E. – Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**7,953**	**4,899**
financed by:		
Share capital	1,500	1,500
Reserves and retained earnings	6,791	3,827
Net income (loss) for the year	6,824	6,964
F. - Shareholders' equity	**15,115**	**12,291**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**(7,162)**	**(7,392)**
.Short-term borrowing	0	0
.Cash and current receivables	(7,162)	(7,392)
(G+H)	**(7,162)**	**(7,392)**
I. - Total as in "E" (F+G+H)	**7,953**	**4,899**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2016	2015*
A.- Revenues	**39,333**	**38,243**
B.- Revenues from ordinary activities	**39,333**	**38,243**
Cost of materials and external services	(23,194)	(22,160)
C.- Added value	**16,139**	**16,083**
Payroll costs	(3,556)	(2,916)
D.- Gross operating income	**12,583**	**13,167**
Amortization and depreciation	(1,328)	(904)
Other provisions	(55)	(65)
Allowances for risks and charges	(3)	(240)
Other income (expense), net	(1,113)	(1,408)
E.- Operating income	**10,084**	**10,550**
Financial income and expense	3	9
F.- Income (loss) before taxes	**10,087**	**10,559**
Current taxes for the year	(3,216)	(3,492)
Deferred tax assets (liabilities) for the year	(47)	(103)
	(3,263)	**(3,595)**
G. - Net income (loss) for the year	**6,824**	**6,964**

* The values reported differ from the schemes approved previously because of the reclassification of the extraordinary income and expense and the updated measurement of assets and liabilities (previously classified in other operating income and expenses) in the relevant reference ordinary items, in relation to the changes introduced by Italian Legislative Decree 139/2015 to the Italian Civil Code on financial statements.

Airport Cleaning S.r.l.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2016	12.31.2015
Intangible fixed assets	5	7
Tangible fixed assets	149	149
A. - Fixed assets	**154**	**156**
Trade receivables	5,225	4,989
Other activities	917	604
Trade payables	(4,264)	(3,140)
Allowances for risks and charges	(165)	(6)
Other liabilities	(1,635)	(1,797)
B. – Working capital	**78**	**650**
C. – Invested capital, minus short-term liabilities (A+B)	**232**	**806**
D. - Employee severance indemnities	**17**	**1**
E. – Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**215**	**805**
financed by:		
Share capital	1,500	1,500
Reserves and retained earnings	1,192	220
Net income (loss) for the year	652	972
F. - Shareholders' equity	**3,344**	**2,692**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**(3,129)**	**(1,887)**
Short-term borrowing	0	0
Cash and current receivables	(3,129)	(1,887)
(G+H)	**(3,129)**	**(1,887)**
I. - Total as in "E" (F+G+H)	**215**	**805**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2016	2015*
A.- Revenues	**26,078**	**24,770**
B.- Revenues from ordinary activities	**26,078**	**24,770**
Cost of materials and external services	(10,296)	(10,270)
C.- Added value	**15,782**	**14,500**
Payroll costs	(14,374)	(12,682)
D.- Gross operating income	**1,408**	**1,818**
Amortization and depreciation	(23)	(15)
Allowances for risks and charges	(159)	0
Other income (expense), net	(20)	(371)
E.- Operating income	**1,206**	**1,432**
Financial income and expense	1	(4)
F.- Income (loss) before taxes	**1,207**	**1,428**
Current taxes for the year	(593)	(427)
Deferred tax assets (liabilities) for the year	38	(29)
	(555)	**(456)**
G. - Net income (loss) for the year	**652**	**972**

* The values reported differ from the schemes approved previously because of the reclassification of the extraordinary income and expense and the updated measurement of assets and liabilities (previously classified in other operating income and expenses) in the relevant reference ordinary items, in relation to the changes introduced by Italian Legislative Decree 139/2015 to the Italian Civil Code on financial statements.

ADR Sviluppo S.r.l. Unipersonale

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2016	12.31.2015
Intangible fixed assets	4	4
Non-current financial assets	6	6
A. - Fixed assets	**10**	**10**
Trade receivables	0	0
Other activities	1	1
B. – Working capital	**1**	**1**
C. – Invested capital, minus short-term liabilities (A+B)	**11**	**11**
D. - Employee severance indemnities	**0**	**0**
E. – Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**11**	**11**
financed by:		
Share capital	100	100
Reserves and retained earnings	33	15
Net income (loss) for the year	19	18
F. - Shareholders' equity	**152**	**133**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**(141)**	**(122)**
Short-term borrowing	0	0
Cash and current receivables	(141)	(122)
(G+H)	**(141)**	**(122)**
I. - Total as in "E" (F+G+H)	**11**	**11**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2016	2015
A.- Revenues	**0**	**0**
B.- Revenues from ordinary activities	**0**	**0**
Cost of materials and external services	(0)	(2)
C.- Added value	**(0)**	**(2)**
Payroll costs	0	0
D.- Gross operating income	**(0)**	**(2)**
Amortization and depreciation	0	0
Other provisions	0	0
Allowances for risks and charges	0	0
Other income (expense), net	(1)	(1)
E.- Operating income	**(1)**	**(3)**
Financial income and expense	20	21
F.- Income (loss) before taxes	**19**	**18**
Current taxes for the year	0	0
Deferred tax assets (liabilities) for the year	0	0
	0	**0**
G. - Net income (loss) for the year	**19**	**18**

Consorzio E.T.L. (in liquidation)

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2016	12.31.2015
Intangible fixed assets	0	0
Tangible fixed assets	0	0
Non-current financial assets	0	0
A. - Fixed assets	**0**	**0**
Trade receivables	0	0
Other activities	40	41
Trade payables	(34)	(54)
Other liabilities	0	0
B. – Working capital	**6**	**(13)**
C. – Invested capital, minus short-term liabilities (A+B)	**6**	**(13)**
D. - Employee severance indemnities	**0**	**0**
E. – Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**6**	**(13)**
financed by:		
Share capital	20	14
Reserves and retained earnings	0	0
Net income (loss) for the year	(14)	(19)
F. - Shareholders' equity	**6**	**(5)**
G. - Medium/long-term borrowing	**0**	**0**
H. - Short-term net borrowing	**0**	**0**
Short-term borrowing	0	0
Cash and current receivables	0	(8)
(G+H)	0	(8)
I. - Total as in "E" (F+G+H)	**6**	**(13)**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2016	2015
A.- Revenues	**0**	**0**
B.- Revenues from ordinary activities	**0**	**0**
Cost of materials and external services	(14)	(19)
C.- Added value	**(2)**	**(19)**
Payroll costs	0	0
D.- Gross operating income	**(14)**	**(19)**
Amortization and depreciation	0	0
Other provisions	0	0
Allowances for risks and charges	0	0
Other income (expense), net	0	(1)
E.- Operating income	**(14)**	**(20)**
Financial income and expense	1	1
F.- Income (loss) before taxes	**(13)**	**(19)**
Current taxes for the year	(1)	0
Deferred tax assets (liabilities) for the year	0	0
	0	**0**
G. - Net income (loss) for the year	**(14)**	**(19)**

Pavimental S.p.A.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2016	12.31.2015*
Intangible fixed assets	274	453
Tangible fixed assets	80,078	49,278
Non-current financial assets	5,392	5,397
A. - Fixed assets	**85,744**	**55,128**
Inventories	150,994	203,117
Trade receivables	53,921	62,493
Other activities	40,305	15,511
Trade payables	(145,393)	(160,661)
Allowances for risks and charges	(10,817)	(6,701)
Other liabilities	(12,715)	(13,447)
B. – Working capital	**76,294**	**100,312**
C. – Invested capital, minus short-term liabilities (A+B)	**162,038**	**155,440**
D. - Employee severance indemnities	**4,300**	**4,667**
E. – Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**157,738**	**150,773**
financed by:		
Share capital	10,116	10,116
Reserves and retained earnings	38,985	31,415
Net income (loss) for the year	(33,707)	7,806
F. - Shareholders' equity	**15,394**	**49,337**
G. - Medium/long-term borrowing	**25,093**	**5,136**
H. - Short-term net borrowing	**117,251**	**96,300**
Short-term borrowing	126,205	113,450
Cash and current receivables	(8,954)	(17,150)
(G+H)	**142,344**	**101,436**
I. - Total as in "E" (F+G+H)	**157,738**	**150,773**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2016	2015*
A.- Revenues	**362,027**	**524,391**
B.- Revenues from ordinary activities	**308,833**	**503,165**
Cost of materials and external services	(279,720)	(414,163)
Other costs	(2,943)	(2,633)
C.- Added value	**26,170**	**86,369**
Payroll costs	(56,187)	(60,657)
D.- Gross operating income	**(30,017)**	**25,712**
Amortization and depreciation	(8,546)	(8,730)
Other provisions	(112)	(491)
Allowances for risks and charges	(5,162)	(2,327)
E.- Operating income	**(43,837)**	**14,164**
Financial income and expense	(1,019)	(1,647)
Foreign exchange gains (losses)	71	(23)
Value adjustments of financial assets	(391)	0
F.- Income (loss) before taxes	**(45,176)**	**12,494**
Taxes	11,469	(4,688)
G. - Net income (loss) for the year	**(33,707)**	**7,806**

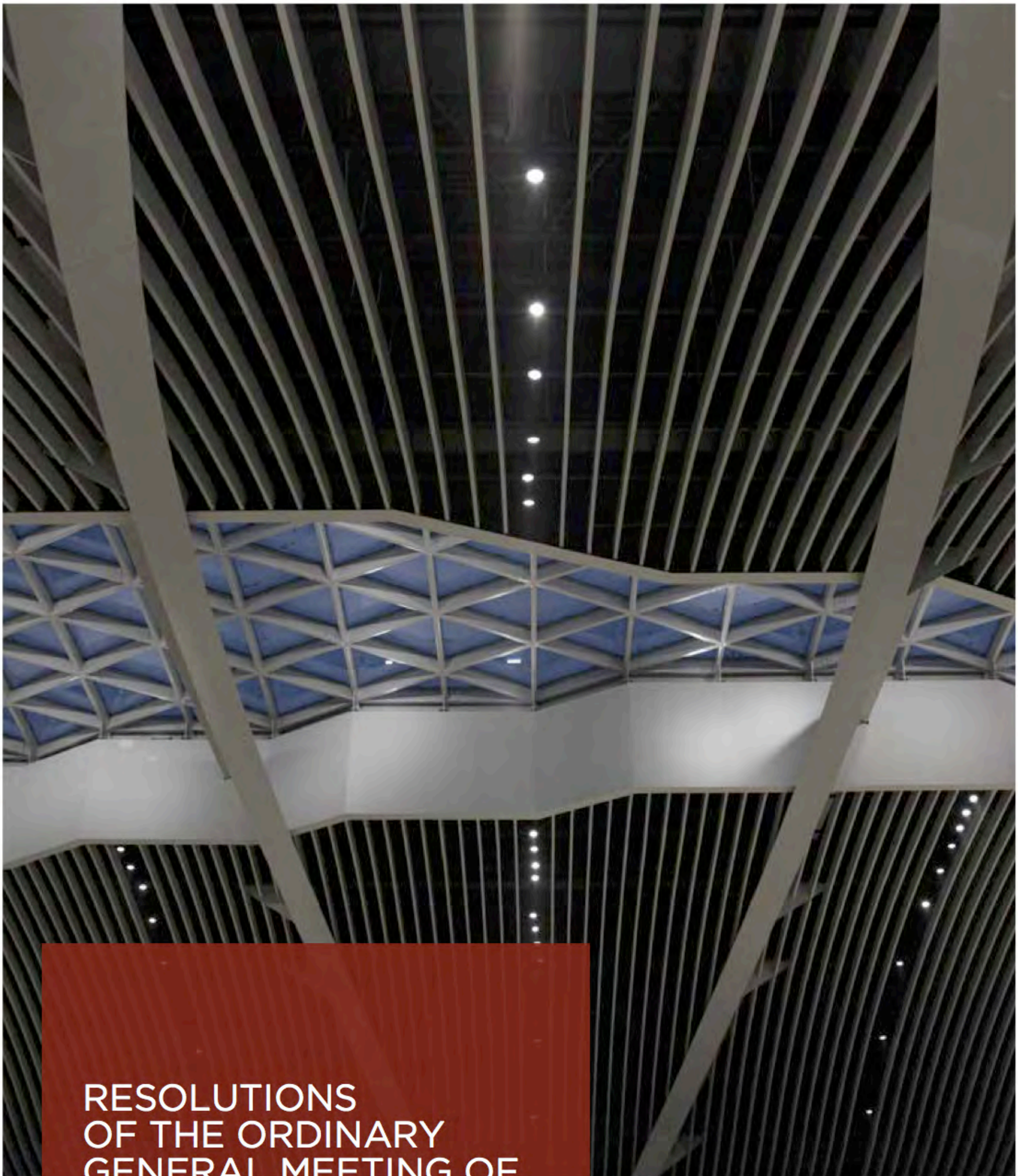
* The values reported differ from those published previously because of the reclassification of the extraordinary income and expense and the updated measurement of assets and liabilities (previously classified in other operating income and expenses) in the relevant reference ordinary items, and the adjustment to the measurement criteria of receivables, payables and derivative financial instruments in relation to the changes introduced by Italian Legislative Decree 139/2015 on financial statements. The accumulated effects from the changes made were thus recalculated as of January 1, 2015 (first day of the comparative year) and attributed to the shareholders' equity of the Company on that date. Therefore, the shareholders' equity as of December 31, 2015 and the result of the income for the year 2015, are different from those already published.

Spea Engineering S.p.A.

RECLASSIFIED BALANCE SHEET (THOUSANDS OF EUROS)	12.31.2016	12.31.2015*
Intangible fixed assets	1,126	987
Tangible fixed assets	4,948	5,143
Non-current financial assets	168	634
A. - Fixed assets	**6,242**	**6,764**
Inventories	127,770	114,619
Trade receivables	35,986	31,677
Other activities	11,876	10,126
Trade payables	(66,477)	(48,868)
Allowances for risks and charges	(13,583)	(17,775)
Other liabilities	(14,615)	(12,312)
B. – Working capital	**80,957**	**77,467**
C. – Invested capital, minus short-term liabilities (A+B)	**87,199**	**84,231**
D. - Employee severance indemnities	**5,942**	**6,180**
E. – Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	**81,257**	**78,051**
financed by:		
Share capital	6,966	6,966
Reserves and retained earnings	59,905	54,972
Merger surplus	9,024	9,024
Net income (loss) for the year	17,734	16,408
F. - Shareholders' equity	**93,629**	**87,370**
G. - Medium/long-term borrowing	**(218)**	**(149)**
H. - Short-term net borrowing	**(12,154)**	**(9,170)**
Short-term borrowing	0	0
Cash and current receivables	(12,154)	(9,171)
(G+H)	**(12,372)**	**(9,319)**
I. - Total as in "E" (F+G+H)	**81,257**	**78,051**

RECLASSIFIED INCOME STATEMENT (THOUSANDS OF EUROS)	2016	2015*
A.- Revenues	**124,008**	**107,306**
B.- Revenues from ordinary activities	**124,008**	**107,306**
Cost of materials and external services	(46,044)	(31,444)
C.- Added value	**77,964**	**75,862**
Payroll costs	(48,892)	(46,988)
D.- Gross operating income	**29,072**	**28,874**
Amortization and depreciation	(2,978)	(2,730)
Other provisions	(418)	(66)
Allowances for risks and charges	(92)	(1,227)
E.- Operating income	**25,584**	**24,851**
Financial income and expense	(80)	(135)
F.- Income (loss) before taxes	**25,504**	**24,716**
Income taxes	(6,708)	(8,277)
Deferred tax assets (liabilities) for the year	(1,062)	(31)
	(7,770)	**(8,308)**
G. - Net income (loss) for the year	**17,734**	**16,408**

* The values reported differ from the schemes approved previously because of the reclassification of the extraordinary income and expense and the updated measurement of assets and liabilities (previously classified in other operating income and expenses) in the relevant reference ordinary items, in relation to the changes introduced by Italian Legislative Decree 139/2015 to the Italian Civil Code on financial statements.



RESOLUTIONS OF THE ORDINARY GENERAL MEETING OF **APRIL 20, 2017**

RESOLUTIONS OF THE ORDINARY GENERAL MEETING OF APRIL 20, 2017

The Ordinary General Meeting resolved to:

- approve the 2016 Financial statements and the Management Report on Operations, which disclose profit of 215,742,194.14 euros;

- allocate the portion of the net profit for the year of 148,539,471.70 euros, remaining after the advance on dividends for 67,202,722.44 euros (1.08 euros per share) paid in 2016, as follows:
  - 2.38 euros to dividends, for each of the 62,224,743 shares making up the share capital, for a total of 148,094,888.34 euros;
  - the residual profit of 444,583.36 euros to be carried forward,
  - set the date of payment of the dividend with value date of May 17, 2017, with coupon date no. 11 of May 15, 2017;

- establish 7 as the number of members of the Board of Directors, including the Director to be appointed by the Territorial Administrations;

- establish the term of office of the Board of Directors for 2017 and 2018, and therefore until the date of the Shareholders' Meeting called to approved the 2018 financial statements;

- appoint the following as Directors:
  - Tommaso Barracco,
  - Carlo Bertazzo,
  - Giovanni Castellucci,
  - Antonio Catricalà,
  - Ugo de Carolis,
  - Giancarlo Guenzi,

  appointing Antonio Catricalà as Chairman of the Board of Directors;

- establish the overall annual remuneration, pursuant to art. 2389, paragraph 1, Italian Civil Code, as 175,000.00 euros to be assigned to the Board of Directors and distributed by the board in accordance with art. 25 of the Articles of Association.

* * *

The Board of Directors met immediately after the Shareholders’ Meeting:

- confirmed the powers envisaged in art. 24 of the Articles of Association upon Antonio Catricalà, primarily those of corporate signature and legal representation before third parties and before any judicial or administrative authority;
- appointed Ugo de Carolis as Managing Director, assigning him the related powers.

Aeroporti di Roma S.p.A.

Registered office:
Via dell'Aeroporto di Fiumicino 320
00054 Fiumicino (Rome)

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

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

"A company managed and coordinated by Atlantia S.p.A."

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