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ADR

ANNUAL REPORT 2019

ROME FCO BEST AIRPORT

2018 | 2019 BEST IN EUROPE

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ANNUAL REPORT 2019

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Contents

1. MANAGEMENT REPORT ON OPERATIONS

bre 2019

Management report on operations

Message to the stakeholders

In 2019 the number of passengers using Fiumicino and Ciampino airports reached almost 50 million, up 1.2% on the previous year. This set a new absolute traffic record in the history of the Roman airport system.

But what makes us most proud is that we have achieved these growth objectives without compromising the level of service quality, which we continue to take care of and constantly improve in order to guarantee the highest levels of customer satisfaction, which remains and will always remain one of the priority objectives of our management.

As a confirmation of this, **for the third consecutive year Fiumicino airport** has been reported by **the Airports Council International (ACI) as the best European airport for service quality** (ASQ-Airport Service Quality Award) among those managing traffic exceeding 40 million passengers, **and we closed the fourth quarter of 2019 as the best Western airport** (Europe+America) among airports with more than 25 million passengers and for the second consecutive year we are the second airport in the ranking with a score of 4.47 out of 5.00.
Such recognitions are the result of the continuous effort made by the entire Group's organization, which has contributed to placing increasing innovative priorities among our strategic priorities based on improving service quality, but also on the continuous search for solutions aimed at ensuring a sustainable infrastructural development of the airport system that is linked to a productive and collaborative relationship with the local communities and territory.

Improvement of energy efficiency standards, adoption of appropriate measures aimed at reducing noise emissions and application of the best waste recycling technologies are now essential factors to support the competitiveness and reputation of our company over time. All of this complements, and does not clash with, the traditional profitability targets. The current regulated tariff system also requires targets to be set in order to improve specific environmental parameters agreed with ENAC, whose achievement generates rewarding effects on the tariffs applied in the following period and thus on revenues.

Special attention is paid to the construction of new infrastructure works, for which ADR duly considers, already at the planning stage, the latest energy efficiency and waste disposal criteria. Thanks to this approach, we were awarded the "Leed Gold" environmental certification for the new General Aviation terminal built in Ciampino airport. Among the many investments with a direct environmental impact, we would like to mention the commissioning of the plant for the composting of organic waste produced in the terminals, which when fully operational will reduce the amount of waste produced at the airport by up to 1,000 tons, as well as the installation of over 100,000 LED lamps in the buildings.

In addition, an initial experiment has also been launched for the use of electric buses for the movement of passengers and airport personnel within the airport. All of these initiatives are part of a process that sees us committed to reaching the CO_2 emissions target of 1kg per passenger/year by 2030.

Despite the difficulties that continued to characterize Italy's economy during 2019 and the ongoing uncertainties on the future of the main national carrier, aeronautical revenues grew by 1.0% thanks to a targeted business strategy focused on a worldwide enhancement of the "Rome" destination as an essential stage of international longhaul tourism. Special attention was paid not only to traffic flows from traditional destinations, such as North America, but also and above all to those originating from new geographical areas characterized by a growing propensity to travel, a situation the company has invested heavily in during 2019. In fact, in 2019, 30 new connections were opened, 12 of which to new international destinations. These include the opening of 3 new Chinese destinations, one of which is served by a new company at Fiumicino (Sichuan), which testifies to the fact that Fiumicino airport is now among those with the highest number of direct connections to this important country.

The investment plan continues and, in particular, the construction of the new "East" terminal system, which will be completed as of 2020. In addition to contributing to increasing airport capacity, this will provide a further boost to the quality standards of our airport infrastructure. The new infrastructure will consist of a new terminal (new boarding area "A") with 30 new boarding gates, 13 of which will be served by loading bridges, and an extension of the current Terminal 1 for a total area of approximately 70 thousand square meters, 18 thousand of which will be used for commercial areas. Both structures are designed and built with the aim of obtaining certification according to "Leed Gold" standards.

Also in 2019 a profitable relationship with the granting administration (ENAC) continued, which focuses in particular on starting preliminary analyses aimed at identifying alternative solutions to the mediumlong term development plan approved in 2012 and characterized by an expansion of the airport towards the areas to the north of the current perimeter. This project is no longer feasible these days due to the lack of approval by the Ministry of the Environment. For this reason, the technical structures are now engaged in the development of an alternative project that is less demanding in terms of the use of green areas outside the current perimeter and that provides for the creation of infrastructure that can be modulated according to the actual future traffic trend.

A dialogue with the new tariff authority (ART) was initiated during the year with the aim of ensuring, also under the new regime, the continuity of tariff principles and criteria applied on the basis of the current Planning Agreement signed with ENAC in 2012 and approved by law. ADR's objective in its dialogue with the Authority is not to compromise the sustainability of the development plan from both a financial and operational point of view.

The tariff update in force in 2019 is also the result of a consultation process that ADR has adopted with the main aeronautical customers. This process was concluded at the end of 2018 with airport fees and tariffs being set and applied as of March 2019, which are cheaper than the previous year. Such result is even more significant as it took place in a context characterized by a growing commitment of resources that the company allocated to investments and to improving the quality of services provided to passengers and airlines.

In conclusion, we cannot fail to mention the event linked to the health emergency of the first few months of 2020 and that forces us to face a new scenario whose implications are not fully predictable yet. The effects of the COVID-19 epidemic (the so-called “Coronavirus”) and the impact that its spread may have on international air traffic and, more generally, on the international economy are still difficult to fully assess and will depend on the epidemiological effects that cannot be predicted yet.
In any case, in agreement with the relevant authorities, the company is working to ensure the highest levels of control over passengers and staff employed at airports, with the aim of guaranteeing a containment of the spread of the virus and thus encouraging a desirable rapid return to normality.

The Chairman
Antonio Catricalà

The Managing Director
Ugo de Carolis

ADR

1. KEY MESSAGES

Maintaining the **role of major hub** for connecting **Italy with the rest of the world**, in an increasingly globalized context

IS OUR MISSION.

We are aware of the **importance of air transport** as a factor in the **development of our country's economy**.

An airport that is easy to use and welcoming fuels the propensity to use air transport.

OUR OBJECTIVE

is to provide **an easy and pleasant** airport experience.


ADR

The **environmental challenge** that the world is facing certainly affects us too.

Sustainable development and attention to the environment in the medium to long-term

IS OUR COMMITMENT.

ADR

2. ABOUT US

2. About us

2.1 Business model and corporate structure

The Roman airport system is one of the main European airport systems and consists of two separate airports: the "Leonardo Da Vinci" airport in Rome-Fiumicino and the "G.B. Pastine" airport in Rome-Ciampino.
Both airports are managed by Aeroporti di Roma S.p.A. ("ADR" or the "Company") on the basis of a concession issued by the Civil Aviation Authority (Ente Nazionale per l'Aviazione Civile), the Italian Civil Aviation Authority.
Leonardo da Vinci is Italy's first airport with 43.5 million passengers in 2019, with no comparable competitors throughout Italy in terms of international and intercontinental transits and destinations. Among Italy's intercontinental airports, Fiumicino airport is a leading national hub, thanks to its ability to meet the demand for high traffic figures and its extensive degree of connectivity with European and international destinations.
Rome Fiumicino's position, at the center of the Mediterranean area, strengthens the Italian leadership as a gateway and point of access to Italy, supported by the attractiveness of Rome as a tourist destination of worldwide importance. Fiumicino is well positioned, in terms of flight times and distances, for passengers wishing to continue their journey in Italy and the Mediterranean area, coming from North America, Asia and the Middle East. Fiumicino is the reference hub for Alitalia, the Italian national flag carrier, and is also the base of one of the main international alliances (SkyTeam Alliance).

The Rome-Fiumicino airport provides services to a wide range of market segments: both business and leisure passengers, operating both direct and transit flights, which in turn are short and medium-long haul. The airport's aeronautical activity is also guaranteed through flights served by almost all the most important airlines worldwide.

The Rome-Ciampino airport, on the other hand, has the typical characteristics of a "secondary airport", with a traffic of more than 5 million passengers, essentially related to "low cost" and General Aviation flights. Its proximity to the center of Rome and its functional characteristics ensure high levels of operational efficiency thanks to rapid passenger boarding and disembarkation operations and travel to/from the city center. These characteristics make it an eligible airport for a wide range of traffic segments. Rome-Ciampino airport is also subject, by law, to a traffic limitation for reasons of environmental impact (noise). For this reason, the airport will retain its future destination oriented to serve traffic destined for this type of airport.

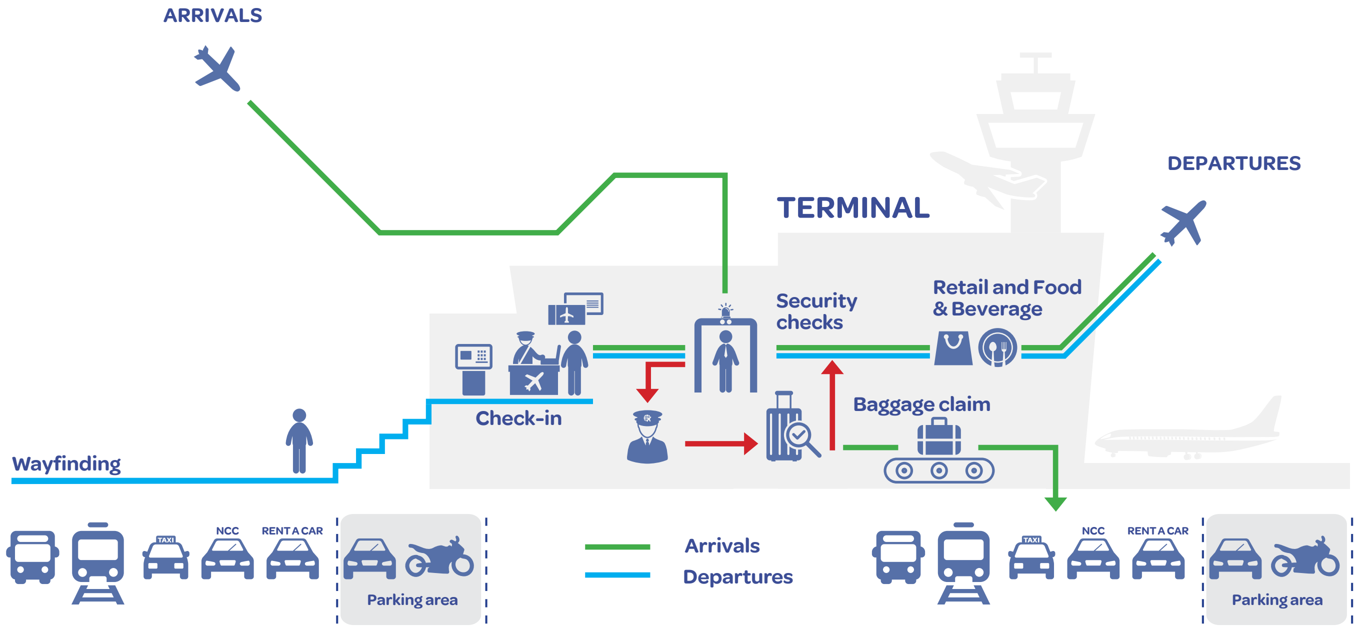
Both Fiumicino and Ciampino generate revenues deriving not only from aeronautical services, which are subject to tariff regulation, but also from a diversified range of activities and services. The most important of these include: revenues from royalties on commercial activities managed by third parties, revenues from the charging of fees for real estate activities, parking fees and revenues from advertising activities.

ADR manages the two airports based the rules set forth in the concession agreement signed with the regulator (ENAC) in 2012 and expiring on June 30, 2044. The concession also establishes the procedures by which ADR and ENAC agree and update the Airport Development Plan for the two airports within a time horizon coinciding with the expiry of the concession itself. The same contract also provides for a mechanism that allows the contents of the Development Plan to be periodically updated on the basis of actual traffic trends.

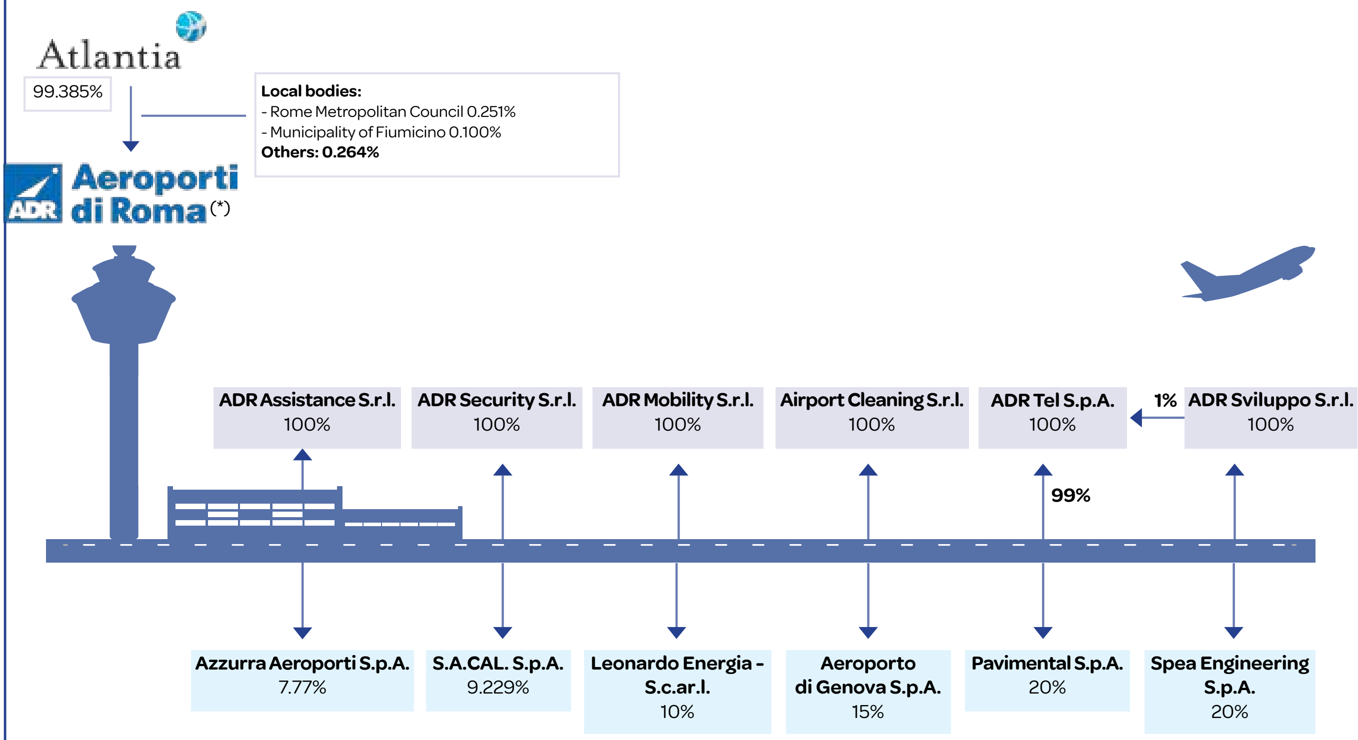
The concession agreement also obliges ADR to guarantee the ordinary and extraordinary maintenance of airport infrastructures and facilities. ADR fulfils this obligation directly or through qualified external companies.

ADR does not manage flight control and assistance activities, aeronautical handling activities and aircraft refueling.

Terminal scheme
Graph 1



Corporate structure
(as of December 31, 2019)



Subsidiary undertakings
Associated undertakings and other companies

(*) ADR S.p.A. also holds a 25% share in Consorzio E.T.L. - European Transport Law (in liquidation) and a 0.99% share in Consorzio Autostrade Italiane Energia (CAIE)

2.1.1. Planning Agreement and the regulatory model

The exclusive management of the Rome airport system, consisting of Fiumicino and Ciampino airports, is based on the concession granted to the Company by Italian Law no. 755 of November 10, 1973, and by virtue of the Single Deed "Agreement for the management of the Rome airport system and Planning Agreement", approved by law on December 21, 2012. This Single Deed, to-gether with three Additional Deeds that update and amend the original document[1], governs relations between the concessionaire ADR and ENAC until the expiry of the concession (June 30, 2044). The regulatory framework provides a consistent set of transparent and stable rules that are valid for the entire duration of the concession and that support the financial sustainability of the Development Plan for the Roman airport system. The fundamental principles of the Single Deed - 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;

[1]Additional Deed dated 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).

- 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.

Regulatory model

- **Fee structure**: the fee structure adopted 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 no. 27/2012, which transposed the same directive into the national regulations. The fee rules are valid until the end of the concession and are based on:

  a) "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;

b) "dual till" based on which all the revenues of the commercial activities are kept by the airport company;

c) 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).

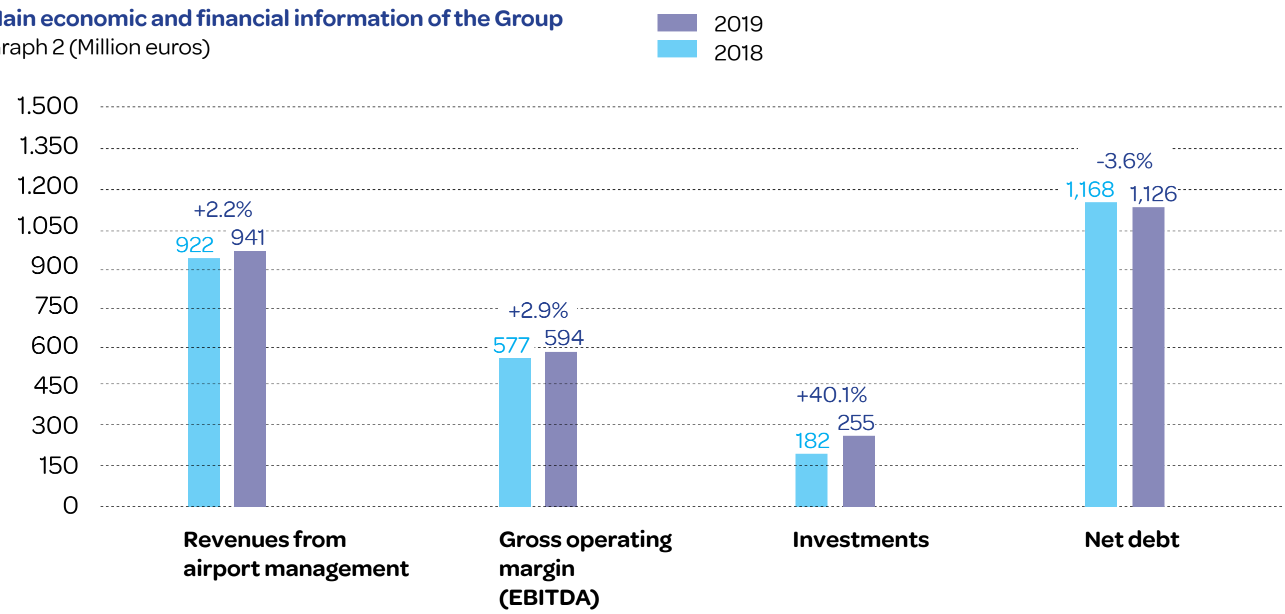
- **Fee review**: the Planning Agreement clearly defines, in terms of content, methods and schedules, the mechanisms and reasons that require updating of the economic-financial plan at 2044, of the tenyear regulatory periods, in turn subdivided into regulatory sub-periods, of the variables contained in the mechanism of annual fees.
- **Admitted remuneration**: for the five-year period in progress (second regulatory period: 2017-2021), the real pre-tax WACC (Weighted Average Cost of Capital) is set to 8.52%. Relating to the return rate recognized on the capital, the Planning Agreement clearly defines parameters and criteria for the update at the end of each regulatory five year and ten year period. The real pre tax WACC, for the new works of particular strategic and environmental value, may be increased with a range of 2% to 4% according to the contract.
- **Variations in traffic**: the variations in traffic compared to the forecasts within a +/-5% range compared to the agreed plan 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 regulatory sub-period of five years. Particularly significant traffic variations may legitimize the request for changes to the planned infrastructural works.
- **Value recognized at the end of the concession**: ADR has the right to receive, at the natural expiration of the concession, a fee equal to the residual value at that date, inferred from regulatory accounts, of the investments made.

2.2. Summarized economic and financial situation

Main economic and financial information of the Group
Table 1

	2019	2018
CONSOLIDATED ECONOMIC-FINANCIAL RESULTS (euro/000)		
Revenues from airport management	941,479	921,500
Gross operating margin (EBITDA)	593,930	577,296
EBITDA %	63.1%	62.6%
Operating income (EBIT)	428,873	416,147
EBIT %	45.6%	45.2%
Net income (loss)	245,161	246,240
Group share of income (loss)	245,161	246,240
Investments	255,130	182,073
	31.12.2019	31.12.2018
Net invested capital	2,310,392	2,275,060
Shareholders' equity (including minority interests)	1,184,467	1,106,876
Group Shareholders' equity	1,184,467	1,106,876
Net debt	1,125,925	1,168,184
Net debt/Shareholders' equity	1.0	1.1
	2019	2018
Net debt/EBITDA	1.9	2,0
RATING	31.12.2019	31.12.2018
Standard & Poor's	BBB	BBB+
Moody's	Baa2	Baa2
Fitch Rating	BBB+	BBB+

Main economic and financial information of the Group
Graph 2 (Million euros)



Operating highlights of the Group

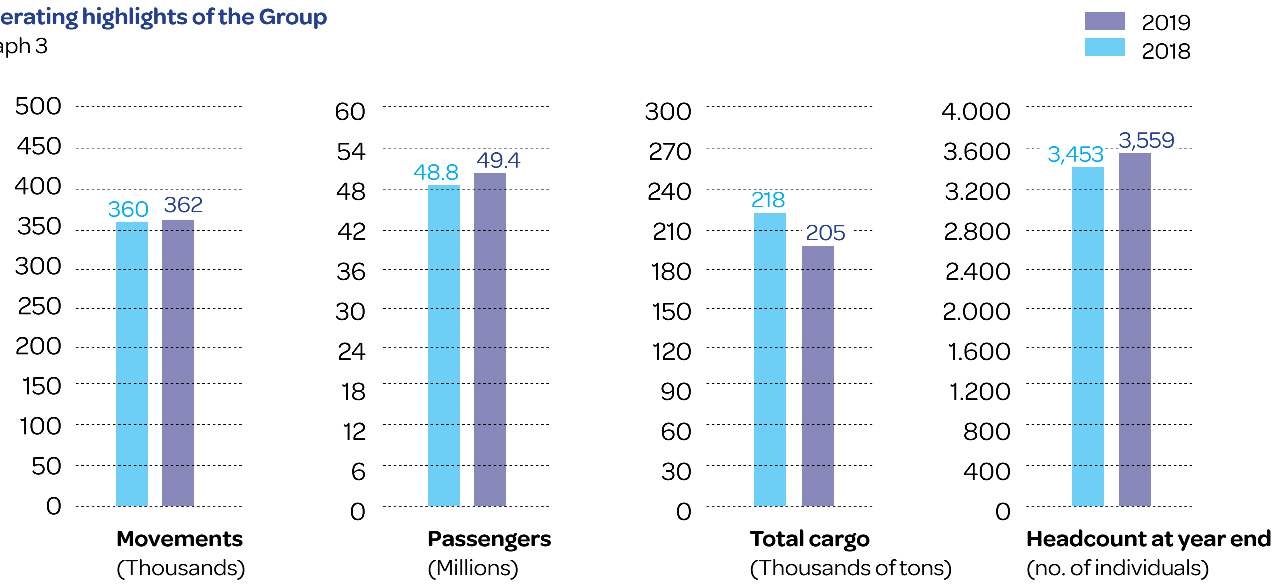
Table 2

* time 90% of cases.

	2019	2018
TRAFFIC VOLUMES		
Movements (no./000)	362	360
Total passengers (no./000)	49,412	48,835
Total cargo (tons)	204,900	217,883
GROUP HUMAN RESOURCES		
Average headcount (no. of individuals)	3,224	3,138
Headcount at year end (no. of individuals)	3,559	3,453
Average hours of training per employee	28	26
Number of accidents (no.)	270	304
Accident severity index	3.6%	4.8%
SERVICE QUALITY - FIUMICINO (minutes)		
Waiting time for baggage security checks *	3.19	3.29
Waiting time for last baggage claim - domestic*	20.49	21.4
Waiting time in line at common check-in desks for non-sensitive flights *	9.34	9.33
ENVIRONMENT		
Electricity consumption (kWh)	165,569,005	180,629,388
Water withdrawal (m^3)	2,221,823	2,193,214
Waste produced (tons)	13,907	13,247

Operating highlights of the Group

Graph 3



ADR

3. OUR RESULTS

3. Our results

3.1. Connectivity

3.1.1. Traffic and network evolution

ADR invests in sustainable traffic growth by expanding the network of destinations covered, searching for new markets and penetrating those served.
Our objective is to improve the diversification of our client portfolio through the acquisition of new companies and the development of the structurally sounder companies already present.

In recent years traffic development has focused on increasing the number of longhaul destinations in the most dynamic international markets. To this end, also in 2019, promotion and development activities were dedicated to these markets, with specific focus on the Chinese market, with several road shows and meetings dedicated to airlines, tour operators, trade and local municipalities, also in partnership with the National Tourism Agency and the Municipality of Rome.

Further boost to this pivotal traffic segment came from the intermediation activity between Trenitalia and air carriers, with the aim of promoting the start of intermodal agreements regarding trains (from other cities) + plane from Rome to international destinations. The first agreement already in place allows passengers to travel from Florence to Dubai by purchasing a single ticket that is valid for both train and plane.

A second growth driver lies in the recovery of traffic from other European airports during the low season, achieved by encouraging airlines to start direct connections to Rome in the winter months.

Our results
The Roman airport system reached a record high with 49.4 million passengers (+577,000) and 214 destinations from Fiumicino airport and 57 from Ciampino airport, served by 100 airlines, confirming its position among the most important European airports.
The EU segment, accounting for 50% of total traffic, grew by 1.5% compared with the previous year, whilst the non-EU segment recorded a 5.0% increase, primarily due to long-haul flights, which rose by 6.3%.

The Domestic segment was down 3.7% due to the reduced frequencies to Northern Italy (closure of Linate and reductions to Venice) and a low Load Factor, in addition to the cancellations and reductions on the Vueling and Ryanair routes to Sicily since October.

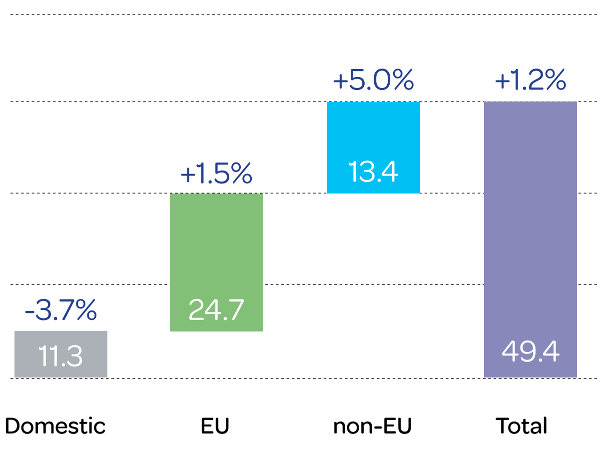
49.4 mln of passengers
+577,000 in 2019

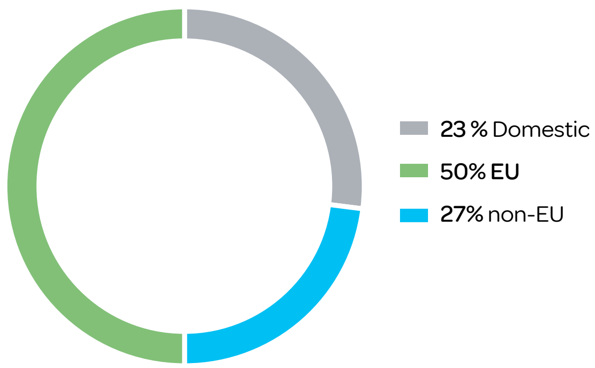
214 destinations
from Fiumicino
57 from Ciampino

Main traffic data of the Roman airport system
Table 3

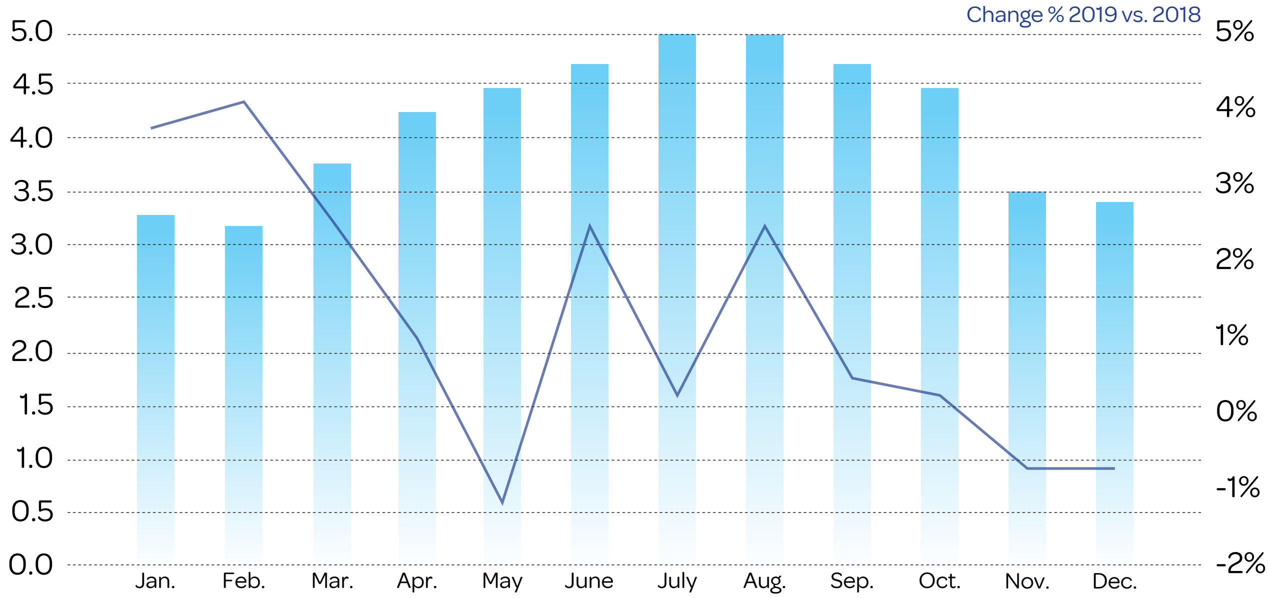
	2019	2018	Δ%
Movements (no.)	362,036	360,385	0.5%
Fiumicino	309,783	307,736	0.7%
Ciampino	52,253	52,649	(0.8%)
Passengers (no.)	49,412,069	48,834,856	1.2%
Fiumicino	43,532,573	42,995,119	1.3%
Ciampino	5,879,496	5,839,737	0.7%
of which: boarded	24,615,046	24,354,865	1.1%
Fiumicino	21,664,400	21,420,026	1.1%
Ciampino	2,950,646	2,934,839	0.5%
Cargo (tons)	204,900	217,883	(6.0%)
Fiumicino	186,492	199,637	(6.6%)
Ciampino	18,408	18,246	0.9%
Carriers (no.)			
Fiumicino	98	91	
Ciampino	2	2	
Destinations (no.)			
Fiumicino	214	204	4.9%
Ciampino	57	57	0.0%

2019 traffic composition for the Roman airport system
Graph 4 (Millions of passengers and 2019/2018 change)



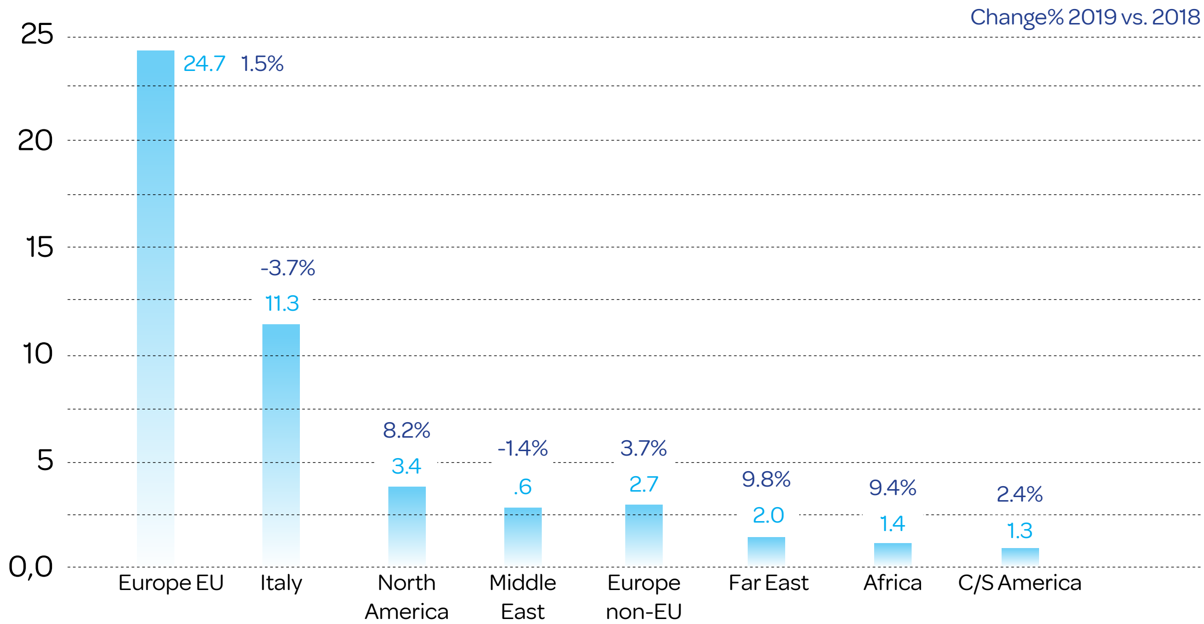


Monthly trend in passenger traffic in the Roman airport system compared to 2018
Graph 5 (Millions of passengers)

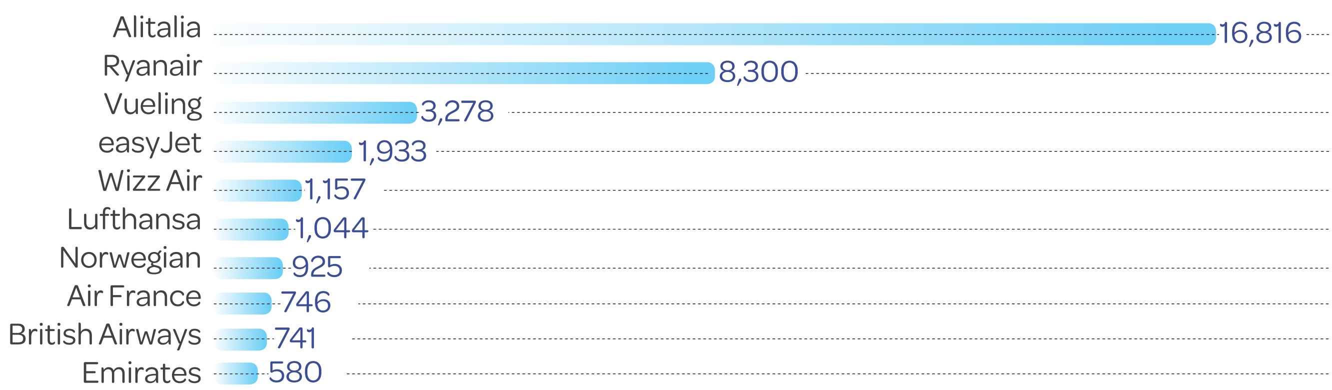


	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
(bars)	3.2	3.1	3.8	4.2	4.4	4.7	5.0	5.0	4.7	4.4	3.5	3.4
(line)	3.8%	4.2%	2.7%	1.0%	-1.4%	2.7%	0.4%	2.3%	0.8%	0.2%	-0.8%	-0.8%

Passenger traffic distribution of the Roman airport system by geographic area
Graph 6 (Millions of passengers)



Main carriers
Graph 7 (Thousands of passengers)



Fiumicino

Fiumicino airport closed 2019 with a record traffic volume of 43.5 million passengers, up half a million on the previous year.

The covered network experienced a very significant expansion thanks to the launch of over 30 new flights, 12 of which to new international destinations, including 3 new destinations in China, Chengdu (launched by Sichuan Airlines), Hangzhou (Air China) and Shenzhen (Hainan Airlines), and one in Africa, Nairobi (Kenya Airways). Among the new medium-haul destinations, 2019 saw a significant expansion towards the East, thanks to connections with new cities such as Ankara, Turkey's capital, Kharkiv and Odessa in Ukraine, Nis in Serbia, Sarajevo in Bosnia and Herzegovina.

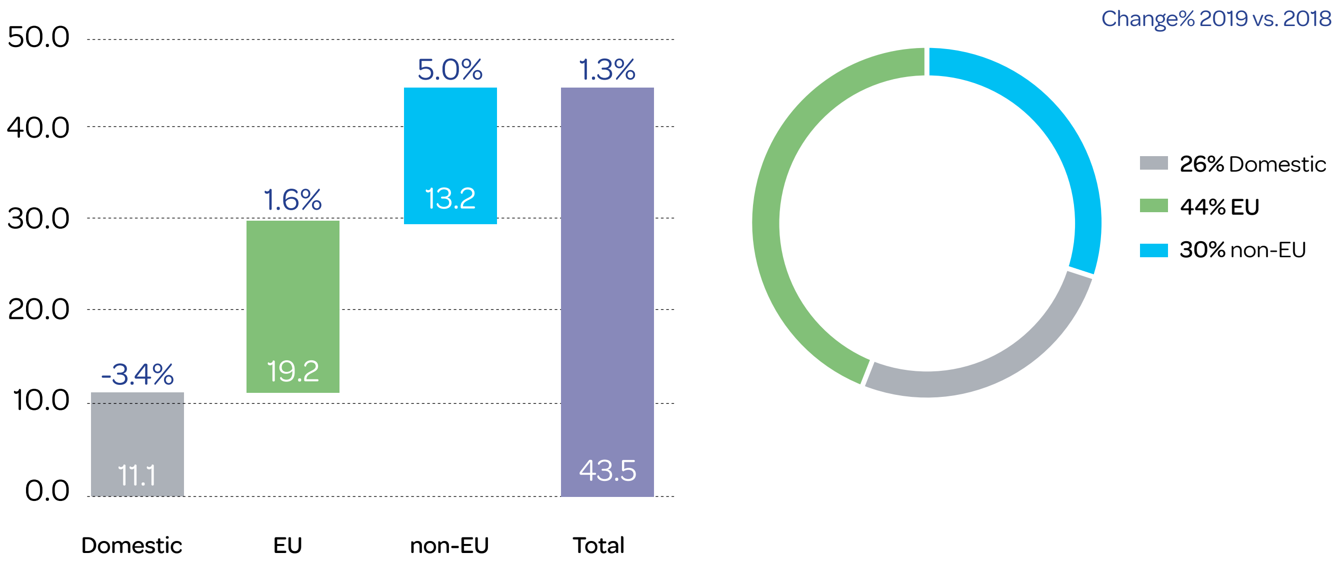
The main reasons behind the successes of the intense international development activity was the introduction of 6 new airlines at Fiumicino, including Sichuan Airlines (a leading Chinese carrier based in Chengdu, which made its debut in Italy), Kenya Airways, Level, Cabo Verde Airlines, which allowed the airport to rank second among European airports in terms of number of operating airlines: with around 100 carriers regularly flying in 2019, Fiumicino was second only to Paris CDG.

In particular, the geographical areas that contributed most to this result are:

- the Far East +9.8%, driven by the Chinese market, which saw traffic grow by 17% to reach the target of 900 thousand passengers transported thanks to the debut of a new airline (Sichuan Airlines) and the launch of 3 new destinations to China (Chengdu, Hangzhou, Shenzhen), leading to a total of 12 direct connections to cities in Greater China, confirming development opportunities towards a wide area of metropolitan cities and confirming Fiumicino's position among the top 3 airports in Europe by number of connected destinations;

- North America recorded passenger growth of 8.2%, reaching an absolute record for passenger volumes of almost 3.5 million, with 15 airports in the USA and Canada directly connected to Fiumicino during both the summer months and the off-season winter months, allowing a recovery of the traffic that previously used the hubs of Frankfurt, Paris and London to reach the main American and Canadian destinations. In 2019 new flights by Alitalia to Washington and Norwegian to Boston were launched and a massive presence of the 3 main US players (American Airlines, Delta, United) was confirmed. The development of both Canadian carriers Air Transat and Air Canada is equally important as they increased their winter operations to Toronto;
- non-EU Europe +3.7%, thanks to several developments towards Russia and Ukraine. Russia recorded a rise in traffic volumes of 21.4%, reaching a record one million passengers transported thanks to 6 operating airlines and the 4 connections, now with new Pobeda flight from Moscow Vnukovo, between Fiumicino and all the main airports in the Russian capital, it thus ranking first among European airports for the number of airlines operating in Russia and among the top 3 airports for the number of connected destinations. Ukraine increased its traffic volumes by 22.3%, exceeding the threshold of 300 thousand passengers in 2019 and, thanks to two new direct connections to Kharkiv and Odessa, reported a record number of connected destinations, with direct flights to the country's 5 largest airports;

2019 traffic composition at Fiumicino airport
Graph 8 (Millions of passengers)



- Africa +9.4%, benefited from flights to Kenya resuming operations, in addition to a new airline operating in Cape Verde and the traffic to Egypt having resumed.

Ciampino
Ciampino airport handled around 5.9 million passengers, with passenger volumes up 0.7%, thanks to positive results in the EU segment (up 1.2%), driven by Ryanair's good filling performance.

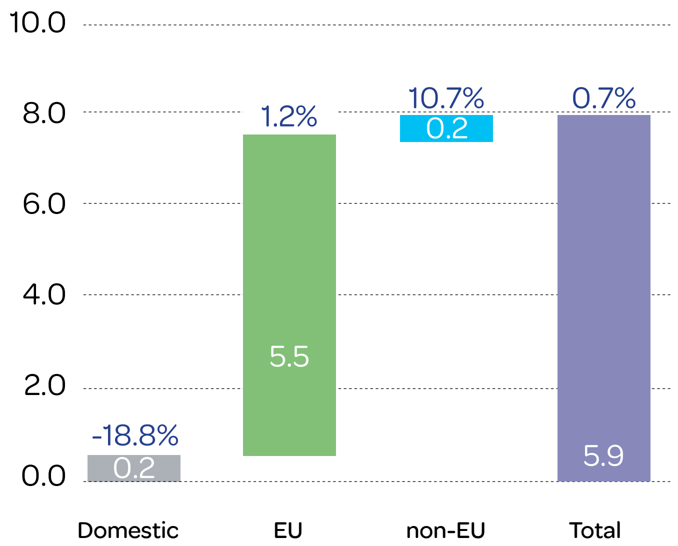
The non-EU segment mainly benefited from developments in Jordan and Moldova, while the domestic segment suffered from the cancellation of the flight to Trieste, with Cagliari remaining the only Italian route operated from the airport.

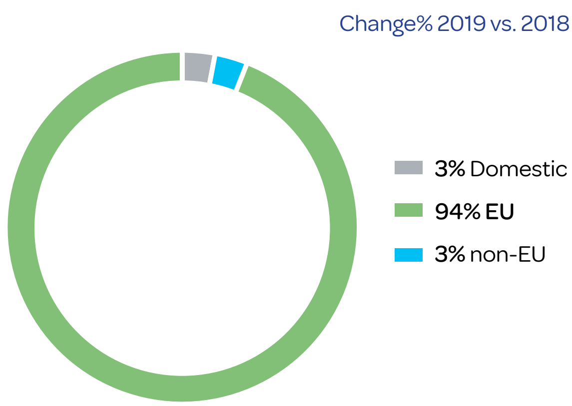
The activities
In 2019, the Memorandum of Understanding (MoU) was signed with Hangzhou Airport for the launch of a direct air link operated by Air China, as well as further initiatives to maximize the benefits associated with the development of passenger and cargo flows to/from major markets.

ADR also signed two important MoUs with:

- Alipay, one of the most popular online payment methods in China; a subsequent co-marketing agreement was also signed, which allowed for a dedicated Fiumicino section within the app (over 900 million active users) and for Chinese passengers to benefit from exclusive payment promotions;

2019 traffic composition at Ciampino airport
Graph 9 (Millions of passengers)





- Ctrip, the largest tour operator in Asia; a subsequent co-marketing agreement was also signed: this allowed ADR to have visibility with its communication within the app (more than 3 billion downloads), to inform and engage the target already in China. A test for the sale of Fast Track vouchers was successfully completed (1,000 vouchers issued in less than two months).

New York luxury workshop

ADR took part for the first time in the prestigious event organized by ENIT to present to the travel advisors of Virtuoso and Signature - the most important and representative Travel Network for luxury tourism - Rome-Fiumicino as an airport of entry, but especially of exit at the end of the trip, to promote pro-retail luxury shopping and VIP services (from fast track to meet&greet).

3.1.2. Airport mobility

The expansion and diversification of services and their ease of use through investments in new technologies increase the potential of airport mobility as a link between passenger, airport and the surrounding area.

Main features

The potential market in this area is given by those who can reasonably reach or leave the airport system by land to/from other destinations or who reside in the socalled "catchment area", i.e. the area populated by potential passengers originating from Roman airports, which today corresponds to a surface area with a radius of about 250 km along the roads around the city of Rome.

ADR is involved directly, and through its subsidiary company ADR Mobility, in the management of landside airport mobility, which is broken down into the following areas:

- passenger and operator car parking;
- sub-concessions to car rental companies, NCC operators and buses;
- access by taxi, NCC, non sub concessionary buses and airport shuttle management.

90% of the 22,000 parking spaces managed are located at Fiumicino, the remaining part at Ciampino. The main types of car parks managed are:

- short stay, multilevel and long stay passenger car parks;
- operator car parking;
- car parks for sub-concession services for car rental companies.

The strategy

The parking system has been managed through the subsidiary company ADR Mobility since 2012. In recent years this business featured a progressive drop in domestic traffic (more related to the parking business), as well as an increasing use of alternative solutions to the car to reach the airport. Another phenomenon was the growth in the number of commercially aggressive off-airport operators.

ADR faced such critical issue:

- by enhancing the value of its infrastructure - upgrading it and diversifying the services offered, as in the case of the arrangement of an Executive car park for premium customers or the division of the "Lunga Sosta" car park into two products (covered and uncovered), as well as the increase in the number of stalls made available to car rental companies to support a growing business in our airports;
- defining more flexible pricing systems (thanks to Revenue Management tools);
- adopting pricing formulas dedicated to online booking-online distribution channels with a focus on online prepayment and walk-in;
- improving the quality of the service offered through the adoption of a Parking Management system and investments aimed at reducing inefficiencies.

Our results

Consolidated revenues of 42.4 million euros, up 1.1% with respect to the previous year.
The management of car parks generated revenues for 27.8 million euros, with a slight decrease compared to the previous year,
(-0.3 million euros) despite a 5.8% drop in domestic traffic.

Revenues from the sub-concession of car parks to car rental companies, amounting to 14.6 million euros, rose slightly (up 0.7 million euros) thanks also to the positive trend in international traffic.

revenues associated to the mobility business of **42.4** million euros (+1.1%)

The activities

In addition to continuing the activities focused on improving the Customer Experience dedicated to mobility, a new car park access system was activated that allows contactless and ticketless payment instruments to be used. During 2019, the "4Corporate" portal became fully operational, with the aim of facilitating the booking and reporting activities dedicated to companies and their employees. Work has been completed on the inauguration of a car wash station called Wash&Go, located near the Taxi and NCC parking area and dedicated to the service offered to such customers and, more generally, to all airport operators. Other important initiatives concerned the installation of more advanced cameras and barriers in order to improve crossing times. In addition, during the year, new panels and money-changers were installed and waste bins suitable for separate collection were introduced.

ADR car parks: news for 2019

1 *Car park reserved for mastercard customers.*
2 *Upcoming car wash business.*
3 *Access to car parks with contactless and ticketless credit cards.*
4 *"Parking Management System" PMS and "Revenue Management" car park management systems.*

3.2. Retail business and Real Estate

3.2.1. Retail business

ADR works to make the airport an increasingly attractive place for commercial activities and a privileged opportunity to promote the best brands on the market.

Main features
The Retail and Food & Beverage business located at Fiumicino and Ciampino airports are managed via sub-concession agreements paid in royalties. The Retail component includes "Core Categories", i.e. Perfumes, Cosmetics, Wine & Spirits, etc.; "Specialist Retail", which includes luxury, fashion, accessories, etc., and, finally, other commercial services including VAT Refund, currency exchange, etc.

The Food & Beverage component, on the other hand, refers to typical refreshments and bars.
The advertising business, on the other hand, concerns the sale and marketing of analogue and digital spaces and BTL (Below the Line) activities carried out both directly by managing the sale of advertising assets to customers, and via intermediaries when end customers make purchases through media centers.

The strategy
ADR endeavors to ensure that the airport is increasingly considered a privileged place for businesses. Following the evolution of preferences by customers, who are mostly international, requires a careful selection of the most qualified retailers to establish partnerships that also contribute to improving the passenger experience at the airport.

As far as advertising is concerned, in 2019 ADR began a process to change its business model, moving from a logic of exclusive sub-concession of activities entrusted to third parties, to a more direct management of the advertising assets in order to ensure better control and faster adaptation to digital media.

Our results
In 2019 revenues from these activities generated 162.4 million euros, up 7.1% with respect to the previous year. Average spending per passenger grew by 8% to reach a value of 20 euros/pax.

Main indicators of commercial activities for Fiumicino
Table 4

	m.u.	2019	2018	Δ%
Retail average spending	€/outbound passenger	16.5	14.9	+10.9%
Food & Beverage average spending	€/outbound passenger	5.5	5.4	+1.2%

Main indicators of commercial activities for Ciampino
Table 5

	m.u.	2019	2018	Δ%
Retail average spending	€/outbound passenger	5.0	4.8	+6.1%
Food & Beverage average spending	€/outbound passenger	3.4	3.5	-0.3%

The commercial area recording the best results is the Front Building of the Terminal, a recently built infrastructure.
This area features a mix of Luxury and Premium offer that benefited from both an increase in passenger volumes (+1.1% outbound passengers) as well as an improvement in the type of passengers compared with the previous year (+3.9% outbound passengers at Fiumicino), thanks to the development of destinations to the "high spender" areas (China, Korea, Russia, etc.). The segment with the highest growth was "Luxury", followed by "Accessories" and "Clothing".

3.2.2. Real Estate

ADR aims to promote the demand for new spaces and services and for this reason it must make working and living at the airport increasingly attractive. While waiting for the new infrastructure to be built soon, in 2019 we have worked on the rationalization of existing spaces in order to use them better for our clients.

Main features
The management of ADR's real estate assets focuses on the sub-concession of space for purposes other than retail business (offices, warehouses, VIP rooms, technical rooms, industrial buildings, etc.). Moreover, it receives expressions of interest for new spaces and offers a series of accessory services to tenants in any way connected to the business.

The strategy
ADR intends to enhance the value of its real estate assets through investments and initiatives that will gradually bring it in line with the main European "peers" in terms of contribution to revenues from this business area. To this end, it is essential to ensure the transversal coordination of all corporate functions involved in the continuous improvement of the infrastructural and environmental "quality" of the two managed airport sites.

100 rooms moved for about 9,200 sq. m. of existing spaces

Occupancy rate: 93.0%

1,600 inspections on spaces under sub-concession

The project to build the new Tower 3 dedicated to offices was approved

The executive design of a new **hotel adjacent to the air terminals was started.**

The executive design of all buildings in the first batch and the Hubtown underground area were completed.

The activities
In 2019 the most significant challenges let to:

- the re-protection of spaces to be freed for airport works in progress, ensuring full operational continuity (over 100 rooms moved for about 9,200 square meters of existing spaces);
- implementation of a program to control the use of space by sub-concessionaires (1st level controls). About 1,600 targeted inspections were carried out in offices, warehouses and changing rooms;
- identification and classification of free spaces (over 200) to be renovated and assigned;
- redevelopment of the real estate assets at Ciampino airport in support of general and private aviation.

Moreover, for the future development of the real estate assets at Rome-Fiumicino airport, ADR is working on three major projects:

- **New Office Tower 3**: the project for the construction of the third airport building for office use (EPUA 3) in a landside area well centered within the airport infrastructure was approved. The project has a total cost of about 32 million euros for an infrastructure of about 16,000 sq. m., which will be completed in 2022.
- **Third Hotel 3**: the executive design for a new hotel in a location adjacent to the Terminals has begun. The new structure will be part of the S. 4 star category hotels and will provide about 300 additional rooms available to airport customers. Work is scheduled to begin in 2021.
- **Hubtown**: with "Hubtown" the Rome-Fiumicino airport will have an innovative business center (Business City) consisting of 7 buildings for 91,000 square meters; 65,000 square meters of offices and co-working area; 40,000 square meters of open spaces. The facility, which will be located in a privileged position a short distance from the terminals, will boast very high airport security standards and will be designed in compliance with the most advanced international parameters of environmental sustainability, as per the LEED (The Leadership in Energy and Environmental Design) protocol. The executive design of the building complex of the first batch was completed in 2019 with works scheduled to start at the end of 2020.

3.3. Quality

Rome-Fiumicino airport has established itself as the best European airport for years and one of the best in the world in terms of service quality. Conquering a position of excellence is difficult, maintaining it over time is our challenge. Our investments largely address this objective.

Main features

Service quality levels at Fiumicino and Ciampino airports are measured via benchmarking programs promoted by industry associations and rating agencies (Airports Council International, Skytrax) and by a monitoring system that complies with the requirements of the Civil Aviation Authority (ENAC), which requires objective checks to verify the services actually provided and passenger surveys.

Checks on service levels are carried out on:

- airport processes and services (service terms for the main processes, i.e. first passenger descent, baggage claim, check-in, security control, passport control, assistance to passengers with reduced mobility, tax refund);
- airport cleaning (levels of cleanliness and malfunctions at terminals and toilets);
- commercial activities (service terms and compliance with duty free and food & beverage procedures).

The results of the surveys on the quality provided and perceived by passengers are summarized and published annually in the Service Charter, which implements Civil Aviation Authority regulations and proposes quality indicators for each type of passenger and improvement objectives for the current year.

The Service Charter is updated annually via a process that involves all of ADR's internal stakeholders and third parties involved in airport processes included in the Service Charter, culminating in the final approval by the Civil Aviation Authority.

Tools to measure passenger satisfaction

ADR adopts the main internationally recognized customer experience survey tools to monitor the quality offered and the degree of passenger satisfaction in order to identify possible areas for improvement and translate them into concrete actions.
The monitoring system (UNI EN ISO 9001 certified since 2007) is based on statistically defined techniques in accordance with the ENAC GEN 06 circular and includes the following activities.

Surveys

Every year questionnaires are administered on ADR's behalf by third-party companies to passengers departing and arriving at Fiumicino and Ciampino airports to check their level of satisfaction and analyze their needs and expectations.

Listening channels

ADR uses several channels to receive feedback, such as its website, information desks inside the terminals, mail and social platforms. Comments received are forwarded to the areas in charge within and outside ADR to assess and implement any improvement actions.

Benchmarking and international rating

ADR participates in international benchmarking and rating programs ("Airport Service Quality" conducted by Airports Council International - ACI - and Skytrax) to know its position with respect to competing airports and identify the "best in class" airports on service indicators that have an impact on the passenger experience. In addition, it actively participates in feedback sharing programs, common best practices and quality issues with major European hubs.

NET Promoter Score (NPS)
In addition to the traditional methods of customer experience detection, in 2017 ADR activated the Net Promoter Score (NPS), an indicator that measures the propensity of passengers to recommend the travel experience they had at the airport and therefore the overall quality perceived by the customer. The NPS indicator is an important tool to listen to passengers: passengers, in addition to assessing their airport experience are given the chance to explain their opinion. These comments are then analyzed and transformed into ideas to improve the travel experience and are translated into real actions.

The strategy
Service quality is, and will remain, one of our Group's strategic priorities. The key to success lies in the adoption of an effective system of transversal coordination between the various corporate competencies and responsibilities involved. All of these must be geared towards meeting the requirements of active listening to passengers on the many occasions of interaction with direct and indirect contact channels.

Collecting and transforming suggestions into coordinated improvement actions is the key to success.

The company departments most directly involved in improvement actions are:

- the development of infrastructure for the creation of architectural and functional solutions aimed at optimizing the management of flows and the provision of basic services inside the terminals;
- the "operations" area dedicated to the provision of airport services, in particular with regard to the optimization of processes and procedures adopted at critical hubs that characterize passenger flows;
- the Information Technology system area in order to ensure the use of technological solutions and process digitalization to streamline the processes for the supply of airport and port services and make more agile.

4 stars Skytrax
In 2019 Fiumicino airport confirmed its leading position among European airports with over 40 million passengers for the third year in a row.

Best Airport Award 2019
For the second consecutive year Fiumicino airport was ranked first in the ACI ranking of 20 European airports with over 25 million passengers in terms of service quality, technological innovation and infrastructure efficiency.

The characteristics of passengers at our airports

The users of Rome Fiumicino airport, which is strongly oriented towards the incoming passenger flow, are currently 45% Italian and 55% foreign; in order of size: United States, Spain, Germany, France and United Kingdom. Rome Fiumicino confirms its tourist vocation, with 65% of leisure passengers. Another frequent type is business travel, with a 20% weight.

With regard to Ciampino airport, since the network of connected destinations is mainly international, the majority of passengers are foreigners. In line with Fiumicino's passenger profile, the reason for travel is mostly leisure, with an incoming flow.

Specific passenger segments require services dedicated to them. Families and groups require greater assistance during the operational processes at the airport and services while waiting (nursery, playground, meeting point, etc.).

Passengers with reduced mobility ("PRM") require assistance with dedicated ADR staff throughout airport transit; business passengers require a fast turnaround from arrival at the airport (e.g. parking executive) to priority boarding or fast track, areas reserved for them such as lounges or working stations.

The activities

The main quality improvement works carried out at Fiumicino and Ciampino airports in 2019 concerned the areas stated below.

- Work on processes in the Terminal area

Fiumicino

Check-in. In 2019 ADR focused on the introduction of new technologies and the identification of new infrastructure aimed at maximizing the capacity of acceptance areas. Operational tests were also launched on biometric facial recognition, which allows departing passengers to quickly and safely complete their entire journey at the airport without having to repeatedly show documents or boarding passes.

Security checks. In addition to upgrading the control lines in Terminal 1 and Terminal 3, which made it possible to halve queuing times and the time require to approach the checks, a "Family line" was set up in Terminal 3 dedicated to speeding up security checks on families with pushchairs.

Passport checks. ADR's commitment to this historically critical phase of the process has been and is relentless. Already in 2018, thanks to specific agreements with the Police force and the embassies, the possibility of using E-gates was extended to citizens of some non-EU countries (United States, New Zealand, Canada, Japan, South Korea, Australia), who were previously exempt. During 2019, the transition to electronic gates was also authorized to citizens of Israel, Taiwan and Singapore. Today ADR is able to serve about 43% of the outgoing flows through E-gates.
In April, the reconfiguration work at passport control areas at Terminal 3 was completed with an upgrade of the automatic electronic control stations (+6 E-gates units) and of the traditional passport control booths, to which two new

triple-positioned boxes were added to allow for greater control speed.

VAT Refund. The space at customs and in the VAT Refund area landside of Terminal 3 has been doubled to increase passenger comfort while waiting for their turn. In addition, a "queue clearance" system has been installed at the VAT Refund point, with touchscreens for choosing the operator, receiving reserved tickets and displays summarizing the codes being served. In the Extra Schengen area, on the other hand, a new area dedicated to VAT Refund operators has been opened, in a central and easily to reach location, thus giving Extra Schengen passengers the possibility to use the VAT Refund service even after passport control.

Baggage Claim. During 2019 the flow of passengers arriving between Terminal 1 and Terminal 3 was redistributed in order to maximize the use of both terminals. This has made it possible to increase passenger comfort in the baggage claim areas, reducing the number of baggage claimed at the same time on the single belt and further reducing the waiting time for baggage claim.

PRM (Passenger with Reduced Mobility). At the beginning of the year the new border control dedicated exclusively to PRM, between the Schengen and Extra Schengen areas and vice versa, was inaugurated. The process is made easier by the use of minivans equipped to transport people with disabilities. In addition, the area dedicated to PRM passengers has been extended to the security controls of Terminal 3.

- "Airside" events

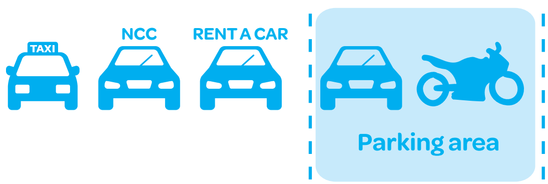
  Fiumicino

  Daily and ongoing collaboration with ENAV and the carriers operating at the airport introduced by ADR has improved the regular execution of airside operations of departing aircraft, also favored by the increase in the number of aircraft parking areas. Overall, these actions have led to a significant reduction in unscheduled gate variations with positive effects on the boarding experience perceived by customers while keeping the number of causes of delay attributable to the airport at an all-time low.

- Further actions taken with regard to passenger service

  Fiumicino car parks

  The so-called card-in/card-out function has been added to the columns at the entrance and exit of the Fiumicino car parks. By simple contact with a credit card, the system can also automatically determine the start and end times of the stay in a complete ticketless manner; this additional functionality became operational in June and guarantees the saving of precious time for the users of this service. In the area of the long-term parking lot, a car washing system has been built in order to improve the service provided to passengers and public transport operators (taxi, NCC).



- Actions to improve wayfinding

  During 2019 ADR perfected the information provided to passengers to help them find their way at airport through the use of increasingly advanced monitors, Ledwalls and digital portals, maps to manage the most complex areas and continuous improvement of the new passenger guidance signs, also implementing new pictograms based on emerging needs (e.g. washbasins for children, arrival lounge, work and relax area).

  The most important actions were taken to support passengers after moving the check-in area of some carriers between terminals at the time of opening the new island with 30 new counters at Terminal 1, and through the introduction of dynamic signage portals in the passport control area, aimed at directing passengers according to their origin (EU/non-EU). The use of maps was also encouraged to orient passengers in the most critical areas such as check-in and boarding areas, also highlighting the services available.

- Interventions aimed at increasing airport capacity

  Work continued at Fiumicino airport to increase terminal capacity in connection with the "East Terminal Expansion" project, consisting, in particular, in the construction of the new departure area A, of a Front building for Terminal 1 and the extension of Terminal 1 on the West side. In addition, the construction of a new hub in Departure Area D dedicated to passport control in transit and the redevelopment of Departure Area C are also planned.

  It is scheduled to be put into service in stages, between July 2020 and December 2021. With an overall investment value of around 400 million euros, the airport capacity at Fiumicino terminals will increase by around 9 million passengers per year. In fact, 30 new gates will be available, 13 of which will be served by loading bridges, in addition to approximately 18,000 square meters of extra retail space. The new infrastructures will primarily serve domestic-Schengen traffic.

Main service quality indicators at Fiumicino
Table 6

	m.u.[2]	2019	2018
Fiumicino			
Waiting time in line at common check-in desks for non-sensitive flights	Time 90% of cases	9.34	9.33
Waiting time for carry-on baggage security checks	Time 90% of cases	3.19	3.29
Delivery of last bag from block-on at national level	Time 90% of cases	20.49	21.35
Delivery of last bag from block-on Schengen	Time 90% of cases	29.50	28.37
Delivery of last bag from block-on at Extra-Schengen level (narrow body)	Time 90% of cases	30.06	29.44
Delivery of last bag from block-on at Extra-Schengen level (wide body)	Time 90% of cases	40.30	41.46
Punctuality of departing flights (flights leaving with less than 15 minutes' delay)	% of punctual flights over total departing flights	77.5	75.7
Overall perception of the regularity of services received at the airport	satisfied passenger %	96.2	97.0
Overall comfort perceived at the airport	satisfied passenger %	93.2	94.9
Perception of the level of cleaning at the terminal	satisfied passenger %	95.2	95.6
Perceived level of cleanliness and functioning of the rest rooms	satisfied passenger %	92.4	92.3
Perceived check-in desk waiting time	satisfied passenger %	90.9	92.0
Overall perception on the security control service	satisfied passenger %	95.4	95.0

Main service quality indicators at Ciampino
Table 7

	m.u.[2]	2019	2018
Ciampino			
Waiting time at check-in desk	Time 90% of cases	15.59	17.26
Waiting time for carry-on baggage security checks	Time 90% of cases	4.26	4.28
Delivery of last bag from block-on	Time 90% of cases	22	27.57
Punctuality of departing flights (flights leaving with less than 15 minutes' delay)	% of punctual flights over total departing flights	79.9	74.1
Overall perception of the regularity of services received at the airport	satisfied passenger %	94.1	91.3
Overall comfort perceived at the airport	satisfied passenger %	87.6	80.0
Perception of the level of cleaning at the terminal	satisfied passenger %	91.1	91.7
Perceived level of cleanliness and functioning of the rest rooms	satisfied passenger %	89.6	89.2
Perceived check-in desk waiting time	satisfied passenger %	92.3	92.7
Overall perception on the security control service	satisfied passenger %	93.3	90.2

[2] In line with the provisions of the Single Deed between ENAC and ADR, in 90% of cases the time is calculated taking into account the population expansion coefficients.

3.4. Security & Safety

ADR is committed to guaranteeing that the travel experience at the airport and the related airport support operations can be carried out under the safest possible conditions, in full compliance with the requirements of all airport processes and the provisions for the protection of passengers and all airport operators.

Fiumicino airport certificate:
n. IT.ADR.0001 issued on December 20, 2016, rev. 1 of November 11, 2019.

Ciampino airport certificate:
n. IT.ADR.0012 issued on December 20, 2016, rev. 1 of November 25, 2019.

ENAC checks on infrastructure, plants and airport procedures

Fiumicino

11 surveillance audits

28 NC of level 2

36 Observations

Ciampino

7 surveillance audits

9 NC of level 2

16 Observations

Audit of the parent company Atlantia

Fiumicino

1 audit action on the internal control system of ADR Security

0 anomalies emerged in the control system

3.4.1. Security

Main features

In compliance with the provisions of EC Reg. 300/2008 and the National Civil Aviation Security Program, in coordination with the competent Authorities, ADR develops and applies methods and procedures aimed at preventing acts of unlawful interference against civil aviation and preventing the introduction of prohibited items in critical areas.
The Airport Security Program plays a role of central importance in the airport security governance system (for both Fiumicino and Ciampino airports).

3.4.2. Safety

Main features

In line with the provisions of European Regulation no. 139/2014, since 2006 ADR has adopted a Safety Management System (SMS) for Fiumicino and Ciampino airports, i.e. a suitable system to guarantee that airport operations are carried out under preset safety conditions.

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

The Safety and Security organization is headed by the Safety Board (internal committee) and the Safety Committee (the committee to which also all of the stakeholders take part), certain Safety Performance Indicators and related targets periodically monitored in accordance with current regulations.

The Safety Board, a committee consisting of the Accountable Manager, the Post Holders (safety managers for the respective areas of responsibility), the Safety & compliance monitoring manager (responsible for the SMS) and the Training Manager, defines these targets and the related warning values.

Our results

Number of accidents

The damage rate to aircrafts, which is improving compared to the previous year, reduced by 63% at Fiumicino airport compared to the first (2010-2013) and last three-year period (2017-2019).
A very low number of accidental events are recorded at Ciampino airport (to the tune of a few cases). This assigns the airport a good safety level, as shown by the Safety Performance Indicators compared, in terms of rate, to those gathered during a benchmarking of main European airports.

Compliance Monitoring

In 2019, the compliance monitoring activity was more focused on the Operator's internal processes, completing, for the second time since the conversion of the Airport certificate, the checks of all key processes. The first audit activities entrusted to third parties were also completed and the weekly inspection activity aimed at monitoring safety provisions was increased.
For Ciampino airport, compliance monitoring activities focused more on ground handling service providers.

The activities

Scheduled activities

In 2019, 42 scheduled audits were carried out at Fiumicino airport, supplemented by another 2 activities during the year, which involved checking the operator's main processes, some contracted activities, the main on-board service providers operating at the terminal and the processes under the responsibility of the Safety and Compliance Monitoring Manager.
Audit activities for 2019 included audits of assistance services providers operating at the airport, the main processes/procedures of the Operator's Management System and some contracted companies.

Airside security

Fiumicino airport perimeter was entirely equipped with an anti-intrusion and antievasion system (270 thermal/optical cameras) and a motion sensor system (approximately 3400 sensors). The system is integrated by multiple self-assembled patrols that gravitate along the perimeter according to a plan managed by ADR's Operations Center. 4 intrusion/evasion simulations are carried out daily to test the operational

continuity of the equipment, procedures and intervention times.
Initiatives were also launched at Ciampino to strengthen video surveillance measures on the perimeter with the installation of infrared technology cameras.
In terms of video surveillance and access control, the progressive migration of IT systems under a single government system, known as the "security center", allows a fully automatic and timely management of all the equipment used for the orderly control of passengers, operators and vehicles, as well as airport operations.

In 2019 both Fiumicino and Ciampino completed the upgrade of large sections of the perimeter fence.
To date, as many as 28 standard 3 EDS machines are operational at Fiumicino and Ciampino, which are equipped with tomographic radio-generation of checked baggage.

In 2019 ADR launched a study and analysis of the main anti-drone system products available on the market, capable of enabling the timely detection of unauthorized drones, the quick investigation of the type of objects detected and appropriate countermeasures if a potential risk to air navigation and/or security is confirmed.
The configuration of the alarms on the "red" doors, with about 900 accesses classified as priority, was progressively integrated; the management of the alarms was also optimized by centralizing the acoustic and visual signals on a dedicated monitor in ADR's operations room.

Landside security
The sidewalks in front of the Terminal have been equipped with shatterproof bollards to contain/brake the movement of vehicles driving fast towards the inside of the terminal.
The multi-storey car parks have been equipped with video surveillance systems.
Dynamic surveillance services were activated along the internal and external perimeter of the airport, setting particularly sensitive targets to be monitored (thermal and electrical power plants, drinking water outlets, etc.).
The progressive rationalization of the access gates along the perimeter fence continued, adjusting the number of gates to the actual security and safety requirements, with parallel efficient surveillance and patrol actions.

The experimentation of a biometric access control at staff gates has been a step towards the implementation of a facial recognition system, whereby the identity of airport staff will be recognized via a double comparison: airport badge control and biometric control.

Emergency management
ADR is mainly called upon to deal with two different types of emergency:

- negligence regarding infrastructure;
- willful misconduct on board the aircraft.

In both cases the ADR Security Group company is called upon to make its contribution in terms of resources, means and procedures.
In the event of negligence regarding infrastructure, ADR Security is in charge of surveilling and delimiting the area and of the evacuation of passengers, as well as of all the measures that are required by the Airport Security Police from time to time.

In the latter case, the contribution offered is more qualified, since the particular legal configuration of the security officer – who is a special security guard – means that he/she replaces other professional figures that are typical of ramp activities, driving special vehicles such as inter-runway buses, staircases, transloaders, transferring passengers and their luggage to the places set by the Police Force according to the various situations.

Fiumicino

Fiumicino airport has a single integrated document containing emergency plans: the Airport Emergency Plan (PEA).
The plan highlights the task for the operator to draw up and propose an annual schedule of exercises to the Emergency Response Committee at total and partial level.
The Emergency Response Committee is a formally established committee, coordinated by the Airport Operator and consisting of experts and representatives of bodies and companies involved in the management of airport emergencies whose main responsibilities lie in the identification and periodic review of airport emergency scenarios, assistance in planning drills, implementation of the de-briefing of drills or significant events related to emergency, sharing and approval plans for all the parts of the PEA and its updates.
The Emergency Response Committee has been formally accredited by public bodies and private entities directly involved in the management of critical events at the airport.

Ciampino

During 2019 Ciampino airport finalized the project to review and integrate the airport emergency plans in a single document. The Plan was sent to ENAC for verification by the Competent Authority before it comes into force.

3.5. Sustainability and environment

3.5.1. Environmental impacts

Main features

The Planning Agreement (airport concession) signed with ENAC includes a series of environmental indicators that are periodically monitored and help identify a trend of improvement in environmental parameters. In short:

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

For Fiumicino airport, ADR also ensures the continuous monitoring of the main environmental parameters through a detailed Environmental Monitoring Plan, defined in compliance with Via Decree no. 236 of August 8, 2013.

Environmental governance

The achievement and maintenance for over twenty years of the first environmental certification according to the international standard ISO 14001 testifies to ADR's consolidated attention to environmental protection.

ADR has set up a Sustainability Committee, chaired by a person outside the company and in which the managing director, the general manager and all the company directors take part to support the definition of the objectives and the main intervention programs.

Every year the ADR Group updates the Environmental Sustainability Plan drawn up according to the international guidelines defined by the United Nations General Assembly through the SDGs (Sustainable Development Goals).

The strategy

The strategy for the mitigation of environmental impacts is characterized by four macroareas of intervention defined in the 2019 Environmental Sustainability Plan:

- analysis of processes in order to minimize their environmental impact;
- development and strengthening of environmental monitoring and control systems;
- improving communication and training to accelerate cultural change.

96 environmental checks run in 2019 to control third parties.

In addition, ADR exercises control over the activities of airport operators, obliging them to draw up the Environmental Document, before starting to operate at the airport, in which the methods for managing the environmental aspects related to their activities must be described. This document is approved by ADR and constitutes a formal commitment to respecting the environmental protection rules. ADR verifies, through its competent structures, compliance with what has been declared.

The activities

Procurement and water discharges

Fiumicino airport is characterized by the presence of a dual water network for discharge management that allows the consumption of drinking water to be separated from that intended for industrial use. Through the biological purifier, industrial water undergoes a sequence of treatments and sanitization steps before being fed into the distribution networks to reuse the purified water.
The main activities carried out in 2019 concerned the strengthening of the water consumption monitoring system through the introduction of a new system to detect the quantity of drinking water (which makes it possible to identify any leaks in the network) and the upgrading of various sections of the airport biological purification plant, in order to continue to ensure compliance with the discharge limits imposed by current legislation.
With a view to containing drinking water consumption, new plants have been built to extend the use of industrial water to uses now served by drinking water.
Collaboration with the Water Research Institute (I.R.S.A.) of the National Research Council was also initiated, after sharing with representatives from the Lazio Region, in order to carry out a hydro and geo-chemical characterization of the Fiumicino Airport area and the biogeochemical processes that take place at the site, by means of cognitive activities in the fields of geology, hydrogeology, geochemistry, environmental chemistry and microbiology.

Finally, a section has been prepared within the Company's site, with periodic reports on the main evidence found during the monitoring activities carried out for the different environmental matrices.

Energy and emissions

In 2019, a series of investments was made and operational measures were implemented to improve the airport's energy performance and contain CO_2 emissions, such as:

- the achievement of the maximum level of CARBON NEUTRALITY for both Fiumicino and Ciampino airports of the Airport Carbon Accreditation (ACA) certification, dedicated exclusively to airport infrastructure and issued by ACI Europe and recognized worldwide in the airport sector;
- the adhesion of Fiumicino, as the first airport in the world, to EP100 (by The Climate Group) by achieving a 50% reduction in specific electricity consumption, compared with 2006;
- the use of cutting-edge software based on the "learning machines" to optimize energy consumption;
- the installation of over 100,000 LED lights in buildings, car parks, tracks and aprons;
- more than 500 management efficiency interventions on air conditioning, heating and electromechanical systems to reduce the related energy consumption.

50% reduction in energy consumption per passenger per square meter, from 17.3 to 7.8 kW/m^2*pax from 2006 to 2019

40% fewer CO_2 emissions per passenger between 2009 and 2018

500 efficiency interventions on plants

Completion of the certification process to obtain the **LEED - GOLD level** - certification of Ciampino General Aviation

With the ambition to reduce polluting emissions, in recent years ADR has started a process to optimize and contain the number of vehicles in its fleet by organizing it into micro "pools" and introducing vehicles with low CO_2 emissions, fully electric vehicles and hybrid vehicles. The company fleet has now reached a total number of 175 service vehicles of which 12 fully electric and 55 hybrids of which 53 full Hybrids and 2 Plug-ins.

In addition, the feasibility study for the installation of a large 30 MW photovoltaic panel system at the airside area of Fiumicino airport was successful and, with some projects also financed by the European Community, work was carried out to contain aircraft taxiing times and reduce emissions.

In 2019 the certification process was completed and the GOLD level of the new terminal dedicated to General Aviation at Ciampino was obtained. Therefore, ADR has undertaken the commitment to submit all new projects for assessment in order to obtain certification according to the LEED (Leader in Energy and Environmental Design) protocols. The design and construction of the new East Terminal system and the future Hubtown at Fiumicino will also be subject to such check.

Waste management

In 2019 Leonardo da Vinci airport produced 12,800 tons of waste, of which 2,000 tons related to types of waste that cannot be differentiated because of their nature. Net of these types of waste, in 2019 98% of the waste produced was sorted, with an increase of about two percentage points compared to the previous year.

98% of waste produced at Fiumicino airport in 2019 was sorted

74% of waste produced at Ciampino airport in 2019 was sorted

4% waste reduction every 1,000 passengers compared to 2018 for Fiumicino airport

64% of waste produced at Fiumicino airport terminals are sorted correctly

In 2019, G.B. Pastine airport in Ciampino produced approximately 1,110 tons of waste, while in 2018 it produced 1,500 tons, of which 200 tons of mixed packaging produced by handlers. Net of these types of waste, as these are no longer managed by ADR, in 2019 74% of the waste produced was sorted, with an increase of about six percentage points compared to the previous year.

The results achieved are consequent to the systematic and widespread work that was focused on terminals and was arranged along the following main lines:

- **reduction in waste produced**

  The average waste produced at the terminals per thousand passengers was 123 kg, showing a 4% reduction compared to the 2018 figure, in line with what has been set in the 2018 environmental plan to reduce the amount of waste produced at the terminals for each passenger by 10% by 2020.

  Total waste produced at the terminals decreased by approximately 170 tons. This was achieved through the following initiatives:

  - the construction of a composting plant for the organic fraction, which made it possible to reduce the waste produced by approximately 150 tons. By 2020, with the plant fully operational for twelve months, a reduction of 800 tons in the waste produced is expected to be achieved;

  - the installation of special equipment for the compaction of pet bottles, which has made it possible to optimize the collection of plastic and has allowed a reduction in waste of about 20 tons. In 2020, with the further development of the program, a reduction of 150 tons in the waste produced is expected to be achieved.

- **sorting development**
  The percentage of correctly sorted waste in the terminals was 64% of total waste disposed of, an increase compared to 2018 where it was 59%. These results were achieved through the following actions:

  - the implementation of a control and reporting system aimed at monitoring the users served by door-to-door waste collection;
  - periodic meetings to raise awareness of Food & Beverage operators served by door-to-door waste collection.

The reduction in the fraction consisting of "unsorted urban waste" for each passenger was 17%; in quantitative terms this reduction was approximately 340 tons.

Acoustic impact

In both airports, noise pollution monitoring activities continued in compliance with legal requirements, and comparison activity with ARPA Lazio, which is responsible for controlling the monitoring systems.

Fiumicino

The meetings with ENAV, which began in 2018, continued in 2019, to assess the possible actions to be undertaken to limit the acoustic impact of airport operations on the areas surrounding the airport.
The use of runway 1, which is adjacent to the Fiumicino and Fregene areas, gradually decreased in 2017 and 2018, to the benefit of the runway 3, which is instead close to less densely populated areas, until 2019 when, due to work on runway 3, there was a reversal of the trend, which should return to normal in 2020.
The activity carried out in collaboration with ENAV has made it possible to contain noise within the limits in Airport Noise Assessment Level (LVA).

Ciampino

The "Noise containment and abatement plan" presented by ADR and approved by the Ministry of the Environment and Protection of Land and Sea with Ministerial Decree no. 345/2018 is currently being implemented.

Based on the provisions of the Ministerial Decree, various actions have been taken, such as:

- the initial testing of a new take-off procedure from header 15 with the aim of bringing the acoustic footprint close to that of airport acoustic zoning, the results of which are currently being assessed by the Commission pursuant to Ministerial Decree of October 31, 1997, art. 5; the reduction in the number of incoming commercial flights operating at night (23:00-06:00) and the almost total cancellation of the number of commercial flights taking off at night;
- the start of a building restoration program for schools located in the municipalities of Ciampino and Marino where the relevant acoustic limits have been exceeded. Acoustic adjustment actions involve the replacement of counterframes, window frames and the installation of internal counter walls and panels in about 25 schools dedicated to different age groups: nurseries, kindergartens, primary and secondary schools;

- at the first school, “Plesso Pirzio Biroli”, which is part of Leonardo da Vinci comprehensive school, located in the Municipality of Ciampino, interventions were carried out in the period August 2019-November 2019. Actions at the following schools will start soon based on a schedule that is compatible with the teaching activities. The design and planning of the work is agreed with the local education authorities, the property management bodies and the people in charge of the complexes.

Compared to the previous year, when the acoustic limits in LVA had been exceeded on two measurement points, during 2019 there was an improvement in the overall situation, which is fully within the set limits, with the exception of one measurement point for which the set limits were slightly exceeded.

A dispute is underway with the Ministry of the Environment and others on some aspects of the Noise Management Plan that reduces the airport’s capacity.

Fiumicino
Table 8

	m.u.	2019	2018	2017
Water consumption				
Total water withdrawal per source of supply:	m^3	2,120,523	2,092,978	2,109,997
Drinking water [1]	m^3	883,526	842,978	859,997
Industrial and firefighting water	m^3	1,237,000	1,250,000	1,250,000
Energy consumption				
Total consumption of energy by type:				
Electricity	kWh	155,298,605	169,248,356	172,185,581
Methane [2]	m^3	8,387,551.34	6,858,156	9,269,759
Diesel [3]	l	88,700	41,948	27,057
Consumption of green fuel for vehicle fleet [4]	l	62,350	67,283	78,265
Consumption of diesel for vehicle fleet [4]	l	369,317	390,167	372,896
Emissions				
Direct CO_2 emissions	t	n.a. [6]	2,656	2,794
Indirect CO_2 emissions [5]	t	n.a. [6]	56,072	55,701
NO_x emissions [7]	t	1,882	1,754	1,720
Waste				
Production of waste [8]:	t	12,775	11,545	11,719
Municipal waste [9]	%	75%	85%	78.6%
Special waste	%	25%	15%	21.4%
Total waste sent for recycling	%	98% [10]	96% [10]	90% [10] 83.6%
Waste produced per 1,000 passengers [9]	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	826	990	1,375
incoming BOD5	mg/l	172.1	187	347
outgoing COD	mg/l	29.5	35	32
outgoing BOD5	mg/l	7.2	8	8
COD and BOD5 concentration of the Cargo Area purifier - annual average:				
incoming COD	mg/l	589.8	473	290
incoming BOD5	mg/l	127.4	103	71
outgoing COD	mg/l	32.7	42	38.6
outgoing BOD5	mg/l	7.4	9	9.5

[1] Consumption regarding years previous to 2018 was recalculated compared to the data published in the previous financial reports, based on data from the new ADR meters (for more details see paragraph "water consumption").
[2] Inclusive of the thermal energy purchased, expressed in m^3, and methane gas for boilers.
[3] Since 2017 diesel oil has been used only for the generators and no longer for heating.
[4] Unlike in previous years, when also the values of subsidiary undertakings were reported, for 2019 the values refer exclusively to ADR SpA vehicles that refuel at the plant located in the AIR-SIDE area inside point 1.
[5] Indirect emissions linked to energy consumption at Fiumicino excluding third party consumption.
[6] Due to the presence of complex energy indicators, the calculation of CO_2 emissions in 2019 will be carried out during 2020.
[7] The value is estimated in consideration of the same type of aircraft and the same contribution from the remaining activities carried out at Fiumicino airport and considered in the update of the inventory of emissions of 2016.
[8] Inclusive of waste produced by third parties and handled by ADR acting as intermediary.
[9] Municipal and similar waste.
[10] Figures net of the waste consisting of "septic tank sludge and mixtures of water and grease" as these cannot be sent for recovery and increased in 2019 as a result of new plants under ADR's responsibility.

Ciampino
Table 9

	m.u.	2019	2018	2017
Water consumption				
Total water withdrawal per source of supply:	m^3	101,300	100,236	110,000
Drinking water	m^3	101,300	100,236	110,000
Industrial water	m^3	0	0	0
Energy consumption				
Total consumption of energy by type:				
Electricity	kWh	10,271,000	11,381,032	10,477,667
Methane	m^3	504,545	561,056	550,440
Diesel [1]	l	7,993	3,000	4,550
Consumption of green fuel for vehicle fleet	l	5,075	7,590	6,466
Consumption of diesel for vehicle fleet	l	59,238	52,945	45,084
Emissions				
Direct CO_2 emissions	t	n.a. [3]	1,102	1,154
Indirect CO_2 emissions [2]	t	n.a. [3]	2,779	3,137
NO_x emissions [4]	t	162	175	350
Waste				
Production of waste by type [5]:	t	1,132	1,702	1,271
Municipal waste [8]	%	98.7%	99.9%	99.8%
Special waste	%	1.3%	0.1%	0.2%
Total waste sent for recycling	%	74% [7]	68% [7]	32% [7] 36%
Waste produced per 1,000 passengers [6]	t	0.2	0.3	0.2

[1] Since 2016 diesel oil has been used only for the generators and no longer for heating.
[2] Indirect emissions linked to energy consumption at Ciampino excluding third party consumption.
[3] Due to the presence of complex energy indicators, the calculation of CO_2 emissions in 2019 will be carried out during 2020.
[4] The value is estimated in consideration of the same type of aircraft and the same contribution from the remaining activities carried out at Ciampino airport and considered in the update of the inventory of emissions of 2017.
[5] Inclusive of waste produced by third parties and handled by ADR acting as intermediary.
[6] Municipal and similar waste.
[7] Figure without “packaging produced by handlers”. The percentage of waste sent for recovery consists only of unsorted municipal waste from the door-to-door collection service, which started in June 2018.

3.5.2. The people

3.5.2.1. ADR Group staff

ADR's objective is for the airport to be considered a sought after place to work. And we are working to attain this goal.

The ADR Group manages a complex and constantly evolving situation where competence, professionalism and effectiveness are required. The people working at the company are fundamental for the achievement of the quali-quantitative objectives that enable Business Continuity, security and quality of airport service.

For this reason, one of the Group's strategic drivers lies in the enhancement of human capital through involvement and processes for the selection, training, development of targeted people care and welfare and the remuneration and incentive plans that are an integral part of the corporate strategy.

3,559 employees as of December 31, 2019, recording an increase of 106 people (+3.1%) compared to December 31, 2018

3,224 full time equivalent (fte), up 86.9 (+2.8%) compared to 2018, as a consequence of the internalization processes in the Operation area and the growing passenger traffic

2,793.7 fte with permanent work, up by 222.5 fte (+8.7%) compared to 2018 due to the effect of the application of Italian Law Decree no. 87/2018, converted to Law 96/2018 (known as the Dignity Decree)

4% the rate of the outgoing turnover (115 permanent resources were terminated)

+1.2% increase in passenger traffic vs 2018

Activities of 2019

Training

Training initiatives are aimed at strengthening specific technical-specialist skills related to knowledge and know-how, and transversal skills related to knowing how to operate, i.e. the effective interpretation of one's role within the organization.

Passenger service quality has been at the core of the training activities, in order to confirm the goals achieved and endeavor to attain continuous improvement, with a total of 2,137 hours of training provided with tools such as Focus Groups, Shadow Coaching on field and experiential courses on Quality KPIs, integrated with On Board training, Recurrent training, Quality Circles and Diversity training, for a total of 18,990 hours of training provided.

98,116 total training and education hours (of which 29% training hours provided by internal trainers)

1,412 resources trained as part of the Customer Experience and Education

7,415 hours of training provided through the E- Learning platforms on subjects like Compliance, Anticorruption and Airside Safety

15,303 Equity investments

774,000 euros worth of investments

In order to guarantee an adequate level of airport safety, all parties operating airside, both internal and external to the ADR Group, were given specific training in accordance with EU/139/14 and the implementing rules prepared by the European Aviation Safety Agency.

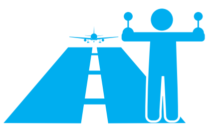
Following the update of the Airport Emergency Plans, training was also provided for a total of 550 hours/attendance between ADR Group staff and third party operators.

Development
ADR constantly monitors the performance of its resources to assess their potential, motivations, aspirations and expectations and the way they evolve over time hand in hand with the organization and business challenges.
In 2019 the following were started:

- individual assessments geared towards skills development and the arrangement of improvement plans;
- Junior Assessment Lab, i.e. business cases organized for young talent;
- individual coaching to support the growth of those resources who have been assigned new responsibilities;
- proximity interviews aimed at both listening and motivating while sharing key messages about the company strategy.

The performance evaluation system (2018-2019), focused on the feedback of the resource's manager, allows for the specific determination of the context that caused the employee's performance to stand out and of areas of improvement. This system involved about 850 resources, for each one of which a path was identified to strengthen the skills deemed important.

Following this evaluation process, five specific routes were activated in 2019, for a total of 2,124 hours of training involving 93 participants, on the following topics: Negotiation, Innovation, Project Management, Work Planning and Organization and Integration.



2,124
hours of training involving 93 participants in 2019

850 resources involved in the performance evaluation system

2,124 hours of training provided over 5 training courses defined within the performance management process

the performance evaluation system concerned **100%** of employees in clerical and managerial positions

100% of Managers and 94% of Administrative staff was assigned MBO

100% of staff covered by the OHSAS 18001 certified health and safety management system

457,000 euros were spent for training on Health and Safety

Workers' health and safety
The ADR Group adopted a management system, certified according to the UNI ISO 45001:2018 international standard, applied to the companies ADR, ADR Assistance, ADR Security and Airport Cleaning.

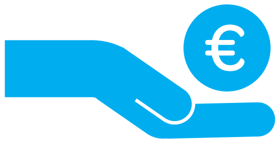
The following activities were performed in 2019:

- updating of some operating procedures;
- consolidation of the Health & Safety Alert tool. This document reports specific events (accidents, near misses or hazardous conditions) with the aim of informing and raising awareness among workers with regard to specific risks of their business. Health & Safety Alerts are published in notice boards at monitoring areas, in the corporate intranet or via read&sign;
- implementation of a specific HSE software that integrates in a single platform the management of all aspects of health and safety at work (risk assessment, health surveillance, training, PPE, internal audits, accidents/near misses, DUVRI, contractors, etc.) and that interfaces automatically with the ERP corporate system.

In 2019, 212 accidents in the workplace were recorded and 58 accidents while travelling to and from work. The analysis of the accidents in the workplace and the near misses is systematicaly carried out in order to identify opportunities to improve the safety levels.

Remuneration system

The short to medium-term objectives regarding middle/top management are stated below.



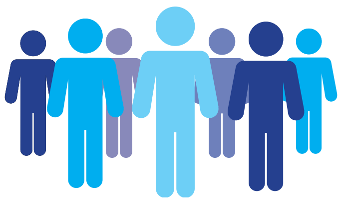
The short to medium-term objectives

Table 10

Type of incentive	Short description	Recipients and coverage
Short-term MBO	Short-term variable remuneration to pursue the business objectives while guaranteeing a correlation between corporate performance and individual performance	Managers 100% Administrative staff 94% White-collar level 2a 4%
Annual/three-year MBO	Variable wage that makes it possible to share, within top management, the pursuit of medium-term quality and economic-financial objectives	Managers 15%
Equity plans	Variable medium/long-term incentive tool defined by the parent company Atlantia and dedicated to the directors and/or employees with functions of strategic importance	22 resources

Welfare and benefits and life and work balance

ADR has activated company welfare tools to promote and maintain the physical, psychological and social well-being of workers, paying attention to the quality of life and improving the "work-life balance" through the following initiatives.



Work-life balance

Table 11 - Follows

Initiatives	Description	No. of recipients
Summer camp for the children of employees aged 4 to 18	ADR bears 70% of the cost of stays dedicated to recreational and sports activities or language learning. Older children also have the opportunity to attend international colleges	147 children took part in the summer camps
Family days dedicated to the children of employees aged 3 to 12	They are organized twice a year and allow children to get to know their parents' workplace, visit the airport and participate in educational workshops that promote the values of environmental sustainability	174 parents and 196 children were involved
University scholarships	University scholarships are provided to cover university expenses for the most deserving students who have obtained a Bachelor's and/or Master's degree	Two scholarships were awarded out of the 8 provided

Work-life balance
Table 11

Initiatives	Description	No. of recipients
Public transport facilities	ADR refunds the cost incurred for train cards and provides a shuttle service	There were a total of 375 beneficiaries
Carpooling	An initiative that, subject to registration in a specific App, allows users to share the car journey with several colleagues thus saving petrol and reducing CO_2 emissions	584 employees registered with the service
Flexible benefit	The result bonus may be converted into welfare services (e.g. medical and school expenses, free time, etc.), both for employees and their dependents	83 people used the service
Health prevention	Cardiological check-ups, pressure check-ups with ECG, breast examinations, breast ultrasound and preventive skin cancer screening carried out by the ADR Emergency Room	294 employees took part
Supplementary healthcare coverage	Health insurance cover is available for both the direct coverage of services and the reimbursement of costs incurred outside the network of affiliated centers	2708 employees registered
Teleworking	Possibility of teleworking during the nursing period	6 mothers used this service

Industrial and trade union relations

During 2019, the dialogue between ADR and the Social partners mainly focused on:

- the renewal of the National Collective Bargaining Agreement for Air Transport - General Part, signed with trade unions on May 30, 2019; for the Specific Part regarding Airport Operators, negotiations continued, particularly on aspects related to seasonal contracts, which led to the contract renewal being signed on January 17, 2020;
- a headcount consolidation plan, aimed at improving productivity of front end operations staff and implemented by introducing new operating flexibility in terms of working hours;
- the redetermination of the scope of the activities performed by personnel working in the Landside Operations and Passenger Services structure, also following the internalization processes pertaining to baggage management;
- the completion of the internationalization of fire-fighting activities at Leonardo da Vinci Airport, which involved 85 resources in a development and professional training program;
- finalizing the 2018 Result Bonus;
- enhancing the professional skills of employees, including through agreements for subsidized training, including the training arranged as part of the National Industrial Plan (Piano Nazionale Industria 4.0);
- the joint assessment of areas for improvement in operating processes in the subsidiaries ADR Assistance and ADR Security;

- in Airport Cleaning, deviating from the reasons set forth in the Dignity Decree, the possibility of extending the maximum period of 24 months of the duration of seasonal term contracts has been agreed upon. In addition, the extension of the scope of activities was shared with the acquisition of the Landside Sweeping of Fiumicino Airport.

85 resources involved in a development and training program for the internalization of fire-fighting activities at Leonardo da Vinci Airport

Attracting talents and employer branding
ADR is committed to spreading, developing and enhancing relations between the company and local schools through partnerships and internships with students from different schools and universities (La Sapienza, Roma 3, Tor Vergata, Luiss, Università di Firenze, Università Europea, Link Campus, UNINETTUNO). Some of the projects arising from these partnerships and also involving the children of employees are:

- **Talent day**: days of in-depth study on market trends dedicated to young people aged 18 to 27 who are given useful and immediately usable information on how to find a job (how to write a CV, how to handle a job interview and how to use social networks effectively);

- **"ADR Welcome" - School-work balance**: in 2019, 5 young people had the opportunity to take part in this project, which gives the possibility to do an internship as part of some public information airport activities starting from the year before the last year of high school onwards.

Main human resource indicators
Table 12

	m.u.	12.31.2019	12.31.2018	12.31.2017
ADR Group headcount by qualification (actual headcount)	no.	3,559	3,453	3.377
Managers	no.	48	48	52
Administrative staff	no.	270	249	233
White-collar	no.	2,016	2,004	1.947
Blue-collar	no.	1,225	1,152	1.145
ADR Group headcount by company (actual headcount)	no.	3,559	3,453	3.377
ADR	no.	1,456	1,401	1.389
ADR Tel	no.	51	55	57
ADR Assistance	no.	387	389	300
ADR Security	no.	1,007	990	955
ADR Mobility	no.	62	61	63
Airport Cleaning	no.	596	557	613
ADR Group headcount by contract type (actual headcount)	no.	3,559	3,453	3.377
Open-ended contract	no.	3,104	2,789	2.780
Fixed-term contract	no.	455	664	597

	m.u.	2019	2018	2017
ADR Group headcount by qualification (average headcount)	FTE	3,224.5	3,137.6	3,110.9
Managers	FTE	47.6	51.5	51.3
Administrative staff	FTE	265.6	241.1	227.3
White-collar	FTE	1,778.4	1,752.7	1,754.5
Blue-collar	FTE	1,132.9	1,092.3	1,077.8
ADR Group headcount by company (average headcount)	FTE	3,224.5	3,137.6	3,110.9
ADR	FTE	1,401.0	1,365.9	1,319.9
ADR Tel	FTE	54.4	57.4	55.4
ADR Assistance	FTE	377.3	350.6	303.8
ADR Security	FTE	799.3	780.2	814.5
ADR Mobility	FTE	61.8	62.5	60.2
Airport Cleaning	FTE	530.6	521.0	557.1
ADR Group headcount by contract type (average headcount)	FTE	3,224.5	3,137.6	3,110.9
Open-ended contract	FTE	2,747.7	2,581.1	2,587.6
Fixed-term contract	FTE	476.7	556.5	523.3
Passengers/FTE employees	FTE	15,324	15,564	15,062
ADR Group headcount by age bracket				
< 35	%	26%	26%	28%
36-45	%	34%	33%	32%
46-55	%	28%	29%	29%
> 55	%	12%	12%	11%
ADR Group headcount by educational qualification				
Degree	%	23%	23%	22%
Diploma	%	53%	53%	53%
Turnover rate				
Negative turnover rate	%	4%	2%	3%
Positive turnover rate	%	16%	3%	3%

Industrial relations and trade union relations indicators
Table 13

	m.u.	12.31.2019	12.31.2018	12.31.2017
Percentage of employees adhering to collective agreements	%	100%	100%	100%
Number of agreements signed with trade union organizations	no.	16	32	23
Diversity				
Women out of the total workforce	%	40%	39%	37%
Women in managerial positions	%	0.5%	1.0%	1.0%
Training				
Training expenses	euro/000	774	575	980
Average hours of training per employee per annum	h	28	26	26
Training by area:				
Health	%	47%	35%	41%
Airport security	%	11%	16%	17%
Managerial	%	8%	7%	5%
Role-specific - Specialist Technician	%	34%	42%	37%
Health and safety in the workplace				
Expenses for health in the workplace	euro/000	1,070	956	825
Employee accidents	no.	270	304	259
Accident severity index for employees	%	3.6%	4.8%	2.6%
Fatalities	no.	0	0	0
Number of Workers' Safety Representatives (WSR)	no.	10	11	11

3.5.2.2 The supply chain

ADR pursues a procurement strategy oriented towards sustainability, efficiency, innovation and service quality by using tools and procedures that guide the sourcing process, encouraging virtuous behavior from current and potential suppliers.

Main features

ADR belongs to the so-called "special sectors", i.e. those entities carrying out, among others, "... activities relating to the exploitation of a geographical area for the purpose of making airports available".
For this reason, it is obliged to apply Italian Legislative Decree no. 50/2016 (so-called Code of Public Tenders) and, therefore, to call EU public tenders for the awarding of works, supply and service contracts, when pertaining to the role of concessionaire and for amounts that are above the respective EU thresholds.

ADR Internal Regulation

a) *direct award for a unit amount of up to 300,000 euros*
b) *invitation to tender between companies registered in the Register and with appropriate SOA qualification, for amounts between 300,000 euros and 5,548,000 euros*
c) *direct awards limited to amounts up to 100,000 euros for the supply of goods and services.*

As provided for by the Code, ADR has also adopted internal regulations for the awarding of contracts "below the threshold", arranging for it to be used also for awarding "private" contracts, i.e. when operating in areas that are not directly related to the airport.

The purchasing process

The e-procurement platform

In order to manage purchases, procurement of goods, services and works, as well as the process of registration and qualification of suppliers, ADR has adopted an e-procurement platform that allows suppliers to manage their own qualification process in order to become part of the Register of Suppliers, ensuring them actual advantages, including:

- transparency and equal award opportunities in the procedures for the selection of contractors;
- reduced time required for the preparation and submission of tenders;
- authenticity, competitiveness and integrity in data exchange.

On the Portal supplier have a chance to fill in a questionnaire on general, economic and sustainability data (human rights, labor, environment, anti-corruption) and to digitally sign the Registration Contract whereby they declare to be aware that ADR has adopted its own Model pursuant to Italian Legislative Decree no. 231/2001 and a Code of Ethics (both available on the website www.adr.it).

During the qualification process, compliance with the requirements, the quality of the references held and the respect of the ADR Group's sustainability values is carefully assessed.

Those companies that obtain the qualification are included in the list of Qualified Suppliers for a period of three years, during which they must maintain compliance with the set requirements.

1,251 qualified suppliers registered

763 suppliers "used" in 2019

The vendor rating system

In order to have an increasingly responsible supply chain, seize opportunities and mitigate any economic, environmental, ethical and social risks, ADR has adopted a Vendor Rating system, as a tool to assess both the medium/long-term sustainability of suppliers requesting registration in the Vendor Register ("Qualification Vendor Rating") and the level of performance expressed by suppliers in relation to each individual contract awarded to them ("Performance Vendor Rating").

The **Qualification Vendor rating** assesses the potential reliability of the supplier, based on information extracted from the Qualification Questionnaire and economic and financial databases managed by leading operators in the sector relating to two distinct macro areas: Corporate Social Responsibility (CSR) and economic and financial soundness.

The **Performance Vendor Rating** assesses the commercial (timeliness of responses, competitiveness-life) and technical (quality, reliability, punctuality) aspects of the suppliers awarded an order.

Both systems, together with other criteria based on supplier rotation and scouting, are used to invite suppliers to informal tenders (vendor list).

631 suppliers assessed on the basis of ethical, social and environmental criteria

48% of orders awarded to suppliers from the Lazio region

The activities

Widen the set of information on suppliers. This project was launched in 2019 and is expected to become fully operational in 2020. Its aim is to increase the set of information on the Group's suppliers by integrating, in a single data-base, the assessments resulting from the audits and checks carried out by the various company departments which, due to their activities, examine the performance of the supplier or sub-supplier in the field. Such integration of information provides an overview of the supplier's legal compliance and monitoring of environmental, social and ethical issues.

A cross-functional ADR team has been created for this purpose:

- share the results of the assessments performed;
- share and optimize the Activity Plan of the different specific areas concerning suppliers;
- use the various supplier assessments in the preparation of Vendor Lists, in the phase of identifying the suppliers to be invited to tender.

In 2019 **the types of procurement on the total orders were** as follows:

- Works (63%)
- Services (28%)
- Supplies (9%)

Sustainability audit:
45 companies in the supply chain that were active in 2019 were subject to a Sustainability Audit, of which:

21 at high risk according to social criteria

25 at high risk according to environmental criteria

43 at high risk according to anticorruption criteria

Premiums linked to environmental sustainability. This activity concerns the definition of environmental sustainability criteria to be included in the tenders awarded on the basis of the most economically advantageous bid as assessment elements in relation to premiums, which will be progressively extended to a larger number of product categories.
The application of such criteria is aimed at increasing the effectiveness of a selective tool aimed at qualifying supplies, works and services in environmental terms along the entire life cycle.

During 2019, out of the total number of tenders awarded to the most economically advantageous bids, around 60% were awarded made according to this approach.

Finally, as in previous years, a structured supplier audit program was conducted to assess and monitor supplier performance in order to establish a continuous improvement process.

Number of orders by geographic origin
Table 14

	m.u.	2019	2018	2017
Number of orders by geographic origin				
Local	%	48%	44%	49%
Other Italy	%	48%	52%	46%
Abroad	%	4%	4%	4%
Value of orders by geographic origin				
Local	%	46%	60%	47%
Other Italy	%	49%	38%	51%
Abroad	%	5%	2%	2%

***

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

3.6. Our second airport: Ciampino

Main features

Ciampino Airport is the second airport serving the Metropolitan City of Rome. In addition to being an important hub for low-cost carriers Ryanair and Wizzair and for express couriers DHL, UPS and Fedex, it is used for General Aviation by private carriers and companies that operate the air taxi service. It is also the base of important institutional operators, such as the 31st wing of the Air Force, the Flight Department of the Fire Brigade, a contingent of the 1st Flight Department of the State Police, the Canadair operated by Babcok Mission Critical on behalf of the Fire Brigade and the operator CAI in service on behalf of the Prime Minister's office. Specialized aprons for the different types of traffic operating at the airport are available to the two airports, one dedicated to scheduled flights and the other to General Aviation. The General Aviation Terminal, renovated in 2016, is certified according to the strict LEED protocol at a Gold level and represents an international excellence in terms of environmental sustainability and quality of services offered to passengers and operators.

The airport can be reached by private cars and car-sharing, public and private buses and is connected to the Termini Station through the innovative Ciampino Airlink intermodal service, which is the result of a partnership with Ferrovie dello Stato.

The airport also has several parking spaces for up to 1,750 cars.
The airport is an important economic and employment hub of the surrounding area. Many small and medium enterprises in the area develop their activities within the airport, respecting excellent standards at national and international level.

With regard to the acoustic impact of the airport, the acoustic zoning of the airport surroundings was approved in 2010 and noise abatement and containment activities are managed according to a plan submitted by ADR in 2015 and approved by MATTM with the adoption of Decree no. 345 of December 18, 2018

The activities

- **Real estate**
  In 2019, work began on the redevelopment and renovation of the properties transferred to ADR by the government land used for Military State Property Office, following the change of status that took place in 2013.
- **The neighboring community and the impact on the territory**
  In addition to complying with the regulatory requirements set to contain noise damaging schools in the surrounding area, initiatives have been launched to develop synergies with the surrounding communities. In collaboration with airport operators, an important plastic reduction project was launched, implying the distribution of steel water bottles and the installation of water dispensers.

5.9 million passengers

35 thousand commercial flights and **17** thousand non commercial flights

57 destinations served

According to the quality surveys carried out for ACI, Ciampino Airport reached an overall satisfaction level of **3.94** (on a scale from 1 to 5), ranking it fourth among the airports participating in the program

Investments for the redevelopment of real estate assets

Investments for activities aimed at improving the wellbeing of the nearby community

- **Acoustic impact**
  A new flight procedure was tested in 2019, which is different from the one envisaged in the 2015 Plan proposed by ADR, which was deemed to be particularly suitable to produce better results in terms of noise reduction and compliance with acoustic zoning. According to the new procedure, aircraft taking off to the south (the predominant direction of use for Ciampino runway) make a turn westwards as early as possible, thus flying over the areas of the approved acoustic zoning, and ascend at a

higher angle, so as to gain distance faster than the receptors.
Since the start of the experiment ADR has been constantly carrying out monitoring activities and all the data collected by the airport acoustic monitoring system control units confirm the positive effects in terms of acoustic impact. In particular, it has been shown that the new procedure is the most compatible with acoustic zoning in all of the check points.

3.7. Economic and financial situation

3.7.1. Consolidated economic performance

Revenues

- Revenues from airport management, amounting to 941.5 million euros, rose by 2.2% over the previous year, due to the growth in aeronautical activities (+1.0%), which reflects the overall positive trend in volumes and type of traffic manager (passengers +1.2%), though partly mitigated by the tariff reduction applied from April. Revenues for the non-aeronautical sector recorded a particularly positive performance (+5.3%), thanks to the positive trend of commercial sub-concessions (+6.2%) correlated not only to the increase but also, as mentioned, to the type of passenger traffic growing mostly for the routes characterized by passengers with a higher propensity to spend. The revenues from real estate management also recorded a positive trend (+4.9%) as did advertising revenues (+16.5%), due to the effect of the new business direct management model.
- Revenues from construction services amount to 174.4 million euros, with an increase of 64.7 million euros compared to 2018, primarily due to the progress of work on the new East Terminal system.
- Other operating income amounted to 13.2 million euros, down 0.8 million euros compared to 2018, when significant insurance reimbursements for 0.8 million euros were recorded.

Net operating costs

- External operating costs amount to 163.4 million euros, increasing by 2.5 million euros compared to 2018 (+1.5%), mainly due to the effect of the increased costs for maintenance activities and commercial support.
- Costs for construction services, equal to 164.8 million euros, increased consistently with the trend of the corresponding revenues already analyzed in the previous paragraph by 63.3 million euros compared to the comparative year.
- Payroll costs are equal to 168.9 million euros. The slight increase of 0.6% is essentially due to the change in the fair value of stock incentive plans, as well as to changes in the average number of employees (+86.9 fte), partially offset by the effect of non-recurring items. The trend in the average number of staff is attributable to the increase in traffic, the completion of the process of bringing in-house the fire protection activity at Fiumicino airport and the supervision of customs areas activity concluded in August 2018. These effects were partially offset by actions to make the process more efficient and to recover productivity.
- (Allocation to) Re-absorption of allowances for risks and charges for -1.4 million euros (-0.1 mil-lion euros in 2018) for the effect of allo-

Reclassified consolidated income statement
Table 15 (Thousands of euros)

	2019	2018	Change	Change %
Revenues from airport management of which:	941,479	921,500	19,979	2.2%
aeronautical revenues	673,428	666,970	6,458	1.0%
non-aeronautical revenues	268,051	254,530	13,521	5.3%
Revenues from construction services	174,386	109,658	64,728	59.0%
Other operating income	13,234	13,990	(756)	(5.4%)
Total revenues	**1,129,099**	**1,045,148**	**83,951**	**8.0%**
External operating costs	(163,383)	(160,907)	(2,476)	1.5%
Costs for construction services	(164,797)	(101,464)	(63,333)	62.4%
Concession fees	(36,728)	(36,239)	(489)	1.3%
Payroll costs	(168,901)	(167,964)	(937)	0.6%
(Allocation to) Re-absorption of allowances for risks and charges	(1,360)	(1,278)	(82)	6.4%
Total net operating costs	**(535,169)**	**(467,852)**	**(67,317)**	**14.4%**
Gross operating margin (EBITDA)	**593,930**	**577,296**	**16,634**	**2.9%**
Amortization and depreciation, write-downs and reversals	(107,068)	(103,621)	(3,447)	3.3%
Provisions for renovation and other adjusting provisions	(57,989)	(57,528)	(461)	0.8%
Operating income (EBIT)	**428,873**	**416,147**	**12,726**	**3.1%**
Financial income (expense)	(52,084)	(53,331)	1.247	(2.3%)
Share of profit (loss) of associates accounted for using the equity method	(8,640)	(3,679)	(4,961)	134.8%
Income (loss) before taxes from continuing operations	**368,149**	**359,137**	**9,012**	**2.5%**
Taxes	(122,988)	(112,897)	(10,091)	8.9%
Net income (loss) from continuing operations	**245,161**	**246,240**	**(1,079)**	**(0.4%)**
Net income (loss) from discontinued operations	0	0	0	0.0%
Net income (loss) for the year	**245,161**	**246,240**	**(1,079)**	**(0.4%)**
Share of income (loss) for the year pertaining to third party shareholders	0	0	0	0.0%
Group share of income (loss) for the year	**245,161**	**246,240**	**(1,079)**	**(0.4%)**

cations of 5.7 million euros, partially offset by the re-absorption of pre-existing funds of 4.3 million euros, of which 3.7 million euros are attributable to the favorable and definitive outcome for ADR of four rulings by the Supreme Court regarding fines relating to the energy tax as part of the ongoing litigation with the Customs Office.

Gross operating margin (EBITDA)

The gross operating income (EBITDA), equal to 593.9 million euros, rose by 16.6 million euros compared to 2018 (+2.9%).

Amortization and depreciation

Amortization of intangible assets and depreciation of tangible assets stood at 107.1 million euros and mainly represented amortization of the airport concession owned by the Parent Company Aeroporti di Roma S.p.A. (hereinafter "ADR", the "Parent Company" or the "Company").
The 3.4 million euros increase compared to the previous year is attributable to the operational start-up of new systems and infrastructures.

Provisions for renovation and other adjusting provisions
This item, totaling 58.0 million euros (57.5 million euros in the comparison period), is broken down as follows:

- allocation to the provisions for renovation of airport infrastructure, amounting to 53.3 million euros, down 3.1 million euros compared to 2018, as a result of the updated estimate of the expenses for restoration and replacement work scheduled in the updated business plan;
- provisions for doubtful accounts, amounting to 4.6 million euros, 3.6 million euros more than in the comparative year.

Operating income
Operating income (EBIT) was equal to 428.9 million euros, increasing by 12.7 million euros (+3.1%) compared to 2018.

Financial income (expense)
The Net financial expense, equal to 52.1 million euros decreased compared to 2018 by 1.2 million euros, essentially due to the effect of the distributed dividend component which increased (3.5 million euros compared to 1.9 million euros in the comparative years) due to the contribution of the subsidiary Azzurra Aeroporti S.p.A..

Share of profit (loss) of associates accounted for using the equity method
This item equals -8.6 million euros (-3.7 million euros in 2018) and is broken down as follows:

- write-down of the value of the investment in the associated undertaking Spea Engineering S.p.A. equal to -8.8 million euros (-0.6 million euros for the comparative year). This adjustment, in the absence of the company's approved financial statements and considering the uncertainties regarding the company's prospects following the events in Genoa in August 2018, aligns the value of the investment with the most up-to-date estimate of the equity valuation of the company's two business units currently operating (motorway and airport);
- revaluation of the equity investment in the associated undertaking Pavimental S.p.A. for 0.2 million euros, compared to a write-down of 3.1 million euros recorded in 2018.

Group share of income (loss) for the year
Net of the tax burden estimated for current and deferred taxation at 123.0 million euros (112.9 million euros in 2018), which takes into account the application of the IRES surcharge of 3.5% for the Parent Company ADR starting from January 1, 2019 ("Robin tax"), the ADR Group, recorded in 2019 a net profit of 245.2 million euros, decreasing by 1.1 million euros compared to 2018.

Consolidated Statement of Comprehensive Income
Table 16 (Thousands of euros)

	2019	2018
NET INCOME FOR THE YEAR	245,161	246,240
Share of cash flow hedge derivative financial instruments	(51,112)	(8,111)
Tax effect	13,118	1,947
Share pertaining to the "other components of comprehensive income" of equity investments accounted for using the equity method	30	(39)
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect	(37,964)	(6,203)
Income (loss) from actuarial valuation of employee benefits	(713)	108
Tax effect	172	(27)
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect	(541)	81
Reclassifications of the other components of the comprehensive income statement for the year	1,541	1,551
Total other components of the comprehensive income statement, net of the tax effect	(36,964)	(4,571)
COMPREHENSIVE INCOME FOR THE YEAR	208,197	241,669
of which		
Comprehensive income attributable to the Group	208,197	241,669

3.7.2. Consolidated financial performance

Reclassified consolidated statement of financial position
Table 17 (Thousands of euros)

		12.31.2019	12.31.2018	Change
	Intangible fixed assets	2,477,927	2,374,328	103,599
	Tangible fixed assets	53,955	44,327	9,628
	Non-current financial assets	64,347	73,008	(8,661)
	Deferred tax assets	50,627	44,290	6,337
	Other non-current assets	401	408	(7)
A	Fixed assets	2,647,257	2,536,361	110,896
	Trade assets	309,613	316,334	(6,721)
	Other current assets	15,637	13,136	2,501
	Current tax assets	7,851	7,739	112
	Trade liabilities	(216,352)	(173,732)	(42,620)
	Other current liabilities	(184,708)	(174,797)	(9,911)
	Current tax liabilities	(32,020)	(21,475)	(10,545)
B	Working capital	(99,979)	(32,795)	(67,184)
	Provisions for employee benefits	(3,038)	(540)	(2,498)
	Provisions for renovation of airport infrastructure	(55,563)	(66,042)	10,479
	Other allowances for risks and charges	(3,392)	(7,409)	4,017
C	Current share of provisions	(61,993)	(73,991)	11,998
D = B + C	Working capital net of the current share of provisions	(161,972)	(106,786)	(55,186)
	Non-current liabilities	(174,893)	(154,515)	(20,378)
E	Non-current liabilities	(174,893)	(154,515)	(20,378)
F = A + D + E	Net invested capital	2,310,392	2,275,060	35,332
	Group Shareholders' equity	1,184,467	1,106,876	77,591
	Minority interests in Shareholders' equity	0	0	0
G	Shareholders' equity	1,184,467	1,106,876	77,591
	Non-current financial liabilities	1,464,648	1,485,965	(21,317)
	Other non-current financial assets	(1,705)	(4,517)	2,812
H	Non-current net debt	1,462,943	1,481,448	(18,505)
	Current financial liabilities	165,382	16,286	149,096
	Current financial assets	(502,400)	(329,550)	(172,850)
I	Current net debt	(337,018)	(313,264)	(23,754)
L = H + I	Net debt	1,125,925	1,168,184	(42,259)
G + L	Hedging of invested capital	2,310,392	2,275,060	35,332

Fixed assets

Fixed assets as of December 31, 2019 equaled 2,647.3 million euros, rising by 110.9 million euros compared to the end of 2018, mainly due to the following changes:

- an increase in intangible fixed assets (+103.6 million euros), substantially in relation to the investments for the year (185.6 million euros) and the advances paid to suppliers (25.1 million euros), partly offset by amortization and depreciation (91.5 million euros) and the recovery of advances paid to suppliers (-15.5 million euros);
- an increase in tangible fixed assets of 9.6 million euros due to the capital expenditure for the year(+21.9 million euros) and by the recognition, due to the effect of the application of the new IFRS 16 accounting standard in force from January 1, 2019, of the rights of use of leased assets (3.3 million euros), with a counter entry for the same amount under financial liabilities, corresponding to the current value of the leasing installments yet to be paid. These trends have been in part offset by amortization and depreciation for the year (15.6 million euros);
- a decrease in non-current financial assets (+8.7 million euros) attributable to the valuation of associated companies accounted for using the equity method and in particular to the value adjustment of the investment in Spea Engineering S.p.A. (-8.8 million euros) mentioned in the comment on the consolidated financial review;
- increase in deferred tax assets for 6.3 million euros mainly in relation to the negative change in the fair value of derivatives and their adjustment deriving from the application of the 3.5% IRES surcharge to ADR also for the years 2020-2021.

These effects are partly offset by the performance of the airport infrastructure renewal fund.

Working Capital

The Working Capital was negative at 100.0 million euros and showed a decrease of 67.2 million euros compared to December 31, 2018 due to the events described below.

- Commercial assets, equal to 309.6 million euros, recorded a drop of 6.7 million euros compared to the end of 2018, despite the growing activity volumes, thanks to the shorter average collection terms.
- Trade liabilities increased by 42.6 million euros, essentially as a consequence of the increase of 40.0 million euros in payables due to suppliers for the higher level of investments compared to the previous financial year.
- Other current liabilities rose by 9.9 million euros overall, mainly as the combined effect of:
  - increase in the payables for surtax on passenger fees of 5.8 million euros due to the impact of the performance during the year of this type of collections from carriers. For this type of charge, ADR is an intermediary in the collection of surcharges, which it pays back to the end beneficiaries in the month after the month of collection;
  - increase of 4.7 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 trend that ADR remits to the final beneficiaries on a bimonthly basis.

Current share of provisions and non-current liabilities
Table 18 (Thousands of euros)

	12. 31.2019	12. 31.2018	Change
Provisions for employee benefits	17,931	19,034	(1,103)
Provisions for renovation of airport infrastructure	189,002	181,227	7,775
Other allowances for risks and charges	22,474	24,440	(1,966)
Total	229,407	224,701	4,706
of which:			
current share	61,993	73,991	(11,998)
non-current share [4]	167,414	150,710	16,704

[(4)] Non-current liabilities also include the item "Other liabilities" equal to 7,479 thousand euros as of December 31, 2019 and 3,805 thousand euros as of December 31, 2018.

- Current tax liabilities increased by 10.5 million euros due to the estimated tax burden for the year, which, as mentioned, reflects the application of the robin tax by ADR, net of payment of the 2018 balance and the advances paid in 2019.

The renovation provision, which represents the current value of the estimate of the charges to be incurred for the contractual obligation to restore and replace assets under concession, increased by 7.8 million euros compared to the balance at the end of 2018 due to provisions for the year net of operating uses, which absorb the values resulting from updating the scheduled replacement/renewal actions included in the updated business plan.
Other allowances for risks and charges decreased overall by 2.0 million euros following uses for 3.4 million euros and re-absorptions of 4.3 million euros, as well as allocations for 5.7 million euros resulting from the update of the Group's risk assessment for adverse outcomes.

Net invested capital
The consolidated net invested capital, equal to 2,310.4 million euros as of December 31, 2019, showed an increase of 35.3 million euros compared to the end of the previous year.

Shareholders' equity
The Group shareholders' equity, equal to 1,184.5 million euros, increased by 77.6 million euros compared to December 31, 2018, due essentially to the overall net income of the year (208.2 million euros, which includes the negative change in the fair value of derivatives of 36.5 million euros), partially offset by the payment of the balance of the 2018 dividends (130.7 million euros).

Net debt
Net debt as of December 31, 2019 amounts to 1,125.9 million euros, down 42.3 million euros compared to the end of 2018.

Consolidated net debt
Table 19 (Thousands of euros)

	12. 31.2019	12. 31.2018	Change
Non-current financial liabilities	1,464,648	1,485,965	(21,317)
Bonds	1,115,670	1,097,076	18,594
Medium/long-term loans	207,198	249,559	(42,361)
Financial instruments - derivatives	140,076	139,330	746
Other non-current financial liabilities	1,704	0	1,704
Other non-current financial assets	(1,705)	(4,517)	2,812
Non-current net debt	1,462,943	1,481,448	(18,505)
Current financial liabilities	165,382	16,286	149,096
Current share of medium/long-term financial liabilities	129,848	16,024	113,824
Financial instruments - derivatives	35,534	262	35,272
Current financial assets	(502,400)	(329,550)	(172,850)
Cash and cash equivalents	(500,885)	(328,200)	(172,685)
Other current financial assets	(1,515)	(1,350)	(165)
Current net debt	(337,018)	(313,264)	(23,754)
Net debt	1,125,925	1,168,184	(42,259)

Non-current net debt

The non-current net debt amounts to 1,462.9 million euros, down 18.5 million euros as a result of the changes described below.

- Bonds (1,115.7 million euros) refer for 246.0 million euros to Tranche A4 in pound sterling of the bonds originally issued by Romulus Finance for 399.0 million euros and to the EMTN ("Euro Medium Term Note Program") bond loan issued by ADR in December 2013 for 470.7 million euros by the bond issued by ADR in June 2017. The increase of 18.6 million euros is mainly attributable to the adjustment of the exchange rate at year end of the Tranche A4 and to the effects of the valuation of the loans with the amortized cost method.
- Medium/long-term loans equal 207.2 million euros (249.6 million euros at the end of the previous year) and include the bank loans granted by EIB (140.7 million euros) and CDP (66.5 million euros). The decrease of 42.4 million euros compared with the end of last year is due to the shortterm reclassification of 112.5 million euros relating to the loan granted by BNL (100.0 million euros) and the instalments due in 2020 of EIB (9.2 million euros) and CDP (3.3 million euros) loans. This effect was partly offset by the increase of 70.1 million euros, which mainly relates to the disbursement of the second tranche of funding lines granted by EIB and CDP, for a par value equal to 40.0 and 30.0 million euros respectively.

- Derivative financial instruments, equal to 140.1 million euros and comprising Cross Currency Swaps hedging the Tranche A4 in pounds sterling, showed a negative fair value of 105.9 million euros, down 24.4 million euros, due to the interest rate and exchange rate component. The residual amount of 34.2 million euros refers to the non-current share of the negative fair value of four forward-starting Interest Rate Swap agreements (with a notional value of 300.0 million euros, with deferred application: February 20, 2022) up 29.1 million euros with respect to December 31, 2018 due to the downward trend in interest rates, which was particularly significant in the second part of the year.
- Other non-current liabilities include the recognition of financial liabilities relative to lease agreements due to the entry into force of the new IFRS 16 accounting standard (which has been commented upon under Tangible fixed assets) for a total of 1.7 million euros.

Current net debt

The financial position highlights, for the current part, net funds of 337.0 million euros, increasing by 23.8 million euros compared to December 31, 2018, mainly due to higher cash and cash equivalents (+172.7 million euros), partly offset by the increase in the current portion of the mentioned long-term loans (+112.5 million euros) and the liabilities for derivative financial instruments (-35.3 million euros) relative to four forward-starting Interest Rate Swap contracts (with a notional value of 400.0 million euros, with deferred application: February 20, 2020).

Consolidated statement of Cash Flows

The net cash flow from operations of the ADR Group generated in 2019 amounts to 498.4 million euros, up compared to the comparative year (+45.0 million euros).
The net cash flow from the operations was partly absorbed by investment activities, which recorded a final negative cash flow of 264.6 million euros compared to 178.2 million euros of 2018.

The net cash flow from funding activities was negative for 61.1 million euros, due mainly to the payment of the 2018 dividend balance.

As a result of the trends described above, the net cash flow for the year, (+172.7 million euros), increased the cash and cash equivalents at the end of the year taking them to 500.9 million euros compared to the opening balance of 328.2 million euros.

Consolidated statement of Cash Flows
Table 20 (Thousands of euros)

	2019	2018
NET INCOME FOR THE YEAR	245,161	246,240
Adjusted by:		
Amortization and depreciation	107,068	103,621
Allocation to provisions for renovation of airport infrastructure	53,342	56,441
Financial expense from discounting provisions	2,103	1,807
Change in other provisions	(3,836)	(7,137)
Share of profit (loss) of associates accounted for using the equity method	8,640	3,679
Net change in deferred tax (assets) liabilities	6,467	20,349
Other non-monetary costs (revenues)	8,597	8,328
Changes in working capital and other changes	70,858	20,061
Net cash flow from operating activities (A)	498,400	453,389
Investments in tangible assets	(21,919)	(6,593)
Investments in intangible assets (*)	(210,674)	(118,822)
Works for renovation of airport infrastructure	(47,616)	(58,006)
Gains from disinvestments and other changes in tangible and intangible assets and equity investments	15,558	5,219
Net change in other non-current assets	7	35
Net cash flow from investment activities (B)	(264,644)	(178,167)
Dividends paid	(130,672)	(248,899)
Raising of medium/long-term loans	70.000	0
Net change in other current and non-current financial liabilities	(234)	8
Net change in current and non-current financial assets	(165)	(106)
Net cash flow from funding activities (C)	(61,071)	(248,997)
NET CASH FLOW FOR THE YEAR (A+B+C)	172,685	26,225
Cash and cash equivalents at the start of the year	328,200	301,975
Cash and cash equivalents at the end of the year	500,885	328,200

(*) Includes advances to suppliers for 25,079 thousand euros in 2019 and 1,348 thousand euros in 2018.

Additional information to the statement of cash flows
Table 21 (Thousands of euros)

	2019	2018
Net income taxes paid (reimbursed)	106,085	60,416
Interest income collected	177	216
Interest payable and commissions paid	45,296	45,092

3.7.3. ADR Group investments

ADR Group capital investment in 2019, 2018 and 2017
Table 22 (Millions of euros)

	2019	2018	2017
Airport concession investments	174.4	109.7	117.2
Other investments in tangible and intangible assets	33.1	14.4	19.2
Total investments	207.5	124.1	136.4
Renovation interventions[5]	47.6	58.0	70.3
Total	**255.1**	**182.1**	**206.7**

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

The initiatives implementing the Planning Agreement continued in 2019. 255.1 million euros have been spent in total, broken down as follows:

- 165.2 million euros targeted to the expansion of capacity; in particular, 110.9 million euros for the realization of the East Airport System, 21.6 million euros for the realization of new Terminals and Piers and 32.7 million euros for the expansion of airport aprons;
- 42.3 million euros for the development of computing and technological equipment and systems to support the airports of Fiumicino and Ciampino and other minor interventions;
- 47.6 million euros for recovery interventions, extraordinary maintenance and renovation of the existing infrastructure.

255.1 mln euros investments in 2019

+73 mln euros compared to 2018

Detail of ADR Group capital investment in 2019
Table 23 (Millions of euros)

	2019
East Airport System	110.9
Works on runways and aprons	32.7
of which the main ones are:	
Acquisition of land at Pianabella	15.7
Western aprons	6.5
Interventions on terminals and piers	21.6
of which the main ones are:	
Terminal maintenance and optimization works	11.8
Terminal 3 - restructuring	6.2
Development of systems, ICT systems and other minor systems	42.3
of which the main ones are:	
Property developments (Business District I, Epua 3, III Hotel)	6.3
Maintenance works on buildings managed by sub-concessionaires	4.1
Total investments	207.5
of which:	
Finished	60.1
In progress	147.4
Renovation interventions	47.6
Total	255.1

In 2019, R&D expenditure subject to tax relief amounted to approximately 2 million euros.

3.7.4. Economic and financial performance of ADR S.p.A.

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 further information, see paragraphs 3.7.1 and 3.7.2.
ADR S.p.A.'s revenues rose by 8.1%, primarily due to the positive contribution of the "aeronautical" segment (up 1.0%) and the "non-aeronautical" segment (up 5.5%).
The gross operating income (EBITDA), equal to 569.3 million euros, rose by 18.4 million euros compared to 2018 (+3.3%). Operating income (EBIT) was equal to 405.8 million euros, increasing by 13.5 million euros (+3.4%) compared to 2018.
Net financial expense amounted to 46.4 million euros, increasing by 4.9 million euros compared to 2018 due mainly to the write-down of the equity investment in the associate Spea Engineering S.p.A. (-7.6 million euros) mentioned in the comment on the consolidated financial review.
The net profit reached 243.2 million euros, after discounting a tax burden estimated for current and deferred taxes of 116.1 million euros (105.6 million euros in 2018), decreasing by 2.0 million euros compared to 2018.

Reclassified income statement
Table 24 (Thousands of euros)

	2019	2018	Change	Change %
Revenues from airport management of which:	925,057	905,378	19,679	2.2%
aeronautical revenues	673,392	666,930	6,462	1.0%
non-aeronautical revenues	251,665	238,448	13,217	5.5%
Revenues from construction services	173,509	109,058	64,451	59.1%
Other operating income	10,706	12,054	(1,348)	(11.2%)
Total revenues	**1,109,272**	**1,026,490**	**82,782**	**8.1%**
External operating costs	(243,804)	(243,896)	92	0.0%
Costs for construction services	(164,002)	(101,072)	(62,930)	62.3%
Concession fees	(36,728)	(36,239)	(489)	1.3%
Payroll costs	(94,229)	(93,046)	(1,183)	1.3%
(Allocation to) Re-absorption of allowances for risks and charges	(1,226)	(1,348)	122	(9.1%)
Total net operating costs	**(539,989)**	**(475,601)**	**(64,388)**	**13.5%**
Gross operating margin (EBITDA)	**569,283**	**550,889**	**18,394**	**3.3%**
Amortization and depreciation, write-downs and reversals	(105,607)	(102,543)	(3,064)	3.0%
Provisions for renovation and other adjusting provisions	(57,910)	(56,050)	(1,860)	3.3%
Operating income (EBIT)	**405,766**	**392,296**	**13,470**	**3.4%**
Financial income (expense)	(46,454)	(41,533)	(4,921)	11.8%
Income (loss) before taxes from continuing operations	**359,312**	**350,763**	**8,549**	**2.4%**
Taxes	(116,119)	(105,599)	(10,520)	10.0%
Net income (loss) from continuing operations	**243,193**	**245,164**	**(1,971)**	**(0.8%)**
Net income (loss) from discontinued operations	0	0	0	0%
Net income (loss) for the year	**243,193**	**245,164**	**(1,971)**	**(0.8%)**

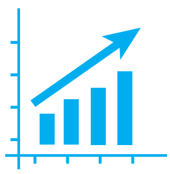
Statement of Comprehensive Income
Table 25 (Thousands of euros)

	2019	2018
NET INCOME FOR THE YEAR	**243,193**	**245,164**
Share of cash flow hedge derivative financial instruments	(51,112)	(8,111)
Tax effect of other gains (losses)	13,118	1,947
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect	**(37,994)**	**(6,164)**
Actuarial gains (losses) on benefits to employees posted in Shareholders' equity	(396)	111
Tax effect of other actuarial gains (losses)	95	(27)
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect	**(301)**	**84**
Reclassifications of the other components of the comprehensive income statement for the year	**1,541**	**1,551**
Total other components of the comprehensive income statement, net of the tax effect	**(36,754)**	**(4,529)**
COMPREHENSIVE INCOME FOR THE YEAR	**206,439**	**240,635**

Fixed assets as of December 31, 2019 (see Table 26) equaled 2,655.3 million euros, rising by 109.4 million euros compared to the end of 2018, mainly due to the increase in intangible fixed assets (+102.5 million euros) and in tangible fixed assets for 8.9 million euros, partially offset by the decrease in non-current financial assets in relation to the devaluation of the investment in Spea Engineering (-8.8 million euros).

The Working Capital was negative at 94.2 million euros and showed a decrease of 67.9 million euros compared to December 31, 2018 due to the increase in Commercial liabilities (due to the higher volume of investment compared with the previous year) and the increase in current tax liabilities, essentially given by the estimated tax burden for the year, which, as mentioned above, includes the application of the Robin tax to ADR.

The net invested capital, equal to 2,335.4 million euros as of December 31, 2019, showed an increase of 32.6 million euros compared to the end of the previous year.



2.335,4 mln euros
net invested capital in 2019

+32,6 mln euros
compared to 2018

Reclassified balance sheet
Table 26 (Thousands of euros)

		12. 31.2019	12. 31.2018	Change
	Intangible fixed assets	2,478,961	2,376,441	102,520
	Tangible fixed assets	51,386	42,492	8,894
	Non-current financial assets	74,310	83,025	(8,715)
	Deferred tax assets	50,212	43,456	6,756
	Other non-current assets	399	408	(9)
A	Fixed assets	2,655,268	2,545,822	109,446
	Trade assets	310,476	318,325	(7,849)
	Other current assets	14,466	12,187	2,279
	Current tax assets	7,118	7,118	0
	Trade liabilities	(222,900)	(181,757)	(41,143)
	Other current liabilities	(171,728)	(162,081)	(9,647)
	Current tax liabilities	(31,587)	(20,081)	(11,506)
B	Working capital	(94,155)	(26,289)	(67,866)
	Provisions for employee benefits	(2,324)	(483)	(1,841)
	Provisions for renovation of airport infrastructure	(54,848)	(64,526)	9,678
	Other allowances for risks and charges	(3,036)	(7,187)	4,151
C	Current share of provisions	(60,208)	(72,196)	11,988
D = B + C	Working capital net of the current share of provisions	(154,363)	(98,485)	(55,878)
	Non-current liabilities	(165,466)	(144,451)	(21,015)
E	Non-current liabilities	(165,466)	(144,451)	(21,015)
F = A + D + E	Net invested capital	2,335,439	2,302,886	32,553
	Share capital	62,225	62,225	0
	Reserves and retained earnings (losses)	868,926	904,942	(36,016)
	Net income for the year, net of the advance on dividends	243,193	131,292	111,901
G	Shareholders' equity	1,174,344	1,098,459	75,885
	Non-current financial liabilities	1,464,607	1,485,965	(21,358)
	Other non-current financial assets	(1,705)	(4,517)	2,812
H	Non-current net debt	1,462,902	1,481,448	(18,546)
	Current financial liabilities	188,771	42,401	146,370
	Current financial assets	(490,578)	(319,422)	(171,156)
I	Current net debt	(301,807)	(277,021)	(24,786)
L = H + I	Net debt	1,161,095	1,204,427	(43,332)
G + L	Hedging of invested capital	2,335,439	2,302,886	32,553

Net debt
Table 27 (Thousands of euros)

	12.31.2019	12.31.2018	Change
Non-current financial liabilities	1,464,607	1,485,965	(21,358)
Bonds	1,115,670	1,097,076	18,594
Medium/long-term loans	207,198	249,559	(42,361)
Financial instruments - derivatives	140,076	139,330	746
Other non-current financial liabilities	1,663	0	1,663
Other non-current financial assets	(1,705)	(4,517)	2,812
Non-current net debt	1,462,902	1,481,448	(18,546)
Current financial liabilities	188,771	42,401	146,370
Current share of medium/long-term financial liabilities	129,725	16,024	113,701
Financial instruments - derivatives	35,534	262	35,272
Other current financial liabilities	23,512	26,115	(2,603)
Current financial assets	(490,578)	(319,422)	(171,156)
Cash and cash equivalents	(489,063)	(318,072)	(170,991)
Other current financial assets	(1,515)	(1,350)	(165)
Current net debt	(301,807)	(277,021)	(24,786)
Net debt	1,161,095	1,204,427	(43,332)

Net debt as of December 31, 2019 amounts to 1,161.1 million euros, down 43.3 million euros compared to the end of 2018, mainly due to the increase in cash and cash equivalents (+171.0 million euros) partially offset by the increase in medium/long-term loans (+70.1 million euros essentially due to the use of two additional tranches of the 2016 EIB and CDP funding lines in November and December).

1,161.1 mln euros
net debt in 2019

-43.3 mln euros
compared to 2018

Statement of cash flows
Table 28 (Thousands of euros)

	2019	2018
NET INCOME FOR THE YEAR	243,193	245,164
Adjusted by:		
Amortization and depreciation	105,607	102,543
Allocation to provisions for renovation of airport infrastructure	53,285	54,982
Financial expenses from discounting of provisions	2,023	1,700
Changes in other provisions	(3,132)	(6,589)
Write-down (revaluation) of non-current financial assets and equity investments	8,715	911
Net change in deferred tax (assets) liabilities	5,972	20,216
Other non-monetary costs (revenues)	8,595	8,328
Changes in working capital and other changes	71,540	13,620
Net cash flow from operating activities (A)	495,798	440,875
Investments in tangible assets	(20,690)	(6,214)
Investments in intangible assets (*)	(208,926)	(117,379)
Works for renovation of airport infrastructure	(47,219)	(57,414)
Gains from disinvestments and other changes in tangible and intangible assets and equity investments	15,555	5,212
Net change in other non-current assets	9	35
Net cash flow from investment activities (B)	(261,271)	(175,760)
Dividends paid	(130,672)	(248,900)
Raising of medium/long-term loans	70,000	0
Net change in other current and non-current financial liabilities	(96)	8
Net change in current and non-current financial assets	(165)	(1,456)
Net cash flow from funding activities (C)	(60,933)	(250,348)
NET CASH FLOW FOR THE YEAR (A+B+C)	173,594	14,767
Cash and cash equivalents at the start of the year	291,957	277,190
Cash and cash equivalents at the end of the year	465,551	291,957

(*) Including advances to suppliers for 25,079 thousand euros in 2019 and 1,348 thousand euros in 2018.

Additional information to the statement of cash flows
Table 29 (Thousands of euros)

	2019	2018
Net income taxes paid (reimbursed)	98,639	54,454
Interest income collected	177	216
Interest payable and commissions paid	45,301	45,096
Dividends received	17,783	13,139

3.7.5. Alternative performance indicators

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

These alternative performance indicators ("API") are:

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

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

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

Alternative performance indicators
Table 30

API	Source/calculation method
EBITDA%	ratio between EBITDA and Revenues from airport management
EBIT%	ratio between Operating income (EBIT) and Revenues from airport management
Investments	are determined as follows: + investments in Tangible assets (see Note 6.1 of the Explanatory Notes) + investments in Intangible assets net of advances paid to suppliers in the year (see Note 6.2 of the Explanatory Notes) + revenues for construction services (see Note 7.1 of the Explanatory Notes) + operating uses of the Provisions for renovation of airport infrastructure (see Note 6.13 of the Explanatory Notes)
Net debt/Shareholders' equity	ratio between Net debt and Shareholders' equity
Net debt/EBITDA (last 12 months)	ratio between Net debt and EBITDA

The reclassified statements and the abovementioned indicators should not 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 (Table 31).

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

Reconciliation between the reclassified consolidated statement of financial position and the consolidated financial statements

The consolidated statement of financial position was reclassified in accordance with "management criteria", which, on one hand, shows the division of invested capital between fixed capital and working capital, net of provisions, and on the other, the related sources of funding, represented by self-financing (shareholders' equity) and borrowing (current and non-current net debt) (Table 32).

For the items that cannot be directly inferred from the consolidated financial statements, the calculation method is provided.

Reclassified consolidated income statement
Table 31

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

Reclassified consolidated statement of financial position
Table 32

		Source/calculation method
	Intangible fixed assets	corresponding to the item “Intangible assets” in the consolidated financial statements
	Tangible fixed assets	corresponding to the item “Tangible assets” in the consolidated financial statements
	Non-current financial assets	corresponding to the item “Equity investments” in the consolidated financial statements
	Deferred tax assets	as inferred from the consolidated financial statements
	Other non-current assets	as inferred from the consolidated financial statements
A	**Fixed assets**	
	Trade assets	as inferred from the consolidated financial statements
	Other current assets	as inferred from the consolidated financial statements
	Current tax assets	as inferred from the consolidated financial statements
	Trade liabilities	as inferred from the consolidated financial statements
	Other current liabilities	as inferred from the consolidated financial statements
	Current tax liabilities	as inferred from the consolidated financial statements
B	**Working capital**	
	Provisions for employee benefits	as inferred from the consolidated financial statements
	Provisions for renovation of airport infrastructure	as inferred from the consolidated financial statements
	Other allowances for risks and charges	as inferred from the consolidated financial statements
C	**Current share of provisions**	corresponding to the item “Allowances for current provisions” in the consolidated financial statements
D = B + C	**Working capital net of the current share of provisions**	
	Non-current liabilities	+ Allowances for non-current provisions as inferred from the consolidated financial statements
		+ Other non-current liabilities as inferred from the consolidated financial statements
E	**Non-current liabilities**	
F = A + D + E	**Net invested capital**	
	Group Shareholders’ equity	as inferred from the consolidated financial statements
	Minority interests in Shareholders’ equity	as inferred from the consolidated financial statements
G	**Shareholders’ equity**	
	Non-current financial liabilities	as inferred from the consolidated financial statements
	Other non-current financial assets	as inferred from the consolidated financial statements
H	**Non-current net debt**	
	Current financial liabilities	as inferred from the consolidated financial statements
	Current financial assets	+ Other current financial assets as inferred from the consolidated financial 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

4. GOVERNANCE

4. Governance

4.1. Governance System

Model and Governance Structure

ADR's governance system is based on the traditional organizational model consisting of the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors (in which three permanent members are appointed by the Minister of Economy and Finance - acting as Chairman - the Minister of Infrastructure and Transport and the Minister of Economic Development), the Independent Auditors and the Supervisory Board (pursuant to Italian Legislative Decree no. 231/2001).

BOARD OF DIRECTORS

In office until the Meeting to approve the 2021 Annual Financial Report

Antonio Catricalà	Chairman
Ugo de Carolis	Managing Director
Carla Angela	Director
Tommaso Barracco	Director
Christian Benetton	Director
Michelangelo Damasco	Director
Elisabetta De Bernardi di Valserra	Director
Anna Beatrice Ferrino	Director
Francesco Panfilo	Director
Nicola Rossi	Director
Gennarino Tozzi	Director
Marco Troncone	Director
Guglielmo Bove	Secretary

BOARD OF STATUTORY AUDITORS

In office until the Meeting to approve the 2021 Annual Financial Report

Giuseppe Cosimo Tolone	Chairman
Alessandro Bonura	Statutory Auditor
Pasquale De Falco	Statutory Auditor
Maurizio De Filippo	Statutory Auditor
Pier Vittorio Vietti	Statutory Auditor
Francesco Follina	Alternate Auditor
Carlo Regoliosi	Alternate Auditor

GENERAL MANAGER

Gian Luca Littarru	General manager

INDEPENDENT AUDITORS

2013-2021 accounting periods	EY S.p.A.

Article 16 of the Articles of Association requires a member of the Board of Directors to be appointed jointly by the Local Authorities that are members of the Company.

Relations with the parent company Atlantia S.p.A.

Aeroporti di Roma S.p.A. is a company subject to management and coordination by Atlantia S.p.A., which owns 99.384% of the share capital. The remaining share is divided between local authorities (former Prime Ministerial Decree of February 25, 1999) and other minor shareholders (with a total investment of 0.265%).
The disclosure 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).

ADR also complies with the Atlantia Group's "Code of conduct for the prevention of discrimination and the protection of the dignity of women and men"; on October 9, 2019 it also adopted the new Code of Ethics and the new Anti-Corruption Policy in force within the Atlantia Group.

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

Inter-company relations and transactions with related parties

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

4.2. Risk factors

4.2.1. Operational and strategic risks

Main features

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

The ADR Group has adopted a preventive approach to risk management, to guide management's decisions and activities, with the belief that a suitable process of identification, measurement, management and monitoring of the main risks contributes to guaranteeing that the company is run smoothly, correctly and in line with the strategic objectives. A structured "Enterprise Risk Management" process was then implemented for the integrated management of business risks.
The key principles of the internal control and risk management system of the ADR Group are based on:

- a suitable definition of the roles and responsibilities structured to prevent functional overlapping and an appropriate system of operating mandates that consider the nature, size and risks of the individual categories of operations;
- a definition of operating processes that requires suitable documentary support to allow the tracking of decisions and the compliance with suitable authorization procedures;

- a definition of security mechanisms that ensure a suitable protection of the assets and data of the corporate organization, in order to allow data access within the limits of what is necessary to perform the assigned activities;
- periodic and continuous repetition of the risk identification and assessment process, periodic assessment of the effectiveness and efficiency of business processes for their constant adjustment;
- continuous monitoring of the internal control system carried out firstly by line management, and of the checks of the Internal Audit department of the parent company Atlantia to ensure the actual application of the procedures and compliance with regulations in force.

The strategic approach to the risk management system can be summarized mainly as the activities performed by:

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

The Risk Management process is arranged into the following phases:

- Phase 1: receipt of the Risk Management methodological guidelines from the parent company Atlantia to define the Risk Appetite and the Risk Catalogue (Risk Assessment);
- Phase 2: preparation/update of the Risk Appetite: the Risk Appetite of ADR Group companies is submitted for approval to the respective Boards of Directors, in accordance with the deadlines defined in the methodological guidelines;
- Phase 3: preparation/update of the Risk Catalogue (Risk Assessment). This phase, which involves ADR Risk Officer and Risk Owners, provides for the identification, assessment and management of risks, as well as the identification of any corrective action taken to align the level of residual risk with the risk appetite defined in the respective Risk Appetite;
- Phase 4: approval on the Boards of Directors of each ADR Group company of the results of the Risk Assessment and presentation of the risk management activities carried out during the year.

Activities and procedures
Table 33

Risk	Definition	Possible causes	Possible consequences	Mitigation activity
STRATEGIC RISKS	Risks linked to the evolution of the air transport market and over reliance on Alitalia and other important carriers.	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.	These risks may significantly affect long-term performance, thereby resulting in changes to ADR Group's development policies.	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 and development of the portfolio of carriers/markets to address and anticipate any reduced offer, (v) management of the incentive plan for the development of additional traffic.
AIR TRANSPORT SECURITY RISKS	Risks to persons and vehicles in the context of airport operations (ground/airside) and airport operations in adverse weather conditions.	Incorrect behavior of airport operators (ADR and third parties), failure to comply with procedures, inadequate monitoring of the activities carried out, signs and runway pavements not suitable for operations, birdlife on the ground, adverse weather conditions, etc.	Plane crashes, damage to persons, property, equipment and infrastructure of ADR and third parties.	(i) The safety management system, (ii) progressive investments in safety and security, (iii) staff training, (iv) pressing strict control and monitoring activities of the security standards.
INFORMATION SYSTEMS	Risks related to the failed/incorrect operation of systems and IT security.	Incorrect system maintenance activities, inadequate IT security measures, cyber-attacks (cyber-crime).	System unavailability with consequent blockage of airport operations, theft, distraction, data loss.	(i) CED infrastructure highly available with remote disaster recovery and annual operation checks, (ii) redundant network infrastructure in the main components, (iii) service levels differentiated according to the service situation, (iv) periodic vulnerability assessment and penetration test activities.
COMPLIANCE AND REGULATORY RISKS	Risks linked to the failure to comply with the Planning Agreement. Risks of amendments to the reference regulatory framework. Failure to comply with the law and reference legislation.	Inadequate monitoring, control and verification of the fulfilments required by the concession agreement or the reference regulations.	Possibility of financial penalties, initiation of the procedure for forfeiture of the concession, penalties on the airport tariff, etc., criminal and administrative fines.	The management of these risks is focused on the utmost substantial compliance with regulations and legislation in force, cooperation with the reference authorities and close liaison with the Granting Body to ensure maximum compliance with the requirements relating to regulated activities.
RISKS LINKED TO THE MANAGEMENT OF THIRD PARTIES	Risks related to the lack of guarantee of service to users by third party partners present at the airport. Risks related to possible repercussions on the company's image deriving from inadequate management of contractual relations with third parties.	Airport personnel strikes, reduction in operating personnel due to company crisis situations, failure to comply with procedures.	Non-compliance with customer service levels, damage to image, interruption of airport operations.	Airport plans and procedures to manage contingencies and states of emergency.

4.2.2. Financial risks

Financial risks
Table 34

Risk	Definition	Possible causes	Possible consequences	Mitigation activity
LIQUIDITY RISKS €	Risk associated with the difficulty of finding the financial resources needed to meet debt repayment commitments and the implementation of the investment plan.	The reduction in the loans granted by banking counterparties and other investors, due to both market reasons and contingent situations for companies issuing financial debt. Inability to take out new loans due to a significant deterioration in creditworthiness.	Difficulties in finding financial resources on the market can significantly affect: a) the ability to invest in both the maintenance and development of airport infrastructure; b) the ability to repay maturing financial debts.	The tools for managing this type of risk can be summarized as follows: a) updating short- and long-term analyses of prospective financial requirements; b) monitoring of capital market conditions; c) refinancing of borrowings well in advance of their due dates; d) diversification of the Company's sources of financing; in addition to the holding within the company, in times of financial tension, higher levels of available liquidity than in ordinary situations.
INTEREST RATE RISK %	Risks related to the increase in the cost conditions of financial sources of debt.	Monetary policy decisions taken by central banks or the deterioration of the creditworthiness of counterparties and/or the Company.	The increase in market reference rates or credit spreads applied to the Company may result in a significant increase in the cost of debt.	The instruments for the management of this risk are: a) planning prospective financial requirements; b) using "derivative" instruments (interest rate swaps); c) starting fixed rate loans.
EXCHANGE RATE RISKS	Risks linked to the unfavorable trend in the value of currencies other than the euro.	The appreciation of foreign currencies against the euro is a consequence of currency market trends and is totally exogenous with respect to the airport business.	The need to comply with financial obligations in currencies other than the euro, the currency collected by the Company for the provision of its services, may create an increase in the value of such obligations with respect to the value originally contracted.	Hedging of cash flows in foreign currency through derivative contracts (currency swaps) to protect specific risks.
RISKS RELATED TO OUTSTANDING LOAN AGREEMENTS	The loan contracts in force require financial constraints and "do and do not do" clauses that are typical of such contracts to be respected.	Failure to comply with such constraints and clauses could be linked to the objective impossibility for the company to fulfill them.	Failure to comply with such constraints and clauses could result in the lending institutions declaring "default" with the activation of **coercive actions** that may go as far as requesting early repayment of the loans concerned	Monitoring of commitments and related maturities, as well as periodic evaluation of the performance of the relevant financial indicators, in order to prevent, through any corrective actions, the possible impact of factors affecting compliance with the commitments undertaken.

4.3. Other information

4.3.1. Updates and changes to the reference regulatory framework

Updates and changes to the reference regulatory framework
Table 35 - Follows

Segment	Airport	Reference provision	Impact on ADR business	Notes
NOISE POLLUTION	Ciampino	Italian Ministerial Decree no. 345/2018 Approval of the plan for containing and combating noise.	Limiting the number of arriving and departing flights; noise monitoring.	
INFRASTRUCTURAL DEVELOPMENT	Fiumicino	Environmental Impact Assessment (EIA) procedure on the Master Plan to 2030 (Italian Legislative Decree no. 152/2006). Negative opinion of the Technical Commission for Environmental Impact Assessment.	Procedure for the approval of the Master Plan for 2030 at Fiumicino "L. da Vinci" Airport.	The opinion does not conclude the VIA procedure. The Decree of the Ministry of the Environment, which will formally conclude the procedure, is awaited.
INFRASTRUCTURAL DEVELOPMENT	Fiumicino	Decree of January 16, 2020 Adopting the Management Plan and Implementing Regulations of the Roman Coastline State Reserve.	Long-term infrastructure development at Fiumicino "L. da Vinci" Airport.	The Plan confirms the building restrictions imposed on certain areas of the Reserve affected by development at Fiumicino airport (so-called Type 1 Areas).
EXTRAORDINARY ADMINISTRATION (A.S.) ALITALIA	Fiumicino	Italian Law Decree no. 137 of December 2, 2019. Urgent measures for the continuity of the service provided by Alitalia and Cityliner under special administration.	Guarantee of continuity of the service provided by Alitalia.	The decree grants a new loan of 400 million euros, for a duration of six months, to Alitalia under special administration.
ENVIRONMENT	Fiumicino and Ciampino	Art. 6 of Italian Law Decree no. 111 of October 14, 2019, converted with Italian Law no. 141 of December 12, 2019 (so-called Climate Italian Law Decree).	Integration of environmental data published by ADR.	The Decree requires the publication of environmental monitoring data by public service concessionaires.
ADMINISTRATIVE LIABILITY OF FIUMICINO AND CIAMPINO	Fiumicino and Ciampino	Art. 39 of Italian Law Decree no. 124 of October 26, 2019, converted with Italian Law no. 157 of December 19, 2019 (the so-called Fiscal Law Decree).	Possible updates of the Management, Organization and Control Models of ADR S.p.A. and its subsidiary undertakings.	The regulation includes a series of tax offences in the catalogue of predicate offences provided for by Italian Legislative Decree no. 231/2001 (administrative liability of entities).
FISCAL	Fiumicino and Ciampino	Art. 1, par. 716 Italian Law no. 160 of December 27, 2019 2020 Budget Plan.	New fiscal charges.	The provision sets an IRES rate increased by 3.5 percentage points on income deriving from airport management activities during tax periods 2019, 2020 and 2021.
TARIFF PROPOSAL 2020	Fiumicino and Ciampino	Directive 2009/12/EC "Procedures of consultation between the operator and the airport users for exceptional and ordinary planning agreements" issued by ENAC on October 31, 2014, possibly supplemented by paragraph 5.2.1 of the airport fee regulation model for airports with traffic exceeding 5 million passengers per year issued by ART on July 6, 2017.	Update of prices in relation to the year 2020 (March 1, 2020-February 28, 2021).	On August 6, 2019 ADR launched consultations with users at Fiumicino and Ciampino airports regarding the proposed tariff update. The public hearing of Users took place on October 15, 2019. Work on the consultation was concluded on November 28, 2019. The fees for the year 2020 were forwarded to the competent bodies on December 30, 2019.

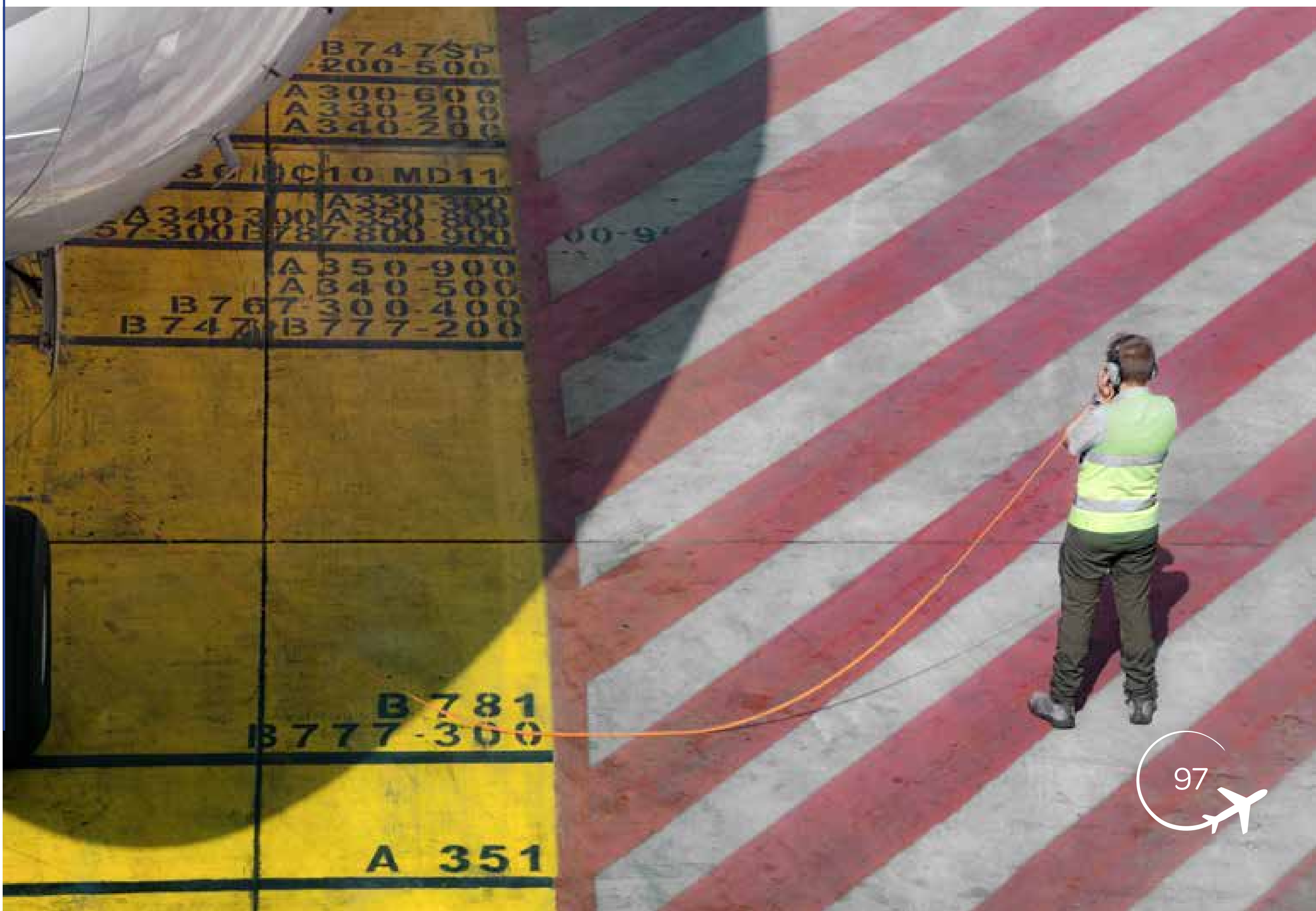
Updates and changes to the reference regulatory framework

Table 35 - Follows

Segment	Airport	Reference provision	Impact on ADR business	Notes
ART CONSULTATION ON TARIFF ADJUSTMENT MODELS	Fiumicino and Ciampino	Resolution no. 118 of August 1, 2019 of the Regulatory Authority and Transport containing the Consultation Document on the regulatory document entitled "Airport fee regulation models".		On August 1, 2019 the Regulatory Authority set - on September 30, 2019 - the deadline for the stakeholders to present their comments. The deadline for the conclusion of the procedure was set at December 20, 2019. The deadline for closing the procedure was set at March 12, 2020.
SECURITY	Fiumicino and Ciampino	REG. (EU) 2019/1583 of September 25, 2019 Amendments to REG. (EU) 2015/1998 in relation to cybersecurity.	Additional data protection measures and IT systems to be integrated into the operator's security plan.	The Regulation contains provisions regarding: - The identification and protection of data and basic ICT systems used for civil aviation security. - Extension of the procedures for the control of staff with administrator rights or unlimited "uncontrolled" access to these systems.
SINGLE DEED-PLANNING AGREEMENT	Fiumicino and Ciampino	Art. 10 of Italian Law no. 37 of May 3, 2019 (so-called European Law 2018).	ART taking over from the Civil Aviation Authority regarding procedures for the review of airport fees subject to economic regulation.	Art. 10 transfers to the Transport Regulation Authority the functions of National supervisory authority in relation to the planning agreements under derogation (pursuant to art. 17, par. 34-*bis* of Italian Law Decree no. 78/2019).
AIRPORT MANAGEMENT FEES	Fiumicino and Ciampino	State Property Agency Decree of January 10, 2019.	Methods of determining the airport management fees for the three-year period 2019-2021.	The Decree confirms, also for the three-year period 2019-2021, the method of calculation of the management fees that ADR pays to ENAC.
BREXIT	Fiumicino and Ciampino	Reg. (EU) 2019/502 Emergency air transport rules in the event of UK withdrawal from the EU without agreement (Hard Brexit).	Maintaining connections to and from Great Britain.	The Regulation defines a 12-months temporary juridical regime to guarantee air connections between EU airports and those in the United Kingdom, in case of the United Kingdom withdrawing from the EU without ratifying a deal.
BREXIT	Fiumicino and Ciampino	Art. 17-*ter* of Italian Law Decree no. 22 of March 25, 2019, converted into Italian Law no. 41 of May 20, 2019 Urgent measures in the event of withdrawal by the United Kingdom from the EU without deal (Hard Brexit).	Continuation of the current regime regarding passenger boarding fees for destinations to the United Kingdom.	For the purposes of charging passenger boarding fees, the Decree equates those passengers boarded at national airports on flights to the United Kingdom to those passengers boarded for intra-EU destinations. This equivalence is valid until the effective date of a global agreement on air transport with the United Kingdom or, in the absence of this, until March 30, 2020.

Updates and changes to the reference regulatory framework
Table 35

Segment	Airport	Reference provision	Impact on ADR business	Notes
SURCHARGE ON PASSENGER BOARDING FEES	Fiumicino and Ciampino	Art. 26 of Italian Law Decree no. 4 of January 28, 2019 converted into Italian Law no. 26 of March 28, 2019. Urgent provisions on basic income guarantee and pensions.	Decrease in taxation on surcharge on passenger boarding fees set for 2019.	The provision repealed the increase in the surcharge on passenger boarding fees set for 2019 by 0.32 euros.
AIRPORT SECURITY	Fiumicino and Ciampino	REG. (EU) 2019/103 of January 23, 2019 Amendments to Reg. (EU) 2015/1998 Detailed provisions of the common rules on civil aviation security.	Operational and procedural changes - for ADR and its subsidiary ADR Security - to airport control services and training and selection of screening staff.	The Regulation amends the rules in force for the following sectors: airport controls, background checks on security staff, introduction and definition of standards and requirements for security scanners (SMD and SED).
IRESA AGREEMENT		Resolution by the Council of the Lazio Regional Authority no. 452 of July 9, 2019 Approval of the Regional Board-ADR agreement for the three-year period 2019-2021.	Certainty in managing the Regional tax on aircraft noise (IRESA).	The Agreement governs the activities of assessment, settlement and collection of IRESA, entrusted to ADR as accounting agent. Signed by ADR on August 9, 2019.



5. SUBSEQUENT EVENTS

5. Subsequent events

Traffic performance at March 15, 2020

Traffic trends on the Roman Airport System are represented for a longer period (until March 15, 2020) in order to take full account of the most recent consequences of the spread of the Covid-19 (Coronavirus) epidemic in Italy and in many other countries around the world, albeit to a lesser extent at the moment.

Air transport is one of the sectors most affected by the current health emergency. Italy's progressive isolation from the rest of the world is particularly affecting the air transport sector and the activities of all the main national and international airports, from which the airports of Rome-Fiumicino and Rome-Ciampino are inevitably not spared.

At airport system level (Fiumicino + Ciampino), passenger traffic has fallen by 18.4% since the beginning of the year, compared with 2019, but over the last 25 days, i.e. as of February 20, air traffic has dropped sharply (-46.2%).

Following the trend of individual airports:

<u>Fiumicino</u>

In the first two and a half months of the year, the main Italian airport ends with a traffic volume decreasing by -19.4%. The situation has deteriorated since February 20. Fiumicino recorded a fall of about 1.2 million passengers compared with the same period of last year (-47.2%) and a decrease of over 5,200 movements (-27.8%).

The reduction in traffic volumes worsened in March when, during the last seven days (March 9-15, 2020), there was a further exacerbation caused by the travel restrictions on air connections to and from Italy adopted by many countries, which resulted in a decrease of -80.7% in passengers and -65% in the number of flights, compared to the same period in 2019.

In particular, in addition to Alitalia, about 10 carriers continued to operate at Fiumicino, com-pared with around 100 companies that flew regularly in 2019.

Alitalia, the main airline for Rome Fiumicino airport, has prepared a plan to slash its operations,

Main traffic data of the Roman airport system[1]
Table 36

[1]Provisional data

	Jan. 1 - Mar. 15, 2020	Jan. 1 - Mar. 15, 2019	Δ%
Movements (no.)	**56,600**	**65,685**	**-13.8%**
Fiumicino	47,419	56,179	-15.6%
Ciampino	9,181	9,506	-3.4%
Passengers (no.)	**6,672,425**	**8,173,881**	**-18.4%**
Fiumicino	5,688,601	7,060,840	-19.4%
Ciampino	983,824	1,113,041	-11.6%
Cargo (tons)	**31,139**	**33,096**	**-5.9%**
Fiumicino	27,641	29,439	-6.1%
Ciampino	3,498	3,657	-4.3%

due to the progressive limitations to flying and the constant reduction in traffic recorded by the carrier.

Ciampino
Rome-Ciampino airport has also been hit by the same recessive wave. The airport performs by commercial operations that are essentially limited to two carriers - Ryanair and Wizz Air - offering mainly international connections, which have experienced a gradual reduction in passenger volumes of 11.6% since the beginning of the year.

In light of the total cancellation of operations announced by Ryanair and Wizz Air, and therefore of the substantial zeroing of traffic at Ciampino, it was necessary to suspend commercial scheduled operations as of 11 p.m. on March 13, maintaining operations only for general aviation flights, cargo operations, military flights and flights of state or equivalent aircraft (equal to 0.4% of total traffic recorded at Ciampino in 2019).

In the last seven days of airport operations (March 7-13, 2020), the airport has recorded a decrease of about 70% in passengers and of about 31% in the number of flights, compared to the same period last year.

Other significant events

- On January 3, Moody's cut the rating to Baa3 (from Baa2), placing the rating "under review for downgrade".
  On January 8 Fitch lowered the rating to BBB- (from BBB+) with "negative" Rating Watch.
  On January 15, Standard & Poor's lowered the rating to BB+ (da BBB), also choosing the "negative" Credit Watch.
  All of these three actions are the result of the simultaneous downgrading of the Atlantia Group's rating in relation to the risks associated with the issue of Italian Law Decree no. 162/2019 (the so-called "Milleproroghe" decree), which was recently converted into a law containing, in art. 35, Provisions regarding motorway concessions, in view of the serious conditions of uncertainty and the financial situation that would arise if Autostrade per l'Italia S.p.A.'s concession were to be revoked. This is thus a negative development linked solely to factors that are external to ADR, for which the rating agencies in any case acknowledge a condition of partial isolation (+1 notch Moody's; +2 notches S&P) from the Parent Company's rating.
  On March 2, 2020, Moody's once again upgraded Atlantia's rating following the conversion of the "Milleproroghe" decree into law. The agency published an addition cut to Atlantia's rating from Ba1 to Ba2. However, the same agency granted ADR a further positive notch of isolation from the Parent Company's rating (i.e. + 2 notches compared with Atlantia), thus leaving ADR's rating at Baa3 unchanged. The outlook of all of the Group's companies, including ADR, is thus changed from "under review for downgrade" to "negative".
- In relation to the new health emergency related to the Covid-19 virus (Coronavirus), in order to ensure an adequate level of health protection, the Order by the Ministry of Health of January 30, 2020 "Prophylactic measures against the new Coronavirus" requested a ban on air traffic from China, for a period of 90 days or until April 29, 2020.

The recent spread of the contagion in Italy, and in some regions of the North in particular, is causing various air-traffic restricting reactions by several countries, accompanied by the decision of almost all airlines to reset/restrict the routes to and from Italy.

On March 9, 2020 the Italian Prime Minister signed a Prime Ministerial Decree containing stringent measures to contain and combat the spread of the Covid-19 virus throughout the country.

The extension of the isolation zone (the so-called "red zone") to the entire national territory, together with further provisions on the containment of Covid-19 dictated by a subsequent measure (Prime Ministerial Decree of March 11, 2020), have led to an immediate and dramatic drop in air traffic to and from Italy with serious repercussions on the Roman airport system.

ADR

6. BUSINESS OUTLOOK

7. AGENDA

8. PROPOSALS TO THE ORDINARY SHAREHOLDERS' MEETING

6. Business Outlook

The beginning of 2020 was affected by a series of events, including unforeseeable ones, which are certainly causing and will continue to cause a significant drop in the Group's activities in the coming months. However, the extent and, above all, the timeframe of this impact, remain currently difficult to quantify.

The health emergency related to the spread of the Covid-19 virus and the effects it is determining not only on Italian and international traffic but also on the propensity of the world population to travel is causing a drop in traffic volumes which, at the moment, is estimated to be difficult to be recovered during the current year. The phenomenon is still evolving. For as long as it is not possible to define its scope and timeframe more precisely, it will be difficult to provide precise indications on the related economic impacts.

This situation is affected by the continuing uncertainty regarding the fate of the main national carrier, which is struggling to find a definitive solution capable of eliminating the risks that persist to date on the future of Fiumicino airport's business in the short to medium term.

In any case, the Group is implementing a series of measures aimed at containing variable and discretionary costs and safeguarding available liquidity, aiming to mitigate the effects deriving from reductions in current activities as much as possible. However, a decline in the economic results for 2020 is inevitable for the time being.

Despite the negative scenario just described, the Group's capital strength and liquidity, together with the remedial action taken, make it possible to ensure compliance with the future financial commitments.

7. Agenda

Notice is hereby given to Shareholders of the Ordinary General Meeting to be held on April 7, 2020, at 10 am at the registered offices in Fiumicino (Rome), Via Pier Paolo Racchetti no. 1, in one call, to discuss the following

Agenda

1. Reports and Financial Statements as of December 31, 2019; related and consequent resolutions;

2. Appointment of a Director;

3. Determination of the overall annual remuneration to be attributed to the Board of Directors, subject to revocation of the resolution passed by the Shareholders' Meeting on April 16, 2019; related and consequent resolutions.

Notice of call has been published in the Official Gazette of the Italian Republic - Special Part - Sign-up sheet no. 30 of March 10, 2020.

8. Proposals to the Ordinary Shareholders' Meeting

On the first item on the Agenda

"Reports and Financial Statements as of December 31, 2019; related and consequent resolutions".

Dear Shareholders,
the Financial statements for the year ended December 31, 2019, report net income of 243,192,938.36 euros. Therefore we hereby propose to:

1. approve the 2019 Financial statements, which disclose net income of 243,192,938.36 euros, having acknowledged the documents that accompany them;

2. carry the net income for the year of 243,192,938.36 euros forward.

***

On the second item on the Agenda

"Appointment of a Director".

Dear Shareholders,
further to the resignation of the Director Giovanni Castellucci on September 17, 2019, the Board of Directors, in the meeting held on October 31, 2019, with resolution approved by the board of statutory auditors, took steps to appoint, as per Article 2386 of the Italian Civil Code, Christian Benetton, whose mandate expires as of the date of today's Meeting.

Consequently, it is necessary to appoint a Director who will remain in office for the remainder of the term of office of the current Board of Directors and, therefore, until the approval of the financial statements as of December 31, 2021.

Therefore we hereby propose to:
Appoint Christian Benetton, born in Treviso on June 21, 1971, Director of Aeroporti di Roma S.p.A., who will remain in office until the approval of the financial statements as of December 31, 2021.

***

On the third item on the Agenda

"Determination of the overall annual remuneration to be attributed to the Board of Directors, subject to revocation of the resolution passed by the Shareholders' Meeting on April 16, 2019; related and consequent resolutions".

Dear Shareholders,
the Board of Directors, in its meeting of January 14, 2020, set up the "Investments" Committee with investigation and advisory functions towards the Board of Directors, as well as for the continuous monitoring of the correct fulfilment of the obligations set out in the Planning Agreement and the performance of the main investments.

At the same meeting, the Board also set up the "Control and Risk Committee" with the task of supporting and ordering the assessments and decisions relating to the internal control and risk management system.

The Board of Directors has decided to arrange, for the members of the established Committees, pursuant to art. 25 of the Articles of Association, the allocation of remuneration with retroactive effect from January 14, 2020. In consideration of the above,

Therefore we hereby propose to:

1. revoke the resolution adopted by the Shareholders' Meeting on April 16, 2019, limited to the part concerning the determination of the total remuneration payable to the Directors;

2. determine the overall annual emolument to be attributed to the Board of Directors.

The Board of Directors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2. CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019

Consolidated financial statements
as of December 31, 2019

CONSOLIDATED FINANCIAL STATEMENTS OF THE AEROPORTI DI ROMA GROUP

Consolidated Statement of Financial Position

Assets
(Thousands of euros)

	Notes	12.31.2019		12.31.2018	
			Of which towards related parties		*Of which towards related parties*
Non-current assets					
Tangible assets	6.1	53,955		44,327	
Concession fees		2,422,626		2,333,617	
Other intangible assets		55,301		40,711	
Intangible assets	6.2	2,477,927		2,374,328	
Equity investments	6.3	64,347		73,008	
Other non-current financial assets	6.4	1,705		4,517	
Deferred tax assets	6.5	50,627		44,290	
Other non-current assets	6.6	401		408	
Total non-current assets		**2,648,962**		**2,540,878**	
Current assets					
Inventories		4,197		3,750	
Trade receivables		305,416	*3,181*	312,584	*4,125*
Trade assets	6.7	309,613	*3,181*	316,334	*4,125*
Other current financial assets	6.4	1,515	*1,350*	1,350	*1,350*
Current tax assets	6.8	7,851	*7,470*	7,739	*7,470*
Other current assets	6.9	15,637	*514*	13,136	*596*
Cash and cash equivalents	6.10	500,885		328,200	
Total current assets		**835,501**	***12,515***	**666,759**	***13,541***
TOTAL ASSETS		**3,484,463**	***12,515***	**3,207,637**	***13,541***

Shareholders' Equity and Liabilities
(Thousands of euros)

	Notes	12.31.2019		12.31.2018	
			Of which towards related parties		*Of which towards related parties*
SHAREHOLDERS' EQUITY					
Group shareholders'Equity					
Share capital		62,225		62,225	
Reserves and retained earnings		877,081		912,282	
Net income for the year, net of the advance on dividends		245,161		132,369	
		1,184,467		1,106,876	
Minority interests in shareholders' equity		**0**		**0**	
Total shareholders' equity	6.11	**1,184,467**		**1,106,876**	
LIABILITIES					
Non-current liabilities					
Provisions for employee benefits	6.12	14,893		18,494	
Provisions for renovation of airport infrastructure	6.13	133,439		115,185	
Other allowances for risks and charges	6.14	19,082		17,031	
Allowances for non-current provisions		167,414		150,710	
Bonds		1,115,670	*252,704*	1,097,076	*240,350*
Medium/long-term loans		207,198		249,559	
Financial instruments - derivatives		140,076		139,330	
Other financial liabilities		1,704		0	
Non-current financial liabilities	6.15	1,464,648	*252,704*	1,485,965	*240,350*
Other non-current liabilities	6.16	7,479	*790*	3,805	*882*
Total non-current liabilities		**1,639,541**	***253,494***	**1,640,480**	***241,232***
Current liabilities					
Provisions for employee benefits	6.12	3,038		540	
Provisions for renovation of airport infrastructure	6.13	55,563		66,042	
Other allowances for risks and charges	6.14	3,392		7,409	
Allowances for current provisions		61,993		73,991	
Trade payables	6.17	216,352	*84,709*	173,732	*57,220*
Trade liabilities		216,352	*84,709*	173,732	*57,220*
Current share of medium/long-term financial liabilities		129,848	*453*	16,024	*431*
Financial instruments - derivatives		35,534		262	
Current financial liabilities	6.15	165,382	*453*	16,286	*431*
Current tax liabilities	6.8	32,020	*19,070*	21,475	*17,827*
Other current liabilities	6.18	184,708	*3,652*	174,797	*1,231*
Total current liabilities		**660,455**	***107,884***	**460,281**	***76,709***
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,484,463**	***361,378***	**3,207,637**	***317,941***

Consolidated Income Statement

Consolidated Income Statement
(Thousands of euros)

	Note	2019		2018	
			Of which towards related parties		*Of which towards related parties*
Revenues					
Revenues from airport management		941,479	*14,389*	921,500	*14,256*
Revenues from construction services		174,386		109,658	
Other operating income		13,234	*1,188*	13,990	*1,422*
Total revenues	7.1	**1,129,099**	***15,577***	**1,045,148**	***15,678***
Costs					
Consumption of raw materials and consumables	7.2	(21,085)	*(10,219)*	(30,702)	*(19,713)*
Service costs	7.3	(343,948)	*(147,046)*	(277,323)	*(78,231)*
Payroll costs	7.4	(168,901)	*(2,519)*	(167,964)	*(2,492)*
Concession fees		(36,728)		(36,239)	
Expenses for leased assets		(1,400)		(3,009)	
(Allocation to) use of the provisions for renovation of airport infrastructure	6.13	(5,726)		1,565	
(Allocation to) Re-absorption of allowances for risks and charges	6.14	(1,360)		(1,278)	
Other costs		(14,010)	*(14)*	(10,430)	*(317)*
Other operating costs	7.5	(59,224)	*(14)*	(49,391)	*(317)*
Depreciation of tangible assets	6.1	(15,561)		(14,282)	
Amortization of intangible concession fees	6.2	(85,377)		(83,764)	
Amortization of other intangible assets	6.2	(6,130)		(5,575)	
Amortization and depreciation		(107,068)		(103,621)	
Total costs		**(700,226)**	***(159,798)***	**(629,001)**	***(100,753)***
OPERATING INCOME		**428,873**		**416,147**	
Financial income		16,605	*3,520*	2,372	*1,873*
Financial expense		(56,333)	*(13,429)*	(57,678)	*(13,160)*
Foreign exchange gains (losses)		(12,356)		1,975	
Financial income (expense)	7.6	**(52,084)**	***(9,909)***	**(53,331)**	***(11,287)***
Share of profit (loss) of associates accounted for using the equity method	7.7	(8,640)		(3,679)	
INCOME (LOSS) BEFORE TAXES		**368,149**		**359,137**	
Income taxes	7.8	(122,988)		(112,897)	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**245,161**		**246,240**	
Net income (loss) from discontinued operations		0		0	
NET INCOME FOR THE YEAR		**245,161**		**246,240**	
of which:					
Group income		245,161		246,240	
Minority interests		0		0	

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income
(Thousands of euros)

	2019	2018
NET INCOME FOR THE YEAR	**245,161**	**246,240**
Share of cash flow hedge derivative financial instruments	(51,112)	(8,111)
Tax effect	13,118	1,947
Share pertaining to the "other components of comprehensive income" of equity investments accounted for using the equity method	30	(39)
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect	**(37,964)**	**(6,203)**
Income (loss) from actuarial valuation of employee benefits	(713)	108
Tax effect	172	(27)
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect	**(541)**	**81**
Reclassifications of the other components of the comprehensive income statement for the year	**1,541**	**1,551**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT	**(36,964)**	**(4,571)**
COMPREHENSIVE INCOME FOR THE YEAR	**208,197**	**241,669**
of which:		
Group income	208,197	241,669
Minority interests	0	0

Statement of Changes in Consolidated Shareholders' Equity

Statement of Changes in Consolidated Shareholders' Equity
(Thousands of euros)

	Share capital	Legal reserve	Share premium reserve	Cash flow hedge reserve
Balance as of December 31, 2017	**62,225**	**12,462**	**667,389**	**(46,995)**
Changes in IFRS standards				(46)
Balance as of January 1, 2018	**62,225**	**12,462**	**667,389**	**(47,041)**
Net income for the year				
Other components of comprehensive income:				(4,613)
Effective portion of cash flow hedge derivative financial instruments, net of tax effect				(4,613)
Income (loss) from actuarial valuation of employee benefits, net of the tax effect				
Share pertaining to the "Other components of comprehensive income" of equity investments accounted for using the equity method				
Comprehensive income for the year				(4,613)
Dividend distribution (balance)				
Allocation of residual profit of the previous year				
Distribution of advance on dividends				
Other changes				
Balance as of December 31, 2018	**62,225**	**12,462**	**667,389**	**(51,654)**
Net income for the year				
Other components of comprehensive income:				(36,453)
Effective portion of cash flow hedge derivative financial instruments, net of tax effect				(36,453)
Income (loss) from actuarial valuation of employee benefits, net of the tax effect				
Share pertaining to the "Other components of comprehensive income" of equity investments accounted for using the equity method				
Comprehensive income for the year				(36,453)
Dividend distribution (balance)				
Allocation of residual profit of the previous year				
Other changes				
Balance as of December 31, 2019	**62,225**	**12,462**	**667,389**	**(88,107)**

Reserve for the valuation of equity investments according to the equity method	Other reserves and retained earnings	Net income for the year (net of advance on dividends)	Total	Minority interests in Shareholders' Equity	Total Shareholders' Equity
74	**275,747**	**137,322**	**1,108,224**	**0**	**1,108,224**
	6,128		6,082		6,082
74	**281,875**	**137,322**	**1,114,306**	**0**	**1,114,306**
		246,240	246,240		246,240
(39)	81		(4,571)		(4,571)
			(4,613)		(4,613)
	81		81		81
(39)			(39)		(39)
(39)	81	246,240	241,669	0	241,669
		(135,028)	(135,028)		(135,028)
	2,294	(2,294)	0		0
		(113,871)	(113,871)		(113,871)
(3)	(197)		(200)		(200)
32	**284,053**	**132,369**	**1,106,876**	**0**	**1,106,876**
		245,161	245,161		245,161
30	(541)		(36,964)		(36,964)
			(36,453)		(36,453)
	(541)		(541)		(541)
30			30		30
30	(541)	245,161	208,197		208,197
		(130,672)	(130,672)		(130,672)
	1.697	(1,697)			0
(51)	117		66		66
11	**285,326**	**245,161**	**1,184,467**		**1,184,467**

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows
(Thousands of euros)

	Notes	2019	2018
NET INCOME FOR THE YEAR		**245,161**	**246,240**
Adjusted by:			
Amortization and depreciation	6.1/6.2	107,068	103,621
Allocation to provisions for renovation of airport infrastructure	6.13	53,342	56,441
Financial expense from discounting provisions	7.6	2,103	1,807
Change in other provisions		(3,836)	(7,137)
Share of profit (loss) of associates accounted for using the equity method			
Net change in deferred tax (assets) liabilities	7.7	8,640	3,679
Other non-monetary costs (revenues)		6,467	20,349
Changes in working capital and other changes		8,597	8,328
		70,858	20,061
Net cash flow from operating activities (A)		**498,400**	**453,389**
Investments in tangible assets	6.1	(21,919)	(6,593)
Investments in intangible assets (*)	6.2	(210,674)	(118,822)
Works for renovation of airport infrastructure	6.13	(47,616)	(58,006)
Gains from disinvestments and other changes in tangible and intangible assets and equity investments		15,558	5,219
Net change in other non-current assets		7	35
Net cash flow from investment activities (B)		**(264,644)**	**(178,167)**
Dividends paid		(130,672)	(248,899)
Raising of medium/long-term loans		70,000	0
Net change in other current and non-current financial liabilities		(234)	8
Net change in current and non-current financial assets		(165)	(106)
Net cash flow from funding activities (C)		**(61,071)**	**(248,997)**
NET CASH FLOW FOR THE YEAR (A+B+C)		**172,685**	**26,225**
Cash and cash equivalents at the start of the year	6.10	328,200	301,975
Cash and cash equivalents at the end of the year	6.10	500,885	328,200

(*) Includes advances to suppliers for 25,078 thousand euros in 2019 and 1,348 thousand euros in 2018.

Additional information to the Statement of Cash Flows

Additional information to the Statement of Cash Flows
(Thousands of euros)

	2019	2018
Net income taxes paid (reimbursed)	106,085	60,416
Interest income collected	177	216
Interest payable and commissions paid	45,296	45,092

ADR

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

1. General information

Aeroporti di Roma S.p.A. (hereafter the "Company" or "ADR" or "the Parent Company") manages the Roman airport system on an exclusive basis under the concession signed between the Italian Civil Aviation Authority ("ENAC") and ADR. On December 21, 2012, the Prime Minister approved the new Planning Agreement signed between ADR and ENAC on October 25, 2012, based on which ADR is entrusted with managing the airport system directly and indirectly through the subsidiary undertakings, to which specific activities are assigned. The concession expires on June 30, 2044.

The registered office of the Parent Company is in Fiumicino, Via Pier Paolo Racchetti 1, while the secondary office is in Ciampino, Via Appia Nuova 1651. The duration of the Company is currently set until December 31, 2050, unless extended.
On the date of presenting the Consolidated financial statements, Atlantia S.p.A. ("Atlantia") is the shareholder that directly holds the majority of the shares of ADR (61,842,015, equal to 99.38% of the capital) and exercises the management and coordination towards the Company.

These Consolidated financial statements of ADR and its subsidiary undertakings (the "ADR Group") were approved by the Board of Directors of the Company during the meeting of March 4, 2020 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, 2019 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 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, 2019, 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 relevant activities of the company, the exposure or the right to variable returns on the investment of the company and the ability to use the power over the company to influence the returns on the investment.
The subsidiary undertakings are included in the consolidation area as of the date when control is acquired by the Group and are excluded from the area as of the date when control is lost by the Group. Annex 1 "List of equity investments" lists the companies included in the consolidation area.

The consolidation area has not changed compared to December 31, 2018.
The result of the comprehensive income statement relating to a subsidiary undertaking is attributed to the minorities, even if this implies a negative balance for minority interests. The variations in the interest of the parent company in a subsidiary undertaking that do not imply the loss of control are recorded as capital transactions.

If the parent company loses the control of a subsidiary undertaking, it:

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

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

The main consolidation principles are described below:

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

Business combinations

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

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, the economic conditions and the other relevant conditions in place on the acquisition date. This includes the check to establish whether an embedded derivative must be separated from the host contract.
If the business combination is created in several phases, the shareholding previously held is measured at the fair value on the acquisition date and any resulting profit or loss is recorded in the income statement.

Any potential consideration due is recorded by the purchaser at fair value on the acquisition date. The change in fair value of the potential consideration classified as asset or liability, as a financial instrument contemplated by IAS 9, must be recorded in the income statement or in the statement of the other components of the comprehensive income statement. In the cases where the contingent consideration is not within the scope of IAS 9, it is measured at fair value with the fair value changes recognized in the income statement. If the contingent consideration is classified in the shareholders' equity, its value is not recalculated and its subsequent settlement is recorded in the shareholders' equity.

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

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

4. Accounting standards applied

Described below are the most important accounting standards and valuation criteria applied in preparing the Consolidated financial statements for the year ended December 31, 2019. These standards and criteria comply with those used to prepare the Consolidated financial statements for the previous year, with the exception of amendments introduced, effective January 1, 2019, including the new standard IFRS 16 "Leases", whose key elements are described below.

The differences from the criteria applied previously are illustrated for this new standard in the specific section following this Note, in addition to the effects of recalculating the outstanding balances in the statement of financial position in place as of December 31, 2018 in relation to adoption of IFRS 16, as an adjustment to the shareholders' equity as of January 1, 2019.

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:

- land: 0%;
- buildings: 4%;
- plant and machinery: from 10% to 25%;
- equipment: from 10% to 25%;
- other assets: from 10% to 25%.

In the presence of specific indicators regarding the risk of failed recovery of the book value of tangible assets, these undergo an impairment test, as described in the specific paragraph.
Tangible assets are no longer shown in the financial statements after their transfer or if no future economic benefit exists expected from their use; any deriving profit or loss (calculated as the difference between the transfer value, net of sale costs, and the carrying value) is recorded in the income statement of the year of sale.

Any ordinary maintenance costs are charged to the income statement.

Intangible assets

Intangible assets are assets without physical substance, controlled by the company and able to produce future economic benefits and goodwill acquired in business combinations.
An asset is classified as intangible when there is the possibility of distinguishing it from the goodwill. This condition is normally met when: (i) the intangible asset arises from contractual or legal rights, or (ii) the asset is separable, i.e. can be sold, transferred, rented or exchanged autonomously or as an integral part of other assets. The company controls an asset if it has the power to obtain future economic benefits generated by the underlying assets and to restrict the access of others.

A peculiar element of those companies that, like ADR, operate under a concession agreement lies in the recognition of the so-called "Concession fees", which, on the basis of the applicable accounting standards, and IFRIC 12 in particular, represent the value attributed to the right to use the assets (infrastructure, plants, etc.) held under a concession agreement and with respect to which the company cannot exercise any right of ownership.

Therefore, for this intangible asset, the recording value is the cost and may include: a) the fair value of the consideration for 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 are stated at cost as determined by the methods indicated for tangible assets, only when the latter can be reliably valued and when these assets can be identified, are controlled by the company and can generate future economic benefits.

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

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

Investments in associated undertakings and other companies

An associated undertaking is a company the Group exercises significant influence on. Significant influence means the power to take part in the determination of the financial and management policies of the investee company without having control over it. The equity investments in associated undertakings are accounted for using the equity method. Under the equity method, an equity investment in an associate or joint venture is initially recognized at cost.

The book value of the equity investment is increased or decreased to recognize in the income statement 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. Dividends received from an associate reduce the book value of the equity investment.

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

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

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

Construction contracts and services being executed

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

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

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

Inventories

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

Financial instruments

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

Cash and cash equivalents

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

Derivative financial instruments

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

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

Financial assets

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

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

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

The receivables measured at amortized cost are initially recognized at the fair value of the underlying asset, net of any directly attributable transaction proceeds; the amortized cost is measured by using the effective interest rate method, net of any impairment related to the sum considered non-performing.

The Group records a write-down for expected losses (expected credit loss "ECL") for all the financial assets represented by debt instruments not held at fair value recognized on the income statement.
The estimate of the amounts considered to be non-performing is made on the basis of the future expected cash flows. These flows consider the expected recovery terms, the likely salvage value, any guarantees as well as the costs that are estimated to be incurred to recover the receivables.

The original value of the receivables is reinstated in the next years as the reasons for its adjustment cease to apply. In this case the value reinstatement is recorded in the income statement and cannot exceed the value of the amortized costs that the receivable would have had in the absence of previous adjustments.

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

Financial liabilities

The financial payables are initially recorded at fair value, net of any directly attributable transaction costs. After initial recording, the financial payables are valued with the amortized cost criterion by using the effective interest rate method.
Trade payables, whose expiration falls within the normal commercial terms, or those where there are no significant financial components, are not discounted.

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

Derecognition of financial instruments

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

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 Employee Severance Indemnities of the Group companies accrued until December 31, 2006 (or, where applicable, until the next date of adhesion to the complementary compensation fund), are recorded in the year when the right arises, net of any advances paid; these are calculated on the basis of actuarial assumptions and measured on an accrual basis in line with the services needed to obtain the benefits; the liabilities are valued by independent actuaries.

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

Provisions for renovation of airport infrastructure

One of the main obligations that the concession agreement imposes on the concessionaire is that of guaranteeing that, for the entire duration of the concession, the requirements of operation and safety of the assets under concession continue to be met (see paragraph Intangible assets - concession fees). To this end the concessionaire, in addition to routine maintenance activities, must systematically plan the necessary extraordinary and replacement maintenance interventions so that it fulfills this important concession obligation.
The list of restoration/replacement measures is an integral part of the company's Investment Plan, which is drawn up by the relevant technical structures and included in the Group's business plan.

The Provisions for renovation of airport infrastructure thus represent the current value of the estimate of the charges to be incurred for the contractual obligation imposed on the company by the concession agreement, for the execution of the necessary maintenance interventions of an extraordinary nature and to restore and replace the assets under concession.

Since these charges cannot be posted as an increase in the value of the assets at the time when they are incurred from time to time, in the absence of the necessary accounting requirement (intangible assets) of the assets these are destined for, they are allocated to provisions according to IAS 37, based on the degree of use of the infrastructure, as they represent the charge that the company is likely to be called to incur to guarantee, over time, the correct fulfillment of the obligation to meet the requirements of operation and safety of the assets under concession.

As these are cyclical interventions, the value of the provisions in the accounts reflects the estimate of the charges that shall be incurred in the timeframe of the first cycle of interventions planned, subsequently to the year-end, calculated by taking into account the necessary discounting factors, analytically for each individual intervention.
The classification of the interventions among those that constitute the value of the provisions and those for building/improvement purposes in favor of the concessionaire, is based on a corporate assessment made by its technicians based on the essential contents of the projects included in the Investment plan approved.

Other allowances for risks and charges

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

Provisions are allocated based on a best estimate of the costs required for fulfilling the obligation at the year-end date or to transfer it to third parties. If discounting produces a significant effect, provisions are determined by discounting the financial flows expected in the future at a discount rate that reflects the current market assessment of the time value of money, and the specific risks related to the liability. When discounting, the increase in the provision due to time passing is recorded as financial expense.

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

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

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

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

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

Impairment of assets (impairment test)

At year-end, the carrying value of tangible, intangible and financial assets and of equity investments is tested to find any indication of impairment of these assets.
If these indications exist, the recoverable amount of these assets is estimated to determine the amount of any write-down to be recorded. The Group has no goodwill or intangible assets with an indefinite useful life to be subject to impairment test every year.

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

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

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

Revenues from contracts with customers

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

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

The consideration is not adjusted to take account of the financial effect of time if, at the start of the contract, it is expected that the payment delay will be a year or less. If the consideration is variable, the Group will estimate the amount of the consideration that it will have the right to in exchange for the transfer of goods and/or services promised to the customer; the amount of the consideration may vary in accordance with discounts, refunds, bonuses or concessions on the price, performance bonuses, penalties or whether the price itself depends on the occurrence or not of certain future events.

Leasing revenues

Lease contracts, that essentially leave all the risks and benefits of ownership of the goods to the Group, are classified as operating leases. For the Group, leasing revenues refer to the fees and royalties owed and are recognized over the period of accrual on the basis of the contractual agreements signed.
These revenues include those from the sub-concessions to third parties of trading areas and offices in the airport infrastructures managed by the Group, and since they essentially relate to leases in parts of the infrastructure, they are governed by IFRS 16. In relation to the contractual agreements in place, this revenue is partly determined on the basis of the revenues obtained from the sub-concessions; therefore, the amount varies over time.

Costs

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

Share-Based Payments

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

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

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

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

Income taxes

The tax on the income of the year is calculated based on the tax expenses to be paid, in compliance with current legislation. Current taxes relating to items recognized directly in shareholders' equity are also recognized in shareholders' equity and not in the income statement.
Deferred tax assets and liabilities resulting from temporary differences between the financial statements value of assets and liabilities, calculated by applying the criteria described in this section, and their tax value, deriving from the application of current legislation, are recorded: a) the former, only if sufficient taxable income is likely to allow the recovery; b) the latter, if any, in any case.

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

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

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

Estimates and valuations

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

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

Conversion of the items in foreign currencies

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

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

Information by industry segment

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

Adoption of the new accounting standard IFRS 16 - Leases with effect from January 1, 2019

For accounting standards IFRS 16, which as stated is applicable from January 1, 2019, the salient elements introduced by these standards are described below, as well as the differences compared to the previously applied criteria.

IFRS 16 – Leases

On January 13, 2016 the IASB published the definitive version of the new accounting standard regarding the accounting of lease transactions, which replaces IAS 17, IFRIC 4, SIC 15 and SIC 27, to be adopted starting from January 1, 2019.

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

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

The lease agreements with a duration equal to or shorter than twelve 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 previously 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).

Impacts on ADR Group's Consolidated financial statements resulting from the adoption of IFRS 16

As permitted by IFRS 16, the ADR Group availed itself of the simplification envisaged by the standard which allows the retrospective modified application of IFRS 16, without amending the comparative items of the statement of financial position and of the income statement.
Therefore, on the basis of the adopted approach, at the date of first accounting treatment the ADR Group recognized the present value of the residual payments for financial leases as of January 1, 2019 under financial liabilities, offset by the recognition of the right of use.

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

Impacts resulting from the adoption of IFRS 16
(Thousands of euros)

	Data published 12.31.2018	IFRS 16 application adjustment	Restated data 01.01.2019
Assets			
Non-current assets	2,540,878	3,260	2,544,138
of which tangible assets - rights of use	44,327	3,260	47,587
Current assets	666,759	0	666,759
Shareholders' equity and liabilities			
Shareholders' equity	1,106,876	0	1,106,876
Non-current liabilities	1,640,480	2,068	1,642,548
of which other non-current financial liabilities - non-current payables for leases	0	2,068	2,068
Current liabilities	460,281	1,192	461,473
of which current share of medium/long-term financial liabilities - current lease payables	0	1,192	1,192

The ADR Group does not hold significant lease instruments as a lessee, which, in any case, mainly refer to leases of property, vehicles, fittings and hardware equipment.
The Group availed itself of the following simplifications permitted by the standard, in addition to the above mentioned one of the retrospective application:

- exclusion of lease agreements with a residual duration equal to or shorter than twelve months (starting from January 1, 2019) and those regarding assets of a negligible amount from the new methodology of accounting representation, since they are not very significant. Lease fees will continue to be recognized in the income statement for these assets for the duration of the respective contracts;
- use of the information on the transition date to determine the duration of the lease, with special reference to the exercise of extension or early closing options;
- exclusion of the initial direct costs from measurement of the right as of January 1, 2019;
- exclusion of application of the new standard for contracts with a lease that has an intangible asset as its underlying asset.

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

Amendments to the accounting principles and interpretations

	Date of the IASB document coming into force	Date of endorsement by the EU
Amendments to accounting standards and interpretations		
Annual Improvements to IFRSs: 2015 – 2017	January 1, 2019	March 14, 2019
Amendments to IAS 19: employee benefits	January 1, 2019	March 13, 2019
Amendments to IAS 28: long-term investments in associates and joint ventures	January 1, 2019	February 8, 2019
Amendments to IFRS 9: early repayment clauses with negative offsetting	January 1, 2019	March 22, 2019
New interpretation		
IFRIC 23: uncertainty about income tax treatments	January 1, 2019	October 23, 2018

Accounting standards and newly issued interpretations, revisions and amendments to existing less relevant standards in force and endorsed by the European Union

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

- IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements. The amendment establishes that in the case of acquisition of control over a business that represents a joint operation, the entity must re-measure at fair value any interest previously held in the business. This approach must be applied in case of acquisition of joint control instead;
- IAS 12 – Income taxes. It is clarified that all the tax effects linked to the dividends (including the payments regarding financial instruments classified as shareholders' equity instruments) must be recorded consistently with the transaction that generated them. Therefore, these will be recorded in the income statement, in the statement of comprehensive income or in shareholders' equity;
- IAS 23 – Borrowing costs. The amendments clarify that an entity treats as non-specific financing any financing made and that, right from the start, was intended to develop an asset, if all the actions needed to predispose that asset for use or sale are completed.

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

Amendments to IAS 28 – Long term investments in associates and joint ventures
On October 12, 2017 the IASB published the amendments to this accounting standard. The amendments specify that an entity applies IFRS 9 for long-term investments in an associate or joint venture, for which the equity method is not applied but which, in substance, form part of the net investment in the associate or joint venture (long-term interest).

This clarification is relevant because it implies that the expected loss model of IFRS 9 applies to such long-term investments.

The amendments also clarify that, when applying IFRS 9, an entity shall not take into account any losses of the associate or joint venture or any impairment of the equity investment, recognized as adjustments to the net equity investment in the associate or joint venture resulting from the application of IAS 28 Investments in Associates and Joint Ventures.

Amendments to IFRS 9 – Early repayment clauses with negative offsetting

On October 12, 2017 the IASB published the amendments to this accounting standard. Under IFRS 9, a debt instrument may be measured at amortized cost or fair value through other comprehensive income, provided that the contractual cash flows are “solely payments of principal and interest on the reference amount” (the SPPI criterion) and the instrument is classified in the appropriate business model.

The amendments to IFRS 9 clarify that a financial asset exceeds the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and regardless of the party that pays or receives reasonable compensation for early termination of the contract.

IFRIC 23 – Uncertainty about income tax treatments

On June 7, 2017 the IASB published the interpretation in question. The Interpretation defines the accounting treatment of income taxes when the tax treatment involves uncertainties that affect the application of IAS 12 and does not apply to taxes or levies that are not within the scope of IAS 12, nor does it specifically include requirements relating to interest or penalties attributable to uncertain tax treatment.

The Interpretation specifically addresses the following points:

- whether an entity considers uncertain tax treatment separately;
- the entity’s assumptions about the examination of tax treatment by the tax authorities;
- how an entity determines taxable profit (or tax loss), tax base, unused tax losses, unused tax credits and tax rates;
- how an entity deals with changes in facts and circumstances.

An entity must define whether to consider each uncertain tax treatment separately or together with other (one or more) uncertain tax treatments. The approach that allows the best prediction of uncertainty resolution should be followed.

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:

Amendments to accounting standards and interpretations

Amendments to accounting standards and interpretations	Date of the IASB document coming into force	Date of endorsement by the EU
Amendments to IAS 1 – Presentation of Financial Statements, and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020	November 29, 2019
Amendments to IFRS references Conceptual framework	January 1, 2020	November 29, 2019
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform	January 1, 2020	January 15, 2020
Amendments to IFRS 3 - Business Combinations	January 1, 2020	Not endorsed
Amendments to IAS 1 - Presentation of Financial Statements: classification of liabilities as current or non-current liabilities	January 1, 2022	Not endorsed
IFRS 17 Insurance Contracts	January 1, 2021	Not endorsed

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

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

Amendments to IFRS references Conceptual framework

On March 29, 2018 the IASB published the amendments to the Conceptual Framework. The amendments aim to update the existing references to the previous Conceptual Framework in different Accounting Standards and interpretations, replacing them with references to the revised Conceptual Framework.

The Companies apply the amendments, at the latest, from the date of commencement of their first financial year starting on or after January 1, 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

On September 26, 2019, the IASB published the Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7) in order to take into account the consequences of the reform on financial reporting in the period prior to the replacement of an existing interest rate benchmark by an alternative benchmark rate.
The amendments establish temporary and limited exceptions to the provisions on the accounting for hedging transaction of International Accounting Standard (IAS) 39 Financial Instru-

ments: recognition and measurement and International Financial Reporting Standard (IFRS) 9 Financial Instruments so that companies can continue to comply with the provisions by assuming that the existing interest rate benchmarks are not changed as a result of the interbank rate reform.

The Companies apply the amendments under article 1, at the latest, from the date of commencement of their first financial year starting on or after January 1, 2020.

Amendments to IFRS 3 - Business Combinations

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

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

Amendments to IAS 1 - Presentation of Financial Statements: classification of liabilities as current or non-current liabilities

On January 23, 2020, the IASB issued an amendment to IAS 1 that seeks to clarify one of the criteria in IAS 1 for classifying a liability as non-current, i.e. the requirement that the entity must have the right to defer settlement of the liability for at least 12 months after the reference reporting period. The amendment includes:

- an indication that the right to defer settlement must exist at the balance sheet date;
- a clarification that the classification is not influenced by management's intentions or expectations regarding the possibility of using the right of deferral;
- a clarification on how the funding conditions affect the classification and;
- a clarification of the requirements for the classification of liabilities that an entity intends to settle or could settle by issuing its own capital instruments.

The amendments to the accounting standards from the years starting from or after January 1, 2022.

IFRS 17 – Insurance Contracts
On May 18, 2017 the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new standard for insurance contracts covering recognition and measurement, presentation and disclosure. When IFRS 17 comes into force it will replace IFRS 4 Insurance Contracts which was issued in 2005. IFRS 17 applies to all types of insurance contracts (e.g. life, non-life, direct insurance, re-insurance) regardless of the type of entity issuing them, as well as to certain guarantees and financial instruments with discretionary participation features.

IFRS 17 will be in force for financial years beginning on or after January 1, 2021 and will require the presentation of comparative balances. This standard does not apply to the Group.

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

5. Concession Agreement

Concessionary Relationship
ADR's corporate purpose is the construction and management of airports or a part thereof, and the exercise of any activity related or complementary to air traffic of any type or specialty. This goal is achieved on the basis of a concession for the single management of the Roman airport system entrusted to the Company with Italian Law no. 755 of November 10, 1973.
The concessionaire ADR ensures the management and development of the Roman airport system ("Leonardo da Vinci" at Fiumicino and "G.B. Pastine" at Ciampino) in accordance with international, European and national regulations as well as the ENAC Regulations that govern the operation of airports open to civil traffic.
The original Concession Management Agreement no. 2820/74 was in force until December 21, 2012. After that date, a new Single Deed - Planning Agreement was approved with a specific Council of Ministers Presidential Decree. The single document regulates both the relations regarding the airport management concession and the criteria to determine and periodically update the fees applicable to the so-called "regulated services".
The principle remains in place according to which the management must be guided by financial and organizational criteria pursuant to Italian Law no. 755 of November 10, 1973 and subsequent amendments.

Duration of the Concession
The term of the concession expires on June 30, 2044 in compliance with art. 14 of Italian Law no. 359 of August 8, 1992, and art. 1-*quater* of Italian Law no. 351 of August 3, 1995, as set forth in the reports by the Ministry of Transport and Navigation on September 12, 1994 and January 23, 1998. The causes for revocation, default or termination of the concessionary relationship are specified in the new Single Deed - Planning Agreement under arts. 18, 19 and 20 as well as art. 20-*bis* for the effects set for the natural expiry as of June 30, 2044.

Subject Matter of the Concession
Italian Law no. 755/1973 (art. 1) sets forth the subject of the concession, consisting in the single management of the Roman airport system, to be

carried out under the supervision of the Ministry of Transport (now ENAC - Italian Civil Aviation Authority - pursuant to Italian Legislative Decree 250/1997) according to the provisions of the Navigation Code and regulations currently in force.
ADR also provides security screening services for passengers and carry-on and checked baggage, always based on the concession regime.

Income

Pursuant to art. 6, paragraph 1, of Italian Law no. 755/1973, "all revenues of the State, which derive from the management of the two airports, belong to the company holding the concession."
Art. 10 of the Single Deed - Planning Agreement lists in detail the concessionaire's income, providing also the "fair fee" to be paid to it by anyone carrying out non-aeronautical activities for a profit, including occasionally, within the airports under concession, which is not remunerated otherwise.

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

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

Concession fees

Italian Law Decree no. 251/1995, converted into Italian Law no. 351/1995, 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, then extended in subsequent years. 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 2021, with subsequent Decrees of the State Property Office.
According to art. 2, paragraph 4 of the Single Deed - Planning Agreement, if, as a result of regulatory provisions and/or administrative measures, the amount of the concession fee were to be changed compared to the one in force at the time of stipulation, or if taxation were introduced with an equivalent effect to be borne by the Concessionaire, the latter shall be entitled to a specific increase to cover the greater disbursement.
ADR also pays ENAC a fee for the concession of the baggage and passenger security checking services pursuant to Italian Ministerial Decree no. 85/1999. The amount is set to 0.07 euros per outgoing passenger (Italian Ministerial Decree of July 13, 2005). The obligation to make this payment is reported also under art. 2, paragraph 5 of the Planning Agreement.

The asset regime

Art. 12 of the Single Deed - Planning Agreement governs the Concessionaire's right to use the assets. This is to be interpreted together with the provisions in arts. 703 and 41 of the Navigation Code.

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

- the assets received under concession at the time of establishing the concessionaire or subsequently created by it by virtue of laws of the State with public funds, are possessed by the concessionaire under the right of use regime as these are government property; these assets are summarized in the table below;
- the assets acquired/created by the Concessionaire with funding from its accounts and used to perform activities subject to fee regulation are held under the ownership regime until the end of the concession. This leads to the obligation to hand them over to the Grantor upon the natural expiry of the concession; this action will be in any case conditioned by the repayment of their value to be established according to the convention rules;
- the same treatment applies to the goods acquired/created by the Concessionaire with funding from its accounts, but used to perform (unregulated) commercial activities, provided these are related to real estate whose need has been expressly declared by ENAC, due to their characteristics to perform airport functions, thus authorizing their creation;
- for commercial movable properties, instead, the Concessionaire has full ownership; the Grantor is granted a right to purchase (art. 20-*bis* 4.d) upon the natural expiry of the concession, which can be exercised by paying the former concessionaire their residual carrying value.

Based on the Single Deed - Planning Agreement, at the natural expiration of the concession, ADR will receive a fee equal to the residual value of the investments made. The residual value will be taken from the regulatory accounts.
To date, the ADR Group has a limited number of assets in service whose residual value from the regulatory accounts exceeds zero; this residual value at June 30, 2044 is negligible.

Assets received under concession
(Thousands of euros)

	12.31.2019	12.31.2018
Assets received under the concession at Fiumicino	119,812	119,812
Assets received under the concession at Ciampino	29,293	29,293
Assets completed on behalf of the State (*)	742,197	742,197
Total	**891,302**	**891,302**

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

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

6.1 Tangible assets

Tangible assets
(Thousands of euros)

			12.31.2018	
	Cost	**Acc. depr.**	**Net value**	**Investments**
Land and buildings	0	0	0	15,722
Plant and machinery	96,929	(65,387)	31,542	1,061
Industrial and commercial equipment	14,279	(11,846)	2,433	466
Other assets	35,158	(25,617)	9,541	2,106
Work in progress and advances	811	0	811	1,587
Right of use on Property, plant and equipment and other assets	0	0	0	978
Total tangible assets	**147,177**	**(102,850)**	**44,327**	**21,919**

			12.31.2017	
	Cost	**Acc. depr.**	**Net value**	**Investments**
Plant and machinery	96,506	(57,562)	38,944	1,394
Industrial and commercial equipment	14,141	(11,420)	2,721	404
Other assets	30,796	(22,171)	8,625	3,987
Work in progress and advances	1,990	0	1,990	808
Total tangible assets	**143,433**	**(91,153)**	**52,280**	**6,593**

Tangible assets, equaling 53,955 thousand euros (44,327 thousand euros as of December 31, 2018) rose in the year by 9,628 thousand euros due mainly to investments (21,919 thousand euros), partly offset by the depreciation.

Investments of 21,919 thousand euros mainly refer to:

- in the Land and buildings item (15,722 thousand euros), land for 12,036 thousand euros and buildings for 3,686 thousand euros, following the purchase by ADR on April 17, 2019 of an area (known as Pianabella) that is external the airport territory owned by Alitalia LAI and Alitalia Servizi under extraordinary administration and to the adjacent real-estate complex owned by Alitalia Servizi under extraordinary administration;

	Change				12.31.2019		
Depreciation	Other changes	Disposals	Effect of IFRS 16	Cost	Acc. depr.	Net value
(74)	0	0	0	15,722	(74)	15,648
(10,073)	22	(4)	0	94,595	(72,047)	22,548
(791)	0	0	0	14,359	(12,251)	2,108
(3,366)	793	(6)	0	37,878	(28,811)	9,067
0	(795)	0	0	1,603	0	1,603
(1,257)	0	0	3,260	4,238	(1,257)	2,981
(15,561)	**20**	**(10)**	**3,260**	**168,395**	**(114,440)**	**53,955**

Change			12.31.2018		
Depreciation	Other changes	Disposals	Cost	Acc. depr.	Net value
(10,041)	1,273	(28)	96,929	(65,387)	31,542
(721)	29	0	14,279	(11,846)	2,433
(3,520)	449	0	35,158	(25,617)	9,541
0	(1,987)	0	811	0	811
(14,282)	**(236)**	**(28)**	**147,177**	**(102,850)**	**44,327**

- within the category Plant and machinery (1,061 thousand euros) mainly due to transport vehicles and the like;
- within the category Other assets (2,106 thousand euros), to electronic machinery (1,128 thousand euros) and furniture/furnishings (544 thousand euros).

The tangible assets item also increased by 3,260 thousand euros due to the effect of the recognition of the right of use of leased assets in relation to plants, equipment and other assets following the first application of the new accounting standard IFRS 16, starting from January 1, 2019. The increase in the year was of 978 thousand euros, while depreciation amounted to 1,257 thousand euros.

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

6.2 Intangible assets

Intangible assets
(Thousands of euros)

				12.31.2018
	Cost	**W.D.**	**Acc. amort.**	**Net value**
Concession fees				
Airport management concession - rights acquired	2,167.966	0	(911,233)	1,256,733
Airport management concession - investments in infrastructure	1,287,991	0	(211,107)	1,076,884
Total concession fees	**3,455,957**	**0**	**(1,122,340)**	**2,333,617**
Other intangible assets	73,907	(41)	(58,939)	14,927
Advances to suppliers	25.784	0	0	25,784
Total other intangible assets	**99,691**	**(41)**	**(58,939)**	**40,711**
Total intangible assets	**3,555,648**	**(41)**	**(1,181,279)**	**2,374,328**

				12.31.2017
	Cost	**W.D.**	**Acc. amort.**	**Net value**
Concession fees				
Airport management concession - rights acquired	2,167,966	0	(861,949)	1,306,017
Airport management concession - investments in infrastructure	1,178,334	0	(176,627)	1,001,707
Total concession fees	**3,346,300**	**0**	**(1,038,576)**	**2,307,724**
Other intangible assets	65,777	(41)	(53,364)	12,372
Advances to suppliers	29,704	0	0	29,704
Total other intangible assets	**95,481**	**(41)**	**(53,364)**	**42,076**
Total intangible assets	**3,441,781**	**(41)**	**(1,091,940)**	**2,349,800**

Intangible assets, equal to 2,477,927 thousand euros (2,374,328 thousand euros as of December 31, 2018) rose by 103,599 thousand euros mainly due to the investments in the year, equal to 210,674 thousand euros, partly offset by the amortization equal to 91,507 thousand euros.

Concession fees include the concession relating to managing the Roman Airport System; for further information on the concessionary 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

Change			12.31.2019			
Investments	**Amortization**	**Other changes**	**Cost**	**W.D.**	**Acc. amort.**	**Net value**
0	(49,284)	0	2,167,966	0	(960,517)	1,207,449
174,386	(36,093)	0	1,462,377	0	(247,200)	1,215,177
174,386	**(85,377)**	**0**	**3,630,343**	**0**	**(1,207,717)**	**2,422,626**
11,210	(6,130)	22	85,139	(41)	(65,069)	20,029
25,078	0	(15,590)	35,272	0	0	35,272
36,288	**(6,130)**	**(15,568)**	**120,411**	**(41)**	**(65,069)**	**55,301**
210,674	**(91,507)**	**(15,568)**	**3,750,754**	**(41)**	**(1,272,786)**	**2,477,927**

Change			12.31.2018			
Investments	**Amortization**	**Other changes**	**Cost**	**W.D.**	**Acc. amort.**	**Net value**
0	(49,284)	0	2,167,966	0	(911,233)	1,256,733
109,657	(34,480)	0	1,287,991	0	(211,107)	1,076,884
109,657	**(83,764)**	**0**	**3,455,957**	**0**	**(1,122,340)**	**2,333,617**
7,817	(5,575)	313	73,907	(41)	(58,939)	14,927
1,348	0	(5,268)	25,784	0	0	25,784
9,165	**(5,575)**	**(4,955)**	**99,691**	**(41)**	**(58,939)**	**40,711**
118,822	**(89,339)**	**(4,955)**	**3,555,648**	**(41)**	**(1,181,279)**	**2,374,328**

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 174,386 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 by nature, as well as the fair value of the related construction services carried out.

Worth noting are:

- work relating to the East Terminal System for 110.9 million euros, aimed at the realization of a new Boarding Area A and of the Avant-corps of Terminal 1;
- urbanization works in the West area/Aprons W for 6.5 million euros, relative to the development of nine further aircraft parking lay-bys;
- works on runways and aprons for 10.5 million euros;
- terminal maintenance and optimization of the terminals for 10.9 million euros;
- restructuring of Terminal 3 for 6.2 million euros;
- works on the new ADR headquarters for 1.5 million euros.

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

Other intangible assets, equal to 20,029 thousand euros (14,927 thousand euros as of December 31, 2018), include the rights to use the property rights, concessions, licenses, trademarks and similar rights. The investments for 2019, equal to 11,210 thousand euros, mainly refer to the acquisition of licenses, the implementation of airport systems and the evolutionary maintenance of the accounting system.
Advances to suppliers amounted to 35,272 thousand euros as of December 31, 2019, an increase of 9,488 thousand euros compared to December 31, 2018, attributable to the advances paid to suppliers for 25,078 thousand euros, partially offset by the recovery of advances to suppliers for 15,590 thousand euros.

6.3 Equity investments

Equity investments
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Associated undertakings			
Pavimental S.p.A.	3,793	3,608	185
Spea Engineering S.p.A.	6,701	15,547	(8,846)
Consorzio E.T.L. (in liquidation)	0	0	0
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	0	0
	10,494	19,155	(8,661)
Other companies			
Azzurra Aeroporti S.p.A.	52,000	52,000	0
Aeroporto di Genova S.p.A.	894	894	0
S.A.CAL. S.p.A.	957	957	0
Consorzio CAIE	1	1	0
Leonardo Energia - Società Consortile a r.l.	1	1	0
	53,853	53,853	0
Total	64,347	73,008	(8,661)

Equity investments amount to 64,347 thousand euros, down by 8,661 thousand euros compared to December 31, 2018 due to:

- increase in the equity investment in Pavimental S.p.A. ("Pavimental") (20% of capital) of 185 thousand euros, following the valuation according to the equity method, of which +207 thousand euros booked to the income statement (for ADR's share of the associated undertaking's loss for the year), +29 thousand euros to the other components of the comprehensive income statement, and -51 thousand euros to shareholders' equity. The company operates in the building and maintenance sector and in the modernization of road, motorway and airport paving;
- reduction in the value of the investment in Spea Engineering S.p.A. ("Spea Engineering") (20%) equal to -8,846 thousand euros. In the absence of the company's approved financial statements and considering the uncertainties regarding the company's prospects following the events in Genoa in August 2018, this adjustment was made in order to adjust the book value of the equity investment based on a valuation, calculated with the equity method, of the sum of the motorway and airport business units, defined on the basis of the estimate developed with the support of an independent expert. The Group valued its equity investment in Spea Engineering at 20% of the sum of the two business units.

ADR constituted a pledge on the total investment of 7.77% in Azzurra Aeroporti S.p.A. (hereinafter "Azzurra") in favor of the lenders of the same Azzurra. This guarantee is limited to a maximum amount of 130.6 million euros.

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

6.4 Other current and non-current financial assets

Other current and non-current financial assets
(Thousands of euros)

	12.31.2019			12.31.2018		
	Book value	Current share	Non-current share	Book value	Current share	Non-current share
Other financial assets						
Derivatives with positive fair value	0	0	0	2,342	0	2,342
Other financial assets	3,220	1,515	1,705	3,525	1,350	2,175
Total other financial assets	3,220	1,515	1,705	5,867	1,350	4,517

Derivatives with positive fair value

Derivatives with positive fair value
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Interest rate hedging derivatives	0	2,342	(2,342)
Interest accrual	0	0	0
Total derivatives with positive fair value	0	2,342	(2,342)
non-current share	0	2,342	(2,342)
current share	0	0	0

Interest rate hedging derivatives
The ADR Group uses hedging derivatives for exchange and interest rate risks to combat any negative impact on the cash flows that may derive from any unfavorable changes in exchange and interest rates.

In October 2016, ADR signed three forward-starting interest rate swap contracts, with activation in February 2020, with the purpose of hedging the interest rate risk for the loan to refinance the bond loan maturing in February 2021.

These contracts, whose main characteristics are reported below, as of December 31, 2019 present a negative fair value compared to the positive fair value of 2,342 thousand euros as of December 31, 2018. For details, therefore, please refer to Note 6.15.

Interest rate hedging derivatives

Counterparty	Company	Instrum.	Type	Risk covered	Subscr. date	Expiry	Notional value hedged	Rate applied
Unicredit, BNPP, RBS	ADR	IRS FWD (*)	CF	I	10.2016	02.2030	300,000	They pay an average fixed rate of 0.969% and receive the 6-month Euribor

(*) Forward-starting IRS: activation date February 2020. The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year equal the fair value listed in the table.
(**) The change in fair value is posted in the OCI net of the tax effect.
CF: cash flow value hedge - I: interest

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

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

Impact of the hedging instruments on the underlying assets
(Thousands of euros)

	12.31.2019			12.31.2018		
	Changes in fair value used to measure the lack of effectiveness	Cash flow hedge reserve (including the cost of hedging)	Of which cost of hedging reserve	Changes in fair value used to measure the lack of effectiveness	Cash flow hedge reserve (including the cost of hedging)	Of which cost of hedging reserve
Debt highly probable	0	0	0	2,342	(2,328)	0
Total	0	0	0	2,342	(2,328)	0

	FAIR VALUE OF THE DERIVATIVE		CHANGE IN FAIR VALUE	
	as of 12.31.2019	as of 12.31.2018	to income statement	to OCI (**)
	0	2,342	(14)	(2,328)
Total	**0**	**2,342**	**(14)**	**(2,328)**
of which:				
Exchange rate hedging derivatives	0	0		
Interest rate hedging derivatives	0	2,342		

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

Effect of the cash flow hedge reserve on the statement of comprehensive income
(Thousands of euros)

	Total gains/(losses) from hedging recognized in the income statement and comprehensive income statement	Ineffectiveness recognized in the income statement	Item in the income statement
12.31.2019			
Debt highly probable	0	(14)	Financial income (expense)
Total	0	(14)	
12.31.2018			
Debt highly probable	2,342	14	Financial income (expense)
Total	2,342	14	

Other financial assets

Other non-current financial assets, equal to 1,705 thousand euros (2,175 thousand euros as of December 31, 2018), essentially (1,660 thousand euros) refer to the ancillary charges incurred to subscribe the revolving facility remained unused also in 2019. For details, refer to Note 6.15.

Other current financial assets, equal to 1,515 thousand euros (1,350 thousand euros as of December 31, 2018), include mainly the recognition of the receivable from the associate Spea Engineering S.p.A. (1,350 thousand euros) for the dividends resolved in 2018 and not yet paid.

6.5 Deferred tax assets

Deferred tax assets, equal to 50,627 thousand euros (44,290 thousand euros as of December 31, 2018), are shown net of deferred tax liabilities that can be offset.

The nature of the temporary differences is illustrated in the table beside.

Change in the cash flow hedge reserve recognized in the comprehensive income statement	Of which: Cost of hedging recognized in the comprehensive income statement	Amount reclassified from the comprehensive income statement to the income statement	Item in the income statement
0	0	0	Financial income (expense)
0	0	0	
2,328	0	0	Financial income (expense)
2,328	0	0	

Deferred tax assets
(Thousands of euros)

	12.31.2018	Change				12.31.2019
		Provisions	Releases	Deferred tax assets/ liabilities on income and charges recorded in shareholders' equity	Rate change effect	
Deferred tax assets						
Allocation to (use of) the provisions for renovation of airport infrastructure	55,746	2,868	(13,859)	0	1,980	46,735
Allocations to allowance for obsolete and slow-moving goods	56	46	(19)	0	5	88
Allocations to provisions for doubtful accounts	7,424	839	(183)	0	0	8,080
Amortized cost and derivative instruments	16,460	0	(40)	11,780	864	29,064
Allowances for risks and charges	3,667	1,595	(393)	0	0	4,869
Other	1,416	622	(418)	171	34	1,825
Total deferred tax assets	84,769	5,970	(14,912)	11,951	2,883	90,661
Deferred tax liabilities that can be offset						
Application of IFRIC 12	38,640	2,950	(1,621)	0	49	40,018
Amortized cost and derivative instruments	1,839	0	(1,839)	0	0	0
Other	0	16	0	0	0	16
Total deferred tax liabilities	40,479	2,966	(3,460)	0	49	40,034
TOTAL NET DEFERRED TAX ASSETS	**44,290**	**3,004**	**(11,452)**	**11,951**	**2,834**	**50,627**

The increase of 6,337 thousand euros recorded in 2019 is primarily due to the negative change in the fair value of derivatives and the adjustment of deferred tax assets deriving from the application of the 3.5% IRES surcharge to ADR also for the years 2020-2021. These effects are partly offset by the performance of the airport infrastructure renewal fund.

6.6 Other non-current assets

Other non-current assets, equal to 401 thousand euros (408 thousand euros as of December 31, 2018), refer to guarantee deposits.

6.7 Trade assets

Trade assets, equal to 309,613 thousand euros (316,334 thousand euros as of December 31, 2018), include:

- inventories of 4,197 thousand euros (3,750 thousand euros as of December 31, 2018) comprising consumable materials, clothing, spare parts, cleaning material, fuel, telephone material, etc.;
- trade receivables of 305,416 thousand euros (312,584 thousand euros as of December 31, 2018).

In detail, trade receivables are broken down as follows:

Trade receivables
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Due from clients	338,082	341,946	(3,864)
Due from parent company	363	316	47
Receivables for construction services	8,051	8,051	0
Other trade receivables	1,338	1,703	(365)
Total trade receivables, incl. provisions for doubtful accounts	347,834	352,016	(4,182)
Provisions for doubtful accounts	(34,838)	(31,839)	(2,999)
Provisions for overdue interest	(7,580)	(7,593)	13
Total provisions for doubtful accounts	(42,418)	(39,432)	(2,986)
TOTAL TRADE RECEIVABLES	305,416	312,584	(7,168)

Due from clients (including provisions for doubtful loans) total 338,082 thousand euros and recorded a reduction of 3,864 thousand euros despite the increase in the volumes of activity, thanks to shorter average collection terms.

Due from clients includes all receivables from Alitalia SAI under special administration accrued prior to the airline's admission to the extraordinary administration procedure and will be settled according to the methods and times set by the procedure; however, among these, the receivables for airport fees have a degree of privilege at the time of allocation, which lessens their risk of uncollectability. In any case, any losses on receivables for services subject to settlement and resulting as an outcome of the procedure underway, being considered an event outside the concessionaire's responsibility, would lead to an alteration in the economic-financial balance that would be restored in accordance with the Planning Agreement, in the same way as other cases of force majeure or change in the regulatory framework.

It is worth remembering that the ADR Group's receivables from the companies belonging to the Alitalia LAI group under special administration since 2008, equal 10,919 thousand euros. For the amounts due from Alitalia LAI S.p.A. under special administration, note that in 2011 the surety of 6.3 million euros was enforced, issued by Alitalia/CAI to secure the amounts due to ADR from Alitalia LAI S.p.A. under special administration (as well as due to the lessors owners of the aircrafts, jointly and severally obliged) in order to allow the aircraft owned by lessors to reach Alitalia/CAI free from claims of seizure for protection purposes made by ADR. The amount enforced and collected was posted under other current liabilities.

Other trade receivables, equal to 1,338 thousand euros (1,703 thousand euros as of December 31, 2018), refer to prepaid expenses of a commercial nature and advances to suppliers.

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

Trade receivable past due
(Thousands of euros)

	Receivables net of the provisions for doubtful accounts	Receivables not yet due	Overdue receivables: From 0 to 90 days	Overdue receivables: Between 90 and 365 days	Overdue receivables: > 1 year
12.31.2019	305,416	61,407	38,747	29,457	175,805
12.31.2018	312,584	64,700	44,587	21,713	181,584

The overdue receivables for more than a year mostly related to receivables from Alitalia SAI under special administration.The table below shows the movements of the provisions for doubtful accounts:

Movements of the provisions for doubtful accounts
(Thousands of euros)

	12. 31.2018	Increases	Decreases	12. 31.2019
Provisions for doubtful accounts	31,839	4,647	(1,648)	34,838
Provisions for overdue interest	7,593	5	(18)	7,580
Total provisions for doubtful accounts	39,432	4,652	(1,666)	42,418

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

6.8 Current tax assets and liabilities

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

Current tax assets and liabilities
(Thousands of euros)

	Assets			Liabilities		
	12.31.2019	12.31.2018	Change	12.31.2019	12.31.2018	Change
Due from/to parent companies for tax consolidation	7,470	7,470	0	19,070	17,827	1,243
IRES	184	185	(1)	11,007	0	11,007
IRAP	197	84	113	1,943	3,648	(1,705)
Total	7,851	7,739	112	32,020	21,475	10,545

Current tax assets are equal to 7,851 thousand euros (7,739 thousand euros as of December 31, 2018) and mainly include the receivable from the parent company Atlantia (as consolidating company for tax purposes) of 7,470 thousand euros for the rebate application regarding the higher IRES paid in the taxation periods 2007-2011 due to the non deduction of IRAP on staff costs and similar; for further information on the tax consolidation please see Note 7.8 Income taxes;
Current tax liabilities equal 32,020 thousand euros (21,475 thousand euros as of December 31, 2018) and comprise:

- the payable to the parent company Atlantia due to the tax consolidation for 19,070 thousand euros (17,827 as of December 31, 2018). The increase of 1,243 thousand euros compared to December 31, 2018 is attributable to the estimated taxes for the year, partly offset by the payments on account for 2019 and the balance for 2018;
- IRES payable of 11,007 thousand euros (zero as of December 31, 2018). This item includes the estimated tax burden due to the application of the Robin tax, which resulted in a 3.5% increase in ADR's IRES rate, which is not included in the tax consolidation;
- IRAP payable of 1,943 thousand euros, down by 1,705 thousand euros compared to the balance at the end of 2018, due to the effect of payments on account for 2019 and the balance for 2018, offset by the tax accrued during the year.

6.9 Other current assets

Other current assets
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Due from associated undertakings	482	482	0
Due from tax authorities	11,220	9,230	1,990
Due from others	3,935	3,424	511
Total other current assets	15,637	13,136	2,501

Due from tax authorities, equal to 11,220 thousand euros (9,230 thousand euros as of December 31, 2018), mainly includes:

- VAT credit of 5,398 thousand euros (3,795 thousand euros as of December 31, 2018);
- other amounts due from tax authorities equal to 4,611 thousand euros, for taxes (and the relevant collection charges and interest) regarding the period 1/1/1993-3/23/1995, recognized as limited by the Supreme Court, within the dispute with the Customs Office, and with repayment required.

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

Seniority of the Other current assets
(Thousands of euros)

	Receivables net of the provisions for doubtful accounts	Receivables not yet due	Overdue receivables		
			From 0 to 90 days	Between 90 and 365 days	> 1 year
12.31.2019	15,637	15,022	0	0	615
12.31.2018	13,136	12,521	0	0	615

6.10 Cash and cash equivalents

Cash and cash equivalents
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Bank and post office deposits	500,509	327,797	172,712
Cash and notes in hand	376	403	(27)
Total cash and cash equivalents	500,885	328,200	172,685

Cash and cash equivalents, amounting to 500,885 thousand euros, increased by 172,685 thousand euros compared to December 31, 2018 due to the liquid assets generated during operations, inclusive of the investments paid during the year and the dividend balance of 2018 paid in May 2019, because no advance was distributed on 2019 dividends (113,871 thousand euros in 2018), as well as to the use, in the last quarter, of an additional portion for 70 million euros in total of the 2016 EIB and CDP funding lines.

6.11 Shareholders' equity

The shareholders' equity of ADR Group as of December 31, 2019 amounts to 1,184,467 thousand euros (1,106,876 thousand euros as of December 31, 2018), while the minority interests in shareholders' equity amount to zero (zero also as of December 31, 2018).

The shareholders' equity is analyzed as follows:

Shareholders' equity
(Thousands of euros)

	12.31.2019	12.31.2018	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	(88,107)	(51,654)	(36,453)
Reserve for the valuation of equity investm. according to the equity method	11	32	(21)
Other reserves and retained earnings	285,326	284,053	1,273
Net income for the year, net of the advance on dividends	245,161	132,369	112,792
Total group shareholders' equity	1,184,467	1,106,876	77,591
Minority interests in shareholders' equity	0	0	0
TOTAL SHAREHOLDERS' EQUITY	1,184,467	1,106,876	77,591

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

- Group income for the year for 245,161 thousand euros;
- the negative result of the comprehensive income statement for -36,964 thousand euros deriving mainly from the negative change in fair value of the cash flow hedge derivatives (-36,453 thousand euros net of the tax effect);
- the distribution of the 2018 dividend balance equal to 130,672 thousand euros (2.10 euros per share).

As of December 31, 2019, ADR's share capital, wholly subscribed and paid up, amounts to 62,224,743 euros, represented by 62,224,743 shares with a par value of 1 euro each.

ADR's legal reserve represents the part of profits which, according to the contents of art. 2430 of the Italian Civil Code, may not be distributed as dividends. The reserve reached the maximum amount required by law.
The cash flow hedge reserve includes the measurement at fair value of the cash flow hedge derivatives; for more details reference is made to Note 6.4 and Note 6.15.
Furthermore, pursuant to IFRS 2, the value accrued in the year of the fair value of share-based remuneration plans settled with the conferment of securities as resolved by the Board of Directors of the parent company Atlantia, including to employees and directors of ADR, equal to +118 thousand euros, was booked to the income statement, offset by the increase in the specific shareholders' equity reserve, classified in the item Other reserves and retained earnings.
In relation to information on the remuneration plans based on shares, reference is made to Note 11.1.

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

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

	Shareholders' equity		Net income for the year	
	12.31.2019	**12.31.2018**	**2019**	**2018**
ADR S.P.A. Financial statements values	1,174,344	1,098,459	243,193	245,164
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	40,101	39,350	1,073	230
Cancellation of the carrying value of the consolidated equity investments	(9,969)	(10,030)	0	0
Other adjustments [1]	(20,009)	(20,903)	895	846
Value of consolidated financial statements (group portion)	1,184,467	1,106,876	245,161	246,240
Value of consolid. financial statements (third party portion)	0	0	0	0
VALUES OF CONSOLIDATED FINANCIAL STATEMENTS	1,184,467	1,106,876	245,161	246,240

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

6.12 Provisions for employee benefits (current and non-current share)

Provisions for employee benefits are 17,931 thousand euros (19,034 thousand euros as of December 31, 2018) of which 14,893 thousand euros non-current, and consist of an employee severance indemnity provision, governed by art. 2120 of the Italian Civil Code, which includes the estimate of the obligation, determined based on actuarial techniques, to be paid to ADR employees when terminating the employment relationship. The change in the employee severance indemnity provision is shown in the following table.

Change in the employee severance indemnity provision
(Thousands of euros)

		12.31.2019
Initial value of the employee severance indemnity provision		19,034
Current cost	96	
Interest payable	56	
Total costs recorded in the income statement		152
Payments/Uses		(1,968)
Actuarial gains/losses from changes in the demographic assumptions	(10)	
Actuarial gains/losses from changes in the financial assumptions	820	
Effect of past experience	(97)	
Total actuarial gains/losses recognized in the comprehensive income statement		713
Final value of the employee severance indemnity provision		17,931
of which:		
non-current share		14,893
current share		3,038

Summarized below are the main assumptions made for the actuarial estimate process regarding the employee severance indemnity provision at December 31, 2019:

Financial assumptions

	2019	2018
Discount rate	0.37%	1.13%
Inflation rate	1.2%	1.5%
Annual rate of increase in employee severance indemnities	2.0%	2.2%
Annual rate of pay increase	3.1%	2.9%
Annual turnover rate	0.8%	0.6%
Annual rate of disbursement of advances	1.0%	1.2%

The discount rate used to determine the current value of the obligation was determined in accordance with paragraph 78 of IAS 19, with reference to the average return curve deriving from the index IBOXX Eurozone Corporates AA 7-10 with duration based on the average seniority of the group under consideration.

Demographic assumptions

	2019/2018
Mortality	2017 ISTAT mortality tables broken down by gender, reduced to 85%
Disability	INPS tables broken down by age and gender, reduced to 70%
Retirement	Reaching the minimum foreseen by the regulations in force

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

Employee severance indemnities - Effects of the change in the main actuarial assumptions

(Thousands of euros)

	1.0% Increase	1.0% Decrease	0.25% Increase	0.25% Decrease
Annual turnover rate	17,834	17,996		
Inflation rate			18,109	17,755
Discount rate			17,621	18,250

The weighted average duration of the obligations for the defined benefit plans for the employees at year end is 8 years and the service costs predicted for 2020 equal 97 thousand euros.
Disbursements predicted for the next five years are as follows:

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

Predicted disbursements for the next five years

(Thousands of euros)

1st year	437
2nd year	3,201
3rd year	1,432
4th year	568
5th year	745

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

Provisions for renovation of airport infrastructure, equal to 189,002 thousand euros (181,227 thousand euros as of December 31, 2018), of which 55,563 thousand euros for the current share (66,042 thousand euros as of December 31, 2018), include the current value of the updated estimate of charges to be incurred for extraordinary maintenance, repairs and replacements of goods and plants for the contractual obligation of the concession manager to ensure the due functionality and safety of the airport infrastructure.

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

Changes in provisions for renovation of airport infrastructure
(Thousands of euros)

	12.31.2018	Provisions	Discounting effect	Operating uses	12.31.2019
Provisions for renovation of airport infrastructure	181,227	53,342	2,049	(47,616)	189,002
of which:					
current share	66,042				55,563
non-current share	115,185				133,439

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

Other allowances for risks and charges amount to 22,474 thousand euros (24,440 thousand euros as of December 31, 2018), of which 3,392 thousand euros for the current share (7,409 as of December 31, 2018).
Reported below is the analysis of the breakdown of the item and the changes during the year.

Other allowances for risks and charges
(Thousands of euros)

	12.31.2018	Provisions	Decreases for the reversal of funds in excess	Operating uses	12.31.2019
Tax provisions	13,727	0	(4,078)	(3,035)	6,614
Provisions for current and potential disputes	9,762	5,680	0	(291)	15,151
Provisions for internal insurance	938	0	(242)	0	696
To cover investee companies' losses	13	0	0	0	13
Total other allowances for risks and charges	24,440	5,680	(4,320)	(3,326)	22,474
of which:					
current share	7,409				3,392
non-current share	17,031				19,082

Tax provisions, equal to 6,614 thousand euros, reflect the risk of negative outcomes of the pending disputes with UTF (now the Customs Office) concerning import taxes and additional provincial taxes on electricity disbursed in the period 2002-2012 – as well as the issues regarding ICI/IMU (property taxes). In 2019 the provision decreased by 7,113 thousand euros consequently to:

- re-absorption of 4,078 thousand euros, of which 3,711 thousand euros are attributable to the favorable and definitive outcome for ADR of four rulings by the Supreme Court regarding fines relating to the energy tax as part of the dispute underway with the Customs Office mentioned above;
- uses for 3,035 thousand euros following the settlement of the local property tax (IMU) on the Hilton hotel for the years 2017 and 2018, decided following the outcome of the dispute between ADR and the hotel operator as regards the identification of the party liable. A further utilization derives from the signing of the tax settlement proposal by which ADR has settled with the Revenue Authorities the objections raised following the audit carried out for the 2013 and 2014 tax years.

The provisions for current and potential disputes of 15,151 thousand euros (9,762 thousand euros as of December 31, 2018) include the estimated charges that are deemed likely to be incurred in connection with the disputes in progress at year end. This provision increased in the year by 5,389 thousand euros in total, due to the effect of the allocation of 5,680 thousand euros in relation to the evolution of the disputes underway and for the risk linked to new positions, in part offset by utilizations for 291 thousand euros.

This provision includes a prudent valuation, made on the basis of the best current information of the claims for compensation of third parties referring to the fire in T3 on May 7, 2015. On this point, so far 170 claims have been lodged (carriers, handlers, sub-concessionaires and passengers), only partly supported by a clear quantification, for damages that to date total approximately 19 million euros.

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

6.15 Financial liabilities (current and non-current share)

Financial liabilities
(Thousands of euros)

	12.31.2019		
	Book value	Current share	Non-current share
Medium/long-term financial liabilities			
Bonds	1,115,670	0	1,115,670
Medium/long-term loans	319,654	112,456	207,198
Accrued expenses medium/long-term financial liabilities	16,105	16,105	0
Other financial liabilities	2,991	1,287	1,704
Total medium/long-term financial liabilities	1,454,420	129,848	1,324,572
Financial instruments - derivatives	175,610	35,534	140,076
TOTAL FINANCIAL LIABILITIES	1,630,030	165,382	1,464,648

Bonds

Bonds
(Thousands of euros)

	12.31.2018				Change	12.31.2019
	Book value	New loans raised	Repayments	Exchange rate differences	Amortized cost effect	Book value
Bonds	1,097,076	0	0	12,354	6,240	1,115,670
current share	0					0
non-current share	1,097,076			12,354	6,240	1,115,670

		12.31.2018		
Between 1 and 5 years	**Over 5 years**	**Book value**	**Current share**	**Non-current share**
645,015	470,655	1,097,076	0	1,097,076
66,154	141,044	249,559	0	249,559
0	0	16,024	16,024	0
1,352	352	0	0	0
712,521	612,051	1,362,659	16,024	1,346,635
140,076	0	139,592	262	139,330
852,597	612,051	1,502,251	16,286	1,485,965

As of December 31, 2019, bonds are equal to 1,115,670 thousand euros (1,097,076 thousand euros as of December 31, 2018). The increase, of 18,594 thousand euros, is attributable to the effects on the debt measurement of application of the amortized cost method (+6,240 thousand euros) as well as the adjustment of A4 bond to the exchange rate at the end of the period (12,354 thousand euros).
Reported below is the main information regarding the bond issues in place as of December 31, 2019.

Bond issues in place as of December 31, 2019
(Thousands of euros)

Name	Issuer	Outstanding par value	Currency	Book value
Class A4 (*)	ADR (**)	215,000	GBP	245,977
€ 600,000,000 3.250% EMTN 02.2021	ADR	400,001	EUR	399,038
€ 500,000,000 1.625% EMTN 06.2027	ADR	500,000	EUR	470,655
Total bonds				**1,115,670**

(*) The book value recorded in the financial statements (246.0 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.
(**) Bonds originally issued by Romulus Finance Srl, subsequently "replaced" by ADR following the Issuer Substitution operation in 2016.

As of December 31, 2019, 99.87% of the A4 bonds were held by the parent company Atlantia, which acquired them consequently to the Tender Offer procedure concluded in January 2015. For further information, see Note 8.

In addition to the above-mentioned A4 bonds, the last of the bonds issued in 2003 by the Romulus Finance "vehicle" to fund the securitization of the previous bank loan taken on after the privatization of the company, the issues related to the bond issue program known as EMTN (Euro Medium Term Notes) launched by the company in 2013 are still outstanding. In addition to the senior unsecured issue on December 10, 2013 for a total par value of 600 million euros – of which to date 400 million euros remain following the buyback transaction in 2017 – the subsequent issue completed on June 8, 2017 is on the market, for a par value of 500 million euros. The securities representing both bond issues were placed with qualified investors and listed in the regulated market of the Irish stock exchange.

As of December 31, 2019, the ratings assigned by the Fitch, Moody's and S&P agencies to the bond issues was of BBB+, Baa2 and BBB respectively, all with negative outlook and corresponding to the rating assigned to the issuer ADR.

The changes in ADR's rating, which occurred on several occasions during 2019, are linked to the decisions taken by the agencies to assess the risk of revocation of Autostrade per l'Italia's concession and the related consequences for the Parent Company Atlantia. In turn this risk also affects ADR, since ADR is only partially isolated from the Parent Company's rating. Finally, on December 3, 2019, Moody's decided to cut the rating of Atlantia and Autostrade per l'Italia, but confirmed ADR's rating at Baa2 precisely as a consequence of its partial isolation (1 notch away from Atlantia). The outlook remained negative.

On September 20, 2019, S&P formalized the last decision of the year on ADR with a rating cut to "BBB" and a negative outlook. Also in this case, this action was the result of a simultaneous

Interest rate	Coupon	Repayment	Total duration	Expiry
5.441%	every six months	bullet	20 years	02.2023
3.25%	yearly	bullet	7 years and 2 months	02.2021
1.625%	yearly	bullet	10 years	06.2027

downgrade of the Atlantia Group. On December 20, 2019, the agency strengthened the level of isolation of ADR's creditworthiness from the rest of the Atlantia Group, increasing it to 2 notches. At the same time the rating of Atlantia and ASPI were put back into "negative credit watch", while ADR's outlook remained negative.

On the other hand, Fitch maintained ADR's rating at BBB+ with negative outlook during 2019.

The agencies' ratings were further updated at the beginning of 2020. For details on the development of the rating, reference is made to the paragraph on Subsequent events.

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

Fair value of the bond issues
(Thousands of euros)

	12.31.2019		12.31.2018	
	Book value	Fair value	Book value	Fair value
Fixed rate	1,115,670	1,206,841	1,097,076	1,158,365
Total bonds	1,115,670	1,206,841	1,097,076	1,158,365

The fair value of the bond issues was determined on the basis of the market values available at December 31, 2019; in particular, the future cash flows were discounted by using 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, 2018, there was a rise in the fair value of both the pound sterling bond, partly due to the increase in the exchange rate component of liabilities, and the euro bond.

The overall increase in the fair value of the bonds therefore amounted to 48.5 million euros compared to December 31, 2018.

Medium/long-term loans

Medium/long-term loans
(Thousands of euros)

	12.31.2018 Book value	New loans raised	Repayments	Amortized cost effect	12.31.2019 Book value
Medium/long-term loans	249,559	70,000	0	95	319,654
current share	0				112,456
non-current share	249,559				207,198

Medium/long-term loans equal 319,654 thousand euros (249,559 at the end of the previous year), of which 112,456 thousand euros as current share; these loans increased consequently to the utilization, in November and December, of two additional tranches of the EIB and CDP loans of 2016 for 40,000 thousand euros and 30,000 thousand euros, respectively.

Reported below is the main information regarding the medium/long-term loans in place as of December 31, 2019.

Medium/long-term loans in place as of December 31, 2019
(Thousands of euros)

Lender	Name	Amount granted	Amount used (par value)	Book value
Syndicate of banks	Revolving Credit Facility ("RCF")	250,000	0	0
Banca Nazionale del Lavoro ("BNL")	BNL Loan	100,000	100,000	99,956
European Investment Bank ("EIB")	BEI Loan	150,000	150,000	149,835
Cassa Depositi e Prestiti ("CDP")	CDP Loan	150,000	70,000	69,863
European Investment Bank ("EIB")	2018 BEI Loan	200,000	0	0
Total medium/long-term loans		850,000	320,000	319,654

(*) The contract originally provided the option of extending the initial deadline of July 2021 by an additional 2 years; this option was exercised by ADR, postponing the original deadline to July 2023.
(**)The request/refund profile and the interest rate were set on November 22, 2019 with future request date on March 30, 2020.

The Revolving Credit Facility ("RCF"), like the ADR debt deriving from the bond issues carried out as part of the EMTN Program, is of the senior unsecured type and is aimed at ensuring suitable liquidity support for the Company's development plans.
This line, which will expire in July 2023, was granted by a pool of banks made up as follows: Barclays, BNP Paribas Group, Crédit Agricole Group, Mediobanca, Natixis, Société Générale, NatWest and UniCredit. The cost of this line of credit varies depending on the rating assigned to ADR by at least two out of three agencies.

The line of credit granted by BNL (BNP Paribas Group) was signed by ADR in November 2016. This line of credit, amounting to 100 million euros, is utilized as of December 31, 2019 and must be repaid in full in November 2020.

The contractual structure is in line with the previously mentioned RCF and is characterized by a covenant structure in line with that normally used for companies with investment grade rating.

This line of credit was granted at an especially favorable interest rate since the funds made available by the granting bank benefit from the Targeted Longer-Term Refinancing Operations ("TLTRO") program provided by the European Central Bank at the time of subscription.

Currency	Rate	Interest payment frequency	Repayment	Total duration	Expiry
EUR	variable rate indexed to the Euribor + margin	quarterly	revolving	5 years (*)	07.2023
EUR	0.18%	every six months	at maturity	4 years	11.2020
EUR	I tranche (110,000) 1.341%	yearly	amortizing from 2020	14 years	09.2031
	II tranche (40,000) 0.761%		amortizing from 2022	15 years	11.2034
EUR	I tranche (40,000) 1.629%	yearly	amortizing from 2020	14 years	09.2031
	II tranche (30,000) 1.070%		amortizing from 2022	15 years	11.2034
	III tranche (80,000) 1.263%		amortizing from 2023	15 years	03.2035 (**)
EUR	n.a.	n.a.	amortizing	up to 15 years	03.2021

In December 2016 two contracts had been signed with regard to the line for 300 million euros resolved by the European Investment Bank ("EIB") in favor of ADR in 2014: the first contract totaled 150 million euros was agreed directly with the EIB, and the latter, for the residual 150 million euros, brokered by Cassa Depositi e Prestiti ("CDP"). The EIB and CDP loans were subscribed as financial support of the "Aeroporti di Roma – Fiumicino Sud" project. As of December 31, 2019, these funding lines are used for 150 and 70 million euros, respectively. As shown in the table on the previous page, the two lines, maturing in 2031 and 2034, are characterized by an amortizing type of repayment and are fixed rate.

The remaining portion of 80 million euros, under the 2016 contract, will be disbursed on March 30, 2020. This request was fixed in the last quarter of 2019 following a corresponding extension of the availability period.
The financial contracts that govern these lines are characterized by terms and conditions that are more oriented to a "project" type loan structure (see Note 8 below), as they are aimed at financing some investment projects that constitute the Airport Development Plan.

As of December 31, 2019, a further line granted by the EIB in 2018, amounting to 200 million euros, was also available and not requested, payable in one or more tranches and directly by the bank itself. This additional loan was granted following the update of the Fiumicino SUD infrastructure project, which envisaged an increase in the value of the projects originally financed. The characteristics of the relevant loan agreement signed on March 23, 2018 are essentially in line with the previous contract and may be used through the first quarter of 2021.

The fair value of the medium/long-term loans was determined based on market values available at December 31, 2019; in particular, the future cash flows were discounted according to the standard discount curves used by the market (6-month Euribor). A spread was also considered on the curves to express the counterparty risk, in line with ADR's situation on the measurement date.
The overall increase in the fair value of the medium-long term bonds therefore amounted to 76.9 million euros compared to December 31, 2018, mainly due to the new requests of the EIB and CDP loans made in the last quarter of 2019.

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

Fair value of the medium/long-term bond issues
(Thousands of euros)

		12.31.2019		12.31.2018
	Book value	**Fair value**	**Book value**	**Fair value**
Fixed rate	319,654	316,366	249,559	239,438
Floating rate	0	0	0	0
Total medium/long-term loans	319,654	316,366	249,559	239,438

Other financial liabilities

Other financial liabilities
(Thousands of euros)

	12. 31.2018 Book value	IFRS 16 effect	New loans raised	Increases for final discounting	Repayments	12.31.2019 Book value
Payables for leases	0	3,260	978	24	(1,271)	2,991
current share	0					1,287
non-current share	0					1,704

This item includes the effects deriving from the application of IFRS 16 in force since January 1, 2019. The balance of payables for leases includes the present value of liabilities deriving from lease contracts falling under the standard from January 1, 2019 (of 3,260 thousand euros) and the new contracts agreed in the year, net of the repayments made following the payments of the leasing installments.

Derivatives with negative fair value

Derivatives with negative fair value
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Exchange rate hedging derivatives	72,316	84,670	(12,354)
Interest rate hedging derivatives	103,054	54,660	48,394
Interest accrual	240	262	(22)
Total derivatives with negative fair value	175,610	139,592	36,018
non-current share	140,076	139,330	746
current share	35,534	262	35,272

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, 2019 the ADR Group had two cross currency swaps allowing the cash flows in euro regarding the payment of interest and the redemption of the A4 bond in pound sterling to be stabilized.

The amount of the cash flow hedge reserve recorded in the income statement in 2019, relating to the negative fair value of forward starting derivatives subscribed in 2015 and subject to unwind in June 2017, equaled 2,027 thousand euros.
As of December 31, 2019, ADR also had other forward starting interest rate swap contracts in place:

- four contracts signed in October 2016 and September 2017, with a total notional capital of 400 million euros, with activation in February 2020, with the purpose of hedging the interest rate risk on loans aimed at refinancing the bond loan to be paid back in February 2021;

Derivative contracts with negative fair value of the ADR Group

Counterparty	Company	Instrum.	Type	Risk covered	Subscr. date	Expiry	Notional value hedged	Rate applied
Mediobanca, UniCredit	ADR	CCS (**)	CF	I C	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%
Société Générale	ADR	IRS FWD (***)	CF	I	09.2017	02.2030	100,000	It pays a fixed rate of 1.458% and receives 6-month Euribor
UniCredit, NatWest, Société Générale	ADR	IRS FWD (****)	CF	I	08.2018	02.2032	300,000	They pay an average fixed rate of 1.618% and receive the 6-month Euribor
Unicredit, BNPP, RBS	ADR	IRS FWD (***)	CF	I	10.2016	02.2030	300,000	They pay an average fixed rate of 0.969% and receive the 6-month Euribor

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

(**) The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year amount to -103,752 thousand euros as of December 31, 2019 and -126,860 thousand euros as of December 31, 2018.

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

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

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

- three contracts signed in August 2018 for a total notional capital of 300 million euros. These contracts, with activation in February 2022, have the purpose of hedging the interest rate risk on loans aimed at refinancing the bond loan to be paid back in February 2023.

Below is a table summarizing the outstanding derivative contracts with negative fair value of the ADR Group as of December 31, 2019.

	FAIR VALUE OF THE DERIVATIVE		**CHANGE IN FAIR VALUE**	
	as of 12.31.2019	**as of 12.31.2018**	**to Income statement**	**to OCI (**)**
	(33,546)	(45,641)	201	11,894
	(72,316)	(84,670)	12,354	0
	(105,862)	(130,311)	12,555	11,894
	(12,474)	(3,868)	0	(8,606)
	(34,214)	(5,151)	190	(29,253)
	(22,820)	0	0	(22,820)
Total	**(175,370)**	**(139,330)**	**12,745**	**(48,785)**
of which:				
Exchange rate hedging derivatives	(72,316)	(84,670)		
Interest rate hedging derivatives	(103,054)	(54,660)		

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

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

Impact of the hedging instruments
(Thousands of euros)

	12.31.2019			12.31.2018		
	Changes in fair value used to measure the lack of effectiveness	Cash flow hedge reserve (including the cost of hedging)	Of which cost of hedging reserve	Changes in fair value used to measure the lack of effectiveness	Cash flow hedge reserve (including the cost of hedging)	Of which cost of hedging reserve
Debt highly probable	(69,508)	69,508	0	(9,.019)	8,829	0
Bond in foreign currency	(103,752)	33,537	2,110	(126,860)	45,431	3,450
Total	(173,260)	103,045	2,110	(135,879)	54,260	3,450

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

Cash flow hedge reserve on the statement of comprehensive income
(Thousands of euros)

	Total gains/(losses) from hedging recognized in the income statement and comprehensive income statement	Ineffectiveness recognized in the income statement	Item in the income statement
12.31.2019			
Debt highly probable	(69,508)	190	Financial income (expense)
Debt hedged by pre-hedging	0	0	Financial income (expense)
Bond in foreign currency	(103,752)	201	Financial income (expense)
Total	(173,260)	391	
12.31.2018			
Debt highly probable	(9,019)	(190)	Financial income (expense)
Debt hedged by pre-hedging	0	0	Financial income (expense)
Bond in foreign currency	(126,860)	267	Financial income (expense)
Total	(135,879)	77	

Change in the cash flow hedge reserve recognized in the comprehensive income statement	Of which: Cost of hedging recognized in the comprehensive income statement	Amount reclassified from the comprehensive income statement to the income statement	Item in the income statement
69,508	0	0	Financial income (expense)
14,008	0	(2,027)	Financial income (expense)
33,537	2,110	(7,661)	Financial income (expense)
117,053	2,110	(9,688)	
8,829	0	0	Financial income (expense)
16,035	0	(2,040)	Financial income (expense)
45,431	3,450	(7,930)	Financial income (expense)
70,295	3,450	(9,970)	

6.16 Other non-current liabilities

Other non-current liabilities are equal to 7,479 thousand euros (3,805 thousand euros as of December 31, 2018) and consist for 6,017 thousand euros of amounts due to personnel and 1,462 thousand euros of amounts due to social security agencies. The increase of 3,674 thousand euros is mainly attributable to the increase in payables relating to the remuneration plans based on shares at the end of the previous year. In relation to information on the remuneration plans based on shares, reference is made to Note 11.1.

6.17 Trade payables

Trade payables are equal to 216,352 thousand euros (173,732 thousand euros as of December 31, 2018).
The item is analyzed in the table beside.

Payables due to suppliers, equal to 201,568 thousand euros, are up 40,019 thousand euros reflecting the increase in the volume of investments made in 2019 compared to the end of the previous year.

Advances received, equal to 11,494 thousand euros, rose by 2,666 thousand euros, reflecting the greater advances received.

6.18 Other current liabilities

Other current liabilities are equal to 184,708 thousand euros (174,797 thousand euros as of December 31, 2018).
The item is analyzed in the table beside.

Payables for taxes other than income taxes are equal to 120,505 thousand euros (110,072 thousand euros as of December 31, 2018) and mainly include:

- payable for the passenger surcharges for 93,228 thousand euros (87,463 thousand euros as of December 31, 2018). This amount was paid the following month after collection of municipal surcharge from carriers, while the outstanding amounts due are recorded in a contra-entry under receivables from clients. The surcharge on the passenger boarding fee charged to the carriers equals 7.5 euros per passenger, of which 5.0 euros allocated to INPS and one euro (commission surcharge) for the commission management of the Municipality of Rome. The performance of the surcharge payable, up 5,766 thousand euros compared to the end of 2018, reflects the correlated effect of the performance of the corresponding fees from carriers during the year;
- payable of 23,113 thousand euros to the Lazio Regional Authority for IRESA (18,459 thousand euros as of December 31, 2018). 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. The 4,654 thousand euro increase in IRESA charges compared to December 31, 2018 reflects the correlated effect of the performance in the year of this type of collections from carriers.

Other payables, equal to 22,084 thousand euros, (21,918 thousand euros as of December 31, 2018), include the payable to ENAC for the concession fee of 17,953 thousand euros, down by 375 thousand euros compared to 2018, in relation to the payment of the 2018 balance and the first 2019 instalment, net of the portion accrued in the year.

Trade payables
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Due to suppliers	201,568	161,549	40,019
Due to parent companies	1,596	1,844	(248)
Deferred income	1,694	1,511	183
Advances received	11,494	8,828	2,666
Total trade payables	216,352	173,732	42,620

Other current liabilities
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Payables for taxes other than income taxes	120,505	110,072	10,433
Payables due to personnel	17,238	17,663	(425)
Payables due to social security agencies	10,406	10,199	207
Payables for security deposits	14,475	14,945	(470)
Other payables	22,084	21,918	166
Total other current liabilities	184,708	174,797	9,911

7. Information on the items of the consolidated income statement

7.1 Revenues

Revenues for 2019 equal 1,129,099 thousand euros (1,045,148 thousand euros in 2018) and are broken down as follows, in application of the IFRS 15 standard:

Revenues from airport management, amounting to 941,479 thousand euros, rose by a total of 2.2% over the previous year, due to the growth in aeronautical activities (+1.0%), which reflects the overall positive trend in volumes and type of traffic manager (passengers +1.2%), though partly mitigated by the tariff reduction applied from April. Revenues for the non-aeronautical sector recorded a particularly positive performance

Revenues
(Thousands of euros)

	2019			2018		
	Revenues from contracts IFRS 15	Other revenues	Total	Revenues from contracts IFRS 15	Other revenues	Total
Aeronautical						
Airport fees	514,252	0	514,252	510,234	0	510,234
Centralized infrastructures	17,288	0	17,288	19,460	0	19,460
Security services	110,835	0	110,835	108,973	0	108,973
Other	31,053	0	31,053	28,303	0	28,303
	673,428	0	673,428	666,970	0	666,970
Non-aeronautical						
Sub-concessions and utilities:						
Properties and utilities	10,635	56,150	66,785	12,282	51,378	63,660
Shops	0	147,459	147,459	0	138,801	138,801
Car parks	27,768	0	27,768	28,040	0	28,040
Advertising	14,895	0	14,895	12,784	0	12,784
Other	10,594	550	11,144	10,989	256	11,245
	63,892	204,159	268,051	64,095	190,435	254,530
Revenues from airport management	737,320	204,159	941,479	731,065	190,435	921,500
Revenues from construction services	174,386	0	174,386	109,658	0	109,658
Other operating income	1,679	11,555	13,234	1,589	12,401	13,990
Total revenues	**913,385**	**215,714**	**1,129,099**	**842,312**	**202,836**	**1,045,148**
Timing of goods/services transfer:						
Over time	245,116			179,815		
At a point in time	668,269			662,497		

(+5.3%), thanks to the positive trend of commercial sub-concessions (+6.2%) correlated not only to the increase but also, as mentioned, to the type of passenger traffic growing mostly for the routes characterized by passengers with a higher propensity to spend. The revenues from real estate management also recorded a positive trend (+4.9%) as did advertising revenues (+16.5%), due to the effect of the new business direct management model.

Revenues from construction services equal to 174,386 thousand euros (109,658 thousand euros in 2018) refer to revenues from construction services for self-funded works. Consistent with the accounting model adopted, based on the application of accounting standard IFRIC 12, these revenues, which represent the consideration due for the activity performed, are measured at fair value, determined on the basis of the total costs incurred (mainly external costs). These revenues grew by 64.7 million euros compared with 2018, primarily due to the progress of work on the new East Terminal system.

Other operating income equal to 13,234 thousand euros (13,990 thousand euros in 2018) is broken down as follows:

Other operating income
(Thousands of euros)

	2019	2018
Grants and subsidies	76	257
Gains on disposals	42	50
Re-absorption of provisions:		
- Provisions for overdue interest	1	21
Expense recoveries	5,205	5,158
Damages and compensation from third parties	265	1,091
Other income	7,645	7,413
Total other operating income	**13,234**	**13,990**

The decrease, totaling 756 thousand euros, is primarily due to the reduction of the compensation from third parties of 826 thousand euros due to the effect of lower insurance reimbursements compared to the comparative year.

7.2 Consumption of raw materials and consumables

Consumption of raw materials and consumables is equal to 21,085 thousand euros (30,702 thousand euros in the reference year). The details are reported in the table below.

The decrease of 9,617 thousand euros compared with the previous year is mainly due to the decrease of 9,040 thousand euros in electricity, gas and water, consequently due to the classification under service costs of the costs incurred in the second half of 2019 to purchase electricity from Leonardo Energia. This approach is consequent to the new regulatory structure in force since July 1, 2019, according to which Leonardo Energia has become a production unit, within the SSPC (Simplified System for Production and Consumption), with the aim of satisfying only consumption strictly related to ADR's needs, since all other third-party consumption units connected to the private network managed by ADR are directly supplied by the sellers operating in the electricity market.

Consumption of raw materials and consumables
(Thousands of euros)

	2019	2018
Fuel and lubricants	1,303	1,643
Electricity, gas and water	14,163	23,203
Consumables, spare parts and various materials	5,619	5,856
Total consumption of raw materials and consumables	**21,085**	**30,702**

7.3 Service costs

Service costs equal 343,948 thousand euros (277,323 thousand euros in 2018). The details are reported in the table below.

Service costs
(Thousands of euros)

	2019	2018
Costs for maintenance	46,730	45,789
Costs for renovation of airport infrastructure	47,616	58,006
External service costs	19,478	11,203
Costs for construction services	164,798	101,464
Cleaning and disinfestations	7,770	8,209
Professional services	9,397	8,459
Firefighting services	7,637	7,813
Others costs	39,017	35,110
Remuneration of Directors and Statutory Auditors	1,505	1.270
Total service costs	**343,948**	**277,323**

The increase in service costs amounting to 66,625 thousand euros is essentially attributable to the increase of construction service costs (+63,334 thousand euros), as well as to the greater costs for maintenance, external services related to the classification of the costs for the electricity service mentioned in Note 7.2 and to the commercial support expenses (classified under Other costs); this trend was partially offset by the reduction in costs for the renewal of the airport infrastructures (-10,390 thousand euros).

7.4 Payroll costs

Payroll costs equal 168,901 thousand euros (167,964 thousand euros in the comparison year). The details are reported in the table below.

Payroll costs
(Thousands of euros)

	2019	2018
Salaries and wages	122,083	124,131
Social security charges	35,187	35,108
Post-employment benefits	7,069	6,796
Others costs	4,562	1,929
Total payroll costs	168,901	167,964

The increase of 937 thousand euros in Payroll costs compared with 2018 is essentially due to the change in the fair value of stock incentive plans, as well as to changes in the average number of employees (+86.9 fte), partially offset by the effect of non-recurring items. The trend in the average number of staff is attributable to the increase in traffic, the completion of the process of bringing in-house the fire protection activity at Fiumicino airport and the supervision of customs areas activity concluded in August 2018.

These effects were partially offset by actions to make the process more efficient and to recover productivity.

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

Average headcount
(FTE)

	2019	2018	Change
Managers	47.6	51.5	(3.9)
Administrative staff	265.6	241.1	24.5
White-collar	1,778.4	1,752.7	25.7
Blue-collar	1,132.9	1,092.3	40.6
Total average headcount	3,224.5	3,137.6	86.9

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

Average headcount
(FTE)

	2019	2018	Change
ADR S.p.A.	1,401.1	1,365.8	35.3
ADR Tel S.p.A.	54.4	57.4	(3.0)
ADR Assistance S.r.l.	377.3	350.6	26,7
ADR Security S.r.l.	799.3	780.2	19.1
ADR Mobility S.r.l.	61.8	62.6	(0.8)
Airport Cleaning S.r.l.	530.6	521.0	9.6
Total average headcount	**3,224.5**	**3,137.6**	**86.9**

7.5 Other operating costs

The Other operating costs equal 59,224 thousand euros (49,391 thousand euros in the comparison year). The details are reported in the table beside.

Concession fees, equal to 36,728 thousand euros, increased by 489 thousand euros compared to the comparative year mainly due to the increase in traffic, as well as the effect of inflationary dynamics.

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

Allocation to (re-absorption of) allowances for risks and charges amount to 1,360 thousand euros (1,278 thousand euro in 2018) for the combined effect of allocations of 5,680 thousand euros and the re-absorption of pre-existing funds of 4,320 thousand euros. For more details, see Note 6.14.

Provisions for doubtful accounts, equal to 4,647 thousand euros reflect an updated assessment of the recoverability of the ADR Group's trade receivables and are up +3,560 thousand euros from the comparative year.

Other operating costs
(Thousands of euros)

	2019	2018
Concession fees	36,728	36,239
Expenses for leased assets	1,400	3,009
Allocation to (use of) the provisions for renovation of airport infrastructure	5,726	(1,565)
Allocation to (re-absorption of) allowances for risks and charges	1,360	1,278
Other costs:		
Allocations to provisions for doubtful accounts	4,647	1,087
Indirect taxes and levies	6,694	6,546
Other expenses	2,669	2,797
Total other operating costs	59,224	49,391

7.6 Financial income (expense)

The item financial income (expense) equals -52,084 thousand euros (-53,331 thousand euros in 2018). The tables below provide details on the financial income and expense.

Financial income

Financial income
(Thousands of euros)

	2019	2018
Interest income		
Interest on bank deposits and loans	320	198
Income on derivatives		
Valuation of derivatives	12,744	281
Other income		
Interest on overdue current receivables	9	0
Interest from clients	11	18
Other	1	2
Dividends from equity investments	3,520	1,873
Total financial income	16,605	2,372

The income from valuation of derivatives, equal to 12,744 thousand euros (281 thousand euros in the comparative year), increased as a consequence of 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. This change is offset by a component of the same amount recorded under foreign exchange losses, which refers to the decrease in the par value of the bonds in pound sterling.
Dividends from equity investments consist of the dividends approved and collected in 2019 from the subsidiary Azzurra Aeroporti S.p.A.

Financial expense

Financial expense
(Thousands of euros)

	2019	2018
Financial expense from discounting provisions for renovation of airport infrastructure	2,048	1,594
Interest on outstanding bonds	34,513	34,287
Interest on medium/long-term loans	3,166	2,869
Effects of applying the amortized cost method	6,807	6,575
Other financial interest expenses	12	2
Total financial interest expense	44,498	43,733
Valuation of derivatives	14	2,168
IRS differentials	9,689	9,970
Total expenses on derivatives	9,703	12,138
Financial expense from discounting employee benefits	56	213
Other expenses	28	0
Total other expenses	84	213
TOTAL FINANCIAL EXPENSE	56,333	57,678

The Financial expense from discounting provisions for renovation of airport infrastructure, equal to 2,048 thousand euros, includes the financial component for the discounting of the provision and rose by 454 thousand euros consequently to the update of the rate used.

Interest on outstanding bonds amounts to 34,513 thousand euros, with a slight increase of +226 thousand euros compared to 2018.

Interest on medium/long-term loans, amounting to 3,166 thousand euros, increased by 297 thousand euros compared to 2018, mainly due to the commitment fees and the requests of 2016 EIB and CDP lines in the last quarter of the year.

The Charges from valuation of derivatives, equal to 14 thousand euros (2,168 thousand euros in the comparative year), decreased as a consequence of 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 (illustrated in Note 6.15).

Foreign exchange gains (losses)

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

Foreign exchange gains (losses)
(Thousands of euros)

	2019	2018
Foreign exchange gains	1	1,990
Foreign exchange losses	(12,357)	(15)
Total foreign exchange gains (losses)	**(12,356)**	**1,975**

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 -8,640 thousand euros (-3,679 thousand euros in the comparative year) is broken down as follows:

- write-down of the value of the investment in the associated undertaking Spea Engineering S.p.A. equal to -8,847 thousand euros (-631 thousand euros for the comparative year). In the absence of the company's approved financial statements and considering the uncertainties regarding the company's prospects following the events in Genoa in August 2018, this adjustment was made in order to adjust the book value of the equity investment based on a valuation, calculated with the equity method, of the sum of the motorway and airport business units, defined on the basis of the estimate developed with the support of an independent expert. The Group valued its equity investment in Spea Engineering at 20% of the sum of the two business units;
- revaluation of the equity investment in the associated undertaking Pavimental S.p.A. for 207 thousand euros, compared to a write-down of 3,048 thousand euros recorded in 2018.

7.8 Income taxes

Income taxes equal 122,988 thousand euros (112,897 thousand euros in the previous year). The item is analyzed in the table below.

With reference to IRES, please note that in June 2017 ADR S.p.A., together with the Group companies, ADR Tel S.p.A., ADR Assistance S.r.l., ADR Mobility and ADR Security S.r.l., communicated to the consolidating company Atlantia the desire to exercise the group taxation option, pursuant art. 117 of TUIR, for the three-year period 2017-2019. The estimated tax burden for 2019 takes account of the application of the IRES surcharge of 3.5% for the Parent Company, ADR, as of January 1, 2019 (the so-called "Robin tax"), which led to an increase in current taxes of 11,008 thousand euros and deferred tax assets of 2,047 thousand euros.

Deferred tax assets and liabilities were determined on the basis of the tax rates that are expected to be applied when these differences will be reversed. For more details on the calculation of deferred tax assets, reference should be made to Note 6.5.

Income taxes
(Thousands of euros)

	2019	2018
Current taxes		
IRES	91,381	69,983
IRAP	24,556	22,839
	115,937	92,822
Differences on current taxes of previous years		
Income taxes of previous years	584	(274)
	584	(274)
Deferred tax assets and liabilities		
Deferred tax assets	6,927	18,204
Deferred tax liabilities	(460)	2,145
	6,467	20,349
Total income taxes	122,988	112,897

The incidence of the taxes for the year on the income (loss) before taxes equals 24.8% (19.5% in 2018). The analysis of the difference between the theoretical and the actual tax rate for IRES is reported beside.

Difference between the theoretical and the actual tax rate for IRES
(Thousands of euros)

	2019		2018	
	Taxable amount	Tax	Taxable amount	Tax
Net income (loss) from continuing operations before taxes	368,149		359,137	
Theoretical rate		27.5%		24.0%
Theoretical IRES		101,241		86,193
Permanent differences	10,949	3,011	13,968	3,352
Temporary differences	(44,209)	(12,157)	(81,510)	(19,562)
Difference in the IRES 24% rate subsidiary undertakings (non concessionaires)	(2,596)	(714)	(81,510)	(19,562)
Actual IRES		91,381		69,983
Effective rate		24.8%		19.5%

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

The "Issuer Substitution" transaction performed in 2016 actually cancelled the comprehensive security package established in 2003 to support the Romulus debt structure, for which only Class A4 remains to date, ceased. The only residual, though more limited, guarantee that remains in favor of this issue, is a "deed of assignment" under British law on any receivables of ADR related to cross currency swaps contracts 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, ADR constituted a pledge on the total investment of 7.77% in Azzurra Aeroporti S.p.A. (hereinafter "Azzurra") in favor of the lenders of the same Azzurra. This 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 investment grade rating. Worth mentioning is that the EIB and CDP contracts require the respect of a leverage ratio threshold 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 Group's reference data (which must exclude any equity investments in companies funded through non-recourse financial debt) in the Consolidated Annual Financial Report as of December 31 and the Consolidated Interim Financial Report as of June 30.

The closing data as of December 31, 2019 confirms, based on the simulations carried out, the respect of the financial ratios set in the agreements. The calculation of the financial ratios will be formalized after the approval of this 2019 Annual financial report.

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

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

9. Other guarantees, commitments and risks

9.1 Guarantees

As of December 31, 2019, the ADR Group has outstanding guarantees, issued as part of the loan agreements mentioned in Note 8. Sureties were not issued to clients and third parties (0 million euros as of December 31, 2018).

9.2 Commitments

The commitments on purchases of the ADR Group amount to 183.4 million euros regarding investment activities.

9.3 Management of financial risks

Credit risk

As of December 31, 2019, ADR Group's maximum exposure to credit risk is equal to the carrying value of the financial assets shown in the financial statements, as well as the par value of the guarantees provided for third parties' debt or commitments.

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

The Group's commercial and credit protection policies set out the procedure illustrated below for checking the investment in 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, adequate collateral is required.

Liquidity risk

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

As of December 31, 2019 the ADR Group had a liquidity reserve estimated at 1,030.9 million euros, comprising:

- 500.9 million euros related to cash and cash equivalents;
- 530.0 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.

Contractually due payments in relation to the financial assets and liabilities
(Thousands of euros)

					12.31.2019
	Total contractual flows	Within the year	From 1 to 2 years	From 2 to 5 years	More than 5 years
Bonds	(1,286,287)	(34,875)	(433,917)	(293,120)	(524,375)
Medium/long-term loans	(339,621)	(115,421)	(15,075)	(60,171)	(148,954)
Derivatives with positive fair value	0	0	0	0	0
Derivatives with negative fair value	(166,054)	(8,048)	(12,900)	(104,750)	(40,356)
Total	**(1,791,962)**	**(158,344)**	**(461,892)**	**(458,041)**	**(713,685)**

					12.31.2018
	Total contractual flows	Within the year	From 1 to 2 years	From 2 to 5 years	More than 5 years
Bonds	(1,306,006)	(34,202)	(34,239)	(705,065)	(532,500)
Medium/long-term loans	(266,328)	(2,307)	(114,824)	(42,817)	(106,380)
Derivatives with positive fair value	2,342	0	(227)	(5,674)	8,243
Derivatives with negative fair value	(127,158)	(8,013)	(8,140)	(107,692)	(3,313)
Total	**(1,697.150)**	**(44,522)**	**(157,430)**	**(861,248)**	**(633,950)**

Interest rate and exchange rate risk

The ADR Group uses interest rate derivatives, with the objective to mitigate, at acceptable terms and conditions, the potential effects of changes in interest rates and exchange rates on its operating performance.
With resolutions of May 14, 2015 and the more recent resolution of July 11, 2018, the Parent Company's Board of Directors authorized, consistently with the policies adopted by its shareholder, the possibility of signing, by assessing the best market opportunities, forward-starting interest rate swap transactions.

With this type of instrument, which allows forward interest rates to be fixed for the dates envisaged for undertaking new debt, ADR can significantly reduce and almost eliminate the risk of rising interest rates before new financial arrangements are signed.

As of December 31, 2019, the ADR Group has:

- cross-currency swap derivatives, originally signed in 2003 and transferred to new counterparties in 2010, to cover the A4 bonds in pound sterling; Class A4, equal to a par value of 215 million pound sterling and included in the series of bond issues originally issued by Romulus Finance, was actually hedged, for the entire duration (until expiration in 2023) by two euro/sterling cross-currency swaps. The characteristics of this derivative instrument are described in Note 6.15;
- four forward-starting interest rate swap contracts signed on October 18, 2016 and September 18, 2017 for a total notional value of 400 million euros, effective starting from February 2020 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 6.4 and Note 6.15;

Sensitivity analysis
(Thousands of euros)

	Fair value measurement			
Rate risk exposure and sensitivity analysis	**12.31.2019**	**12.31.2018**	**12.31.2019**	**12.31.2018 Shock Up +10 bps IR**
Non derivative financial liabilities (cash flow sensitivity)	(1,523,208)	(1,397,803)	0	0
Derivative instruments with positive fair value treated in hedge accounting	0	2,342	0	2,807
Derivative instruments with negative fair value treated in hedge accounting	(175,370)	(139,330)	7,631	4,258
Derivative instruments not treated in hedge accounting	0	0	0	0
Total	(1,698,578)	(1,534,791)	7,631	7,065

- three other forward-starting interest rate swaps signed on August 7, 2018 for a total notional value of 300 million euros, effective starting from February 2022 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 6.4 and Note 6.15.

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

Sensitivity analysis

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 2019 (2018 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 GBP/EUR exchange rate of +/-10%.

The effects highlighted in the table in particular report the change, compared to the base scenario, in the hypotheses of Shock up and Shock down in the different market data.

	Interest rate risk		Exchange rate risk			
	12.31.2019	12.31.2018 Shock Down -10 bps IR	12.31.2019	12.31.2018 Shock Up +10% FX	12.31.2019	12.31.2018 Shock Down -10% FX
	0	0	(25,270)	(24,035)	25,270	24,035
	0	(2,844)	0	0	0	0
	(7,726)	(4,320)	25,270	24,035	(25,270)	(24,035)
	0	0	0	0	0	0
	(7,726)	(7,164)	0	0	0	0

In addition to the information shown in the previous table, with reference to the sensitivity analysis carried out on the Cross Currency Swap, a 10% change upwards or downwards in the exchange rate that would impact the foreign currency flows exchanged at the payment dates would lead to a reduction of the amounts to classify in the cash flow hedge reserve of 1.9 million euros in the case of shock down and an increase of 5.4 million euros in the case of shock up.

9.4 Information on fair value measurements

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

During 2019 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 is also included in level 2 of the "fair value hierarchy" defined by IFRS 7.

9.5 Litigation

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

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

Fair value measurements
(Thousands of euros)

				12.31.2019
	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	0	0	0	0
Derivatives with negative fair value	0	175,370	0	175,370
Total hedging derivatives	0	175,370	0	175,370

Tax litigation

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

Litigation with the Customs Office - Electricity

- In 2006, the Tax Office of Rome (UTF - now the Customs Office) issued demands for payment of a total of 13 million euros (including interest, expenses and sanctions), regarding failure to pay the tax on electricity consumption and the related surcharge for the period 2002-2006 in addition to notifications of administrative irregularities. The disputes relate to the alleged sale to third parties of electricity acquired by ADR, as well as the refusal to recognize the subsidy applied to entities qualifying for inclusion in the "industrial operators" category. After the judgment on the merits in favor of the company, the Supreme Court filed nineteen rulings with which the grounds for appeal proposed by the State Attorney's Office were admitted, rejecting those proposed by the Company on cross-appeal. On October 8, 2019, the Supreme Court filed four sentences in favor of the Company concerning four acts Documents imposing administrative sanctions issued by the Customs Office.
- Similar to the audits undertaken for the years 2002-2006 by the Rome Tax Office, the Customs Office began two subsequent audits of ADR on its taxation of consumption, excise tax and surcharge on electricity in the periods 2007-2010 and 2011-2012. The Revenue Agency also provided the tax assessment notices of the VAT due on the excise duties at issue for the same years.
- In relation to the payment orders issued by the Customs Office for the tax periods 2007-2010 and the Revenue Agency for VAT 2007, the Company lodged a complaint with the Supreme Court against the unfavorable sentences of the Provincial Tax Commission, while defining the dispute of the 2011 and 2012 tax periods.
  For the new tax assessment notices notified by the Revenue Agency for the VAT due on the consumption taxation for the years 2008-2012, the Company filed the relevant appeals, which were not accepted by the Provincial Tax Commission. Considering its arguments still open, ADR lodged an appeal against the rulings of first instance with the Provincial Tax Commission, which for two years confirmed the first instance ruling, whilst for two others upheld the Company's appeals. Appeals have been lodged with the Supreme Court for all second instance proceedings.

ICI/IMU

In 2011, the Municipality of Fiumicino notified ADR tax assessments for the failure to pay the local property tax only for 2007-2009 regarding buildings of Alitalia Technical Area. The Company contested the mentioned deeds and appealed before the Provincial Tax Commission. For the year 2007, the Commission accepted the appeal filed by the company and the final judgment was issued, while the appeals for the other two years were rejected. ADR therefore appealed with regard to the years 2008 and 2009, both rejected by the Regional Tax Commission. The Company has appealed to the Supreme Court.

Check of ADR fiscal position

In order to check the fiscal position of ADR, on October 24, 2017 the Revenue Agency started a tax audit for the purposes of IRES, IRAP, VAT and withholdings for the tax period 2014. The audit was extended to the 2013 tax year, limited to the review of the tax regime applicable to financial expense. In July 2018, the Revenue Agency served ADR with a Tax Audit Report following the conclusion of the tax audit for 2014 and, partially, for 2013, which formulated some observations in relation to IRES, IRAP and withholdings.

The Company disagreed with the conclusions reached by the inspectors and submitted a pleading setting out its counterarguments, comments, and requests and, further to the notification of the notice of assessment relative to the 2013 tax period, submitted a tax settlement proposal. On March 27, 2019, ADR signed the settlement agreement for both the tax years object of the dispute with the Revenue Agency.

Tax indemnity

In 2002, when IRI obtained the consent to sell 44.74% of ADR to the Macquarie Group, the entities Gemina, Impregilo S.p.A. and Falck S.p.A. replaced IRI and directly assumed the indemnity commitment towards ADR (with a 50%, 13.1% and 36.9% share, respectively) as issued by IRI during the privatization of ADR, aimed at covering 51.166% of the losses that the Company may incur for tax claims relating to periods prior to the privatization that took place in July of 2000.

The dispute between ADR and the Customs Office refers to the period of 1993/1998 and is covered by the mentioned guarantee. As Impregilo S.p.A. and Falck S.p.A. repudiate the validity of the guarantee, ADR has brought a case against these companies to obtain the payment of the sums due, following the definitive sentence convicting ADR. In October 2012, the Court of Rome accepted ADR's application, against which Impregilo S.p.A. and Falck S.p.A. have appealed. On January 9, 2020 the Court of Appeal of Rome filed the sentence with which Falck S.p.A. and Impregilo S.p.A.'s appeal was rejected, confirming the first instance ruling in ADR's favor.

Administrative, civil and labor litigation

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

Airport fees and regulated tariffs

- In 2014, EasyJet Switzerland SA summoned ADR to return 1 million euros, plus interest, equaling the excess amount paid, as claimed by the applicant, from 2009 to 2013 for the landing and take-off fees and passenger boarding fees (non-EU fees rather than EU fees for flights from/to the Swiss Confederation). At the hearing of October 2, 2019, the Parties specified the conclusions, as set out in the documents, and the judge did not make a decision on the case.
- In 2013, an appeal to the Lazio Regional Administrative Court was filed by the Municipality of Viterbo, with which the Planning Agreement was contested together with the Prime Ministerial Decree of December 21, 2012 and all the other preceding, related, and consequent deeds with

a claim for damages, which to date is pending with no set hearing. Giving additional grounds on February 2016, the Municipality also filed an appeal against Italian Presidential Decree no. 201/2015, which had issued a "Regulation identifying the airports of national interest in accordance with article 698 of the Navigation Code".

- In 2014, Easyjet Airline Company Ltd notified ADR of an appeal to the Lazio Regional Administrative Court for the cancellation, with prior suspension, of the restructuring of the passenger boarding fees from March 1, 2014, in connection with the determination of the new transit fees, introduced with the Civil Aviation Authority directive of December 27, 2013. The plaintiffs deem this restructuring – resulting from the application of a 65% discount on the above-mentioned fees to the passengers in transit at the airport and the contextual increase of the same fee for outbound passengers – to be a violation of the Italian and community regulations. In 2014, the Lazio Regional Administrative Court rejected Easyjet's application for interim relief since the appeal was not secured by the "fumus boni iuris". An announcement of the date of the relevant hearing is awaited.

Airport fuel supply fees

- ENI S.p.A. has brought a claim before the Rome Civil Court against its own client airlines in order to ascertain their obligation to pay the oil company the amounts it owes to airport operators, and to order them to pay the amount accrued since October 2005. In the same claim, ENI S.p.A. has also brought a secondary claim against airport operators, including ADR, in order to ascertain that the concession fees paid by ENI to airport operators should not be calculated on the basis of the amount of fuel supplied to airlines. Moreover, as specifically regards ADR, ENI requests that the company be ordered to return the amount paid since October 2005, totaling 0.2 million euros and that it be determined that ENI does not owe the amount of 1.1 million euros requested by ADR until May 2006 and as yet unpaid. In 2017, the Court of Rome declared the lack of jurisdiction of the Ordinary Judge and Alitalia LAI filed an appeal to the Rome Court of Appeal. In 2018, the Court, in upholding the appeal, confirmed the jurisdiction of the Ordinary Judge and referred the case to the Court of Rome, where the action was reinstated. Following the dissolution of the reserve set aside based on the outcome of the hearing of May 9, 2019, the Judge arranged a technical accounting expert to examine the case. At the hearing of January 9, 2020, the expert took the oath and the case was adjourned to the hearing of May 5, 2021 to examine the consultancy.
- In 2008 AirOne S.p.A. (now Alitalia) begun legal proceedings at the Civil Court of Rome against Tamoil, its jet fuel supplier, as well as certain airport operators, including ADR, claiming the illegality of the fees charged to oil companies by operators in return for the use of airport infrastructure, which these companies subsequently "passed on" to carriers. Consequently, AirOne also requested that Tamoil, together with the other airport operators, be ordered to repay the sum paid by AirOne since 2003, amounting to 2.9 million euros. With a preliminary sentence in 2012, the Judge appointed an expert to examine the case. Following a series of hearing postponements, both in order to examine the report of the Court Appointed

Consultant (CTU) and to allow the parties to reach an amicable settlement, the Court rejected the request made by AirOne with the judgment of May 11, 2019.

- Alitalia LAI under special administration has begun separate legal proceedings at the Civil Court of Milan and Rome against some oil companies to force them to return the amounts paid from time to time as royalties on fuel in the period 2000-2009, due to the alleged mismatch between these amounts and the management costs for the specific service. In these proceedings, the oil company executives invoked ADR and other airport operators as third parties, in consideration of the fact that the royalties on fuel were requested by these companies. Within the proceedings, economic and accounting appraisals were ordered, some of which have been filed. Some of the rulings are still pending. On February 27, 2020, three sentences were published with which the Court of Milan, in the proceedings brought by Alitalia LAI against Total Aviazione Italia and Air Total International SA, KAI (formerly Shell Italia Aviazione) and KRI (formerly Shell Italia) and Tamoil, respectively, accepted, albeit partially, the request made by Alitalia against the oil companies and, accepting the related indemnity claims made against the airport operators, ordered the latter to repay the oil companies specific amounts (in particular, with regard to ADR: 1.7 million euros to Total Aviazione Italia and Air Total International, 0.8 million euros to KAI and KRI and 0.4 million euros to Tamoil). The challenge of the appeal is being considered, with request for suspension of the enforceability of the judgments.
- Within the framework of the appeal filed by Wind Jet against the sentence issued by the Court of Milan, regarding the claimed return, by some oil companies, of the jet fuel fees paid in the period 2004-2009 – which, in turn, invoked SEA and ADR – the Court, with decree issued in June 2017, arranged an expert. ADR appointed its own technical consultant. With sentence filed on February 7, 2020, the Appeal Court rejected the carrier's appeal.

Decree for the approval of the Airport noise reduction and abatement plan of the airport of Ciampino

- With appeal of March 7, 2019 at the Lazio Regional Administrative Court ADR challenged Italian Ministerial Decree no. 345/2018 with which the Ministry for the Environment and Land and Sea Conservation (hereinafter the "Ministry for the Environment") approved, with conditions, the ADR Intervention Plan for Noise Reduction and Abatement ("PICAR"); suspension of the challenged Ministerial Decree was not requested and a merit hearing is pending.
- Ryanair also challenged Italian Ministerial Decree no. 345/2018, asking for its suspension, with an appeal to the Lazio Regional Administrative Court of February 18, 2019, subsequently submitting additional reasons. ADR has taken formal legal action. The Lazio Regional Administrative Court, with Order of May 8, 2019, accepted the precautionary measures requested by Ryanair and therefore suspended PICAR with respect to the reduction of daily movements at the airport at gate no. 65. The merit hearing scheduled for January 29, 2020 was adjourned until April 8, 2020 to allow the Municipality of Marino to participate in the ruling.

- On May 30, 2019 the Ministry for the Environment challenged the abovementioned Order of the Lazio Regional Administrative Court, requesting the precautionary measure. On June 20, 2019, the Council of State rejected the appeal of the Ministry for the Environment.
- ADR was notified of two further appeals against Italian Ministerial Decree no. 345/2018, filed by the carrier Wizzair operating in Ciampino: one for damages and an extraordinary one to the President of the Republic, then moved to the Lazio Regional Administrative Court on July 9, 2019 on ADR's request. At the hearing for the suspension, Wizzair's lawyer waived the suspension and asked for the discussion of the appeal to be combined with those of Ryanair on the same subject.
- Ryanair also challenged ENAC Order no. 2/2019, with which the entity repealed its own previous orders which permitted allowances for overruns of the airport night closing times due to force majeure. The Regional Administrative Court, both at monocratic and collegial setting, accepted the carrier's request for suspension and, therefore, has permitted the carrier to overrun past 23.00 hours for the above mentioned reasons of force majeure.

Realization of the Exit in the East area - Fiumicino Sud Completion Project - Expropriations

The Fiumicino Sud Completion Project includes the creation of the new interconnecting junction between "Autostrada A91 Roma – Fiumicino" and the "East Area – Cargo City" of Fiumicino airport. It is necessary to expropriate some areas in the ownership of private companies for the realization of the works and ADR has been delegated by ENAC to act as Expropriating Authority. On April 16, 2019 Nuova Agrisud Immobiliare S.r.l., the company involved in the expropriation, challenged a series of provisions and communications issued by ADR during the expropriation procedure. Nuova Agrisud, in order to challenge the acts of the expropriation procedure, put forward grounds added to an earlier appeal to the 2017 Regional Administrative Court that has never been notified to ADR, which formally joined the proceedings on May 30, 2019.

Redrawing the borders of the Roman Coastline State Reserve

With Italian Ministerial Decree of October 24, 2013 the Minister of the Environment approved the "New borders of the Roman Coastline Natural State Reserve" replacing the one that had previously been identified with Italian Ministerial Decree of March 29, 1996. In particular, the new border expands the "type 1" areas, preventing construction of most of the works provided for under the 2030 Master Plan.

ENAC, with an appeal to the President of the Republic, challenged the Italian Ministerial Decree of October 24, 2013, while ADR filed an independent appeal with the Lazio Regional Administrative Court. In order to support the Entity in the ruling, ADR decided to intervene to support it, filing its motion in July 2018. On January 22, 2019 ADR received a communication in which the Council of State ordered a stay in the appeal to the President of the Republic made by ENAC, pending the decision of the ordinary ruling submitted by ADR and currently pending before the Lazio Regional Administrative Court. Given that ADR's appeal would have been closed on October 2, 2019 due to the time-limit of five years, on September 5, 2019 a request was made to schedule a hearing pursuant to art. 82 of Italian Legislative Decree no. 104/2010 (Administrative Procedure Code).

Ryanair - Access to Records

With an application to access the records dated June 2018 Ryanair asked ADR if it could review all the commercial contracts between Alitalia and ADR still in force at the date of the access application, as well as all the charge documents that ADR issued Alitalia between January 1, 2015 and June 15, 2018 for the collection of the fees, the additional airport fees and IRESA (regional airport noise tax). ADR denied the application for access and Ryanair, in September 2018, filed a claim with the Lazio Regional Administrative Court to obtain the cancellation of ADR's refusal and subsequent confirmation of it. With sentence of December 2018, the Lazio Regional Administrative Court rejected Ryanair's appeal. On February 11, 2019 ADR was notified of the appeal by Ryanair to the Council of State. The Council of State ruled on October 2, 2019, accepting the carrier's appeal and ordering ADR to produce the documents to be accessed within 30 days of notification. Due to ADR's failure to produce the documents within the set 30 days (November 3, 2019), Ryanair appealed to the Lazio Regional Administrative Court to comply with the above Council of State ruling. The hearing is set for April 30, 2020.

Airport charges - Planning Agreement Annual Monitoring

On April 11, 2019 ADR filed an extraordinary appeal to the President of the Republic challenging and requesting the annulment of measure of December 24, 2018, with which ENAC General Manager updated the charges for the regulated services provided by the airport manager for the year 2019, in execution of the annual activity of monitoring of the charges parameters k, v and ε pursuant to art. 37-*bis* paragraph 4 of the Planning Agreement between ENAC and ADR. On June 10, 2019, ENAC opposed the extraordinary appeal and ADR moved the appeal to the President of the Republic before the Lazio Regional Administrative Court. The date of the relevant hearing is awaited.

Resolution of the Transport Regulatory Authority concerning the public consultation for the review of the "airport fee regulation" models

In November 2019 ADR challenged Authority's resolution no. 118/2019 of August 1, 2019 before the Lazio Regional Administrative Court without suspensive relief, objecting to the Authority's radical lack of power to introduce changes to the tariff regulation system set forth in the Planning Agreement signed between the Italian Civil Aviation Authority ("ENAC") and ADR pursuant to art. 17, paragraph 34-*bis*, of Italian Law Decree no. 78/2009. Indeed, by express regulatory provision, the tariff system provided for in the planning agreements "under derogation" is a "multiannual" tariff system, with updating procedures that are "valid for the entire duration of the concessionary relationship". An announcement of the date of the hearing is awaited.

2019 extraordinary maintenance plan - Fiumicino Airport

With appeal of December 9, 2019, ADR challenged, without requesting suspension, the deed by which ENAC approved, with exceptions, requirements and clarifications, the Extraordinary Maintenance Plan for Fiumicino airport. In particular, ENAC was challenged for the omission of some of the interventions included by ADR in the Plan.

The date of the relevant hearing is awaited.

Bankruptcy proceedings involving clients

- A series of sentences passed by the Bankruptcy Court in Rome have declared the following companies bankrupt: Alitalia S.p.A. under special administration, Volare S.p.A. under special administration, Alitalia Express S.p.A. under special administration, Alitalia Servizi S.p.A. under special administration, and Alitalia Airport S.p.A. under special administration. Between the end of 2011 and 2013, insolvency claims were initially filed, followed by distribution plans. Subsequently, in 2014, 10.3 million euros were collected as "insolvency claim" secured by a lien. On March 19, 2014, 0.1 million euros were collected in accordance with the distribution plan for Alitalia Express under special administration.
- In 2009, Volare Airlines S.p.A. under special administration and Air Europe S.p.A. under special administration entered into separate civil proceedings in order to obtain cancellation of payments made to ADR during the year prior to the carriers' entry into bankruptcy respectively for 6.7 million euros and 1.8 million euros. With sentence of June 2011, the Court ordered ADR to pay the requested amounts; the legal actions filed by ADR were rejected by the Court of Appeal of Milan respectively in 2012 and 2014. In order to avoid enforcement proceedings, ADR proceeded to the payment of what requested and has submitted an appeal to the Supreme Court in both cases. For the judgment on Volare Airlines S.p.A. under special administration, the Supreme Court rejected the appeal filed by ADR with order of 2018. Regarding the ruling on Air Europe S.p.A. under special administration, the hearing has not been scheduled yet.

Sub-concession of retail outlets

- CTP and Concora entered into civil proceedings in order to ascertain the alleged abuse of dominant position pursuant to art. 102 TFEU for ADR's conduct when activating the tender procedure (from which they were excluded due to not meeting the requirements) aimed at the sub-concession of areas in front of the terminal for car rental with driver (NCC) business. As a result, the plaintiffs demanded ADR be ordered, pursuant to art. 2043 of the Italian Civil Code, to compensate one million euros each, as well as the stay of the proceedings and the referral to the Court of Justice for the preliminary rulings, also with regard to the airport management concession granted to ADR. With sentence published on September 6, 2019, the Court in Rome rejected the claims put forward by CTP and Concora.
- ADR has entered into civil proceedings against Moccia Conglomerati S.r.l. in order to ascertain the resolution of the sub-concession agreement regarding an area to be allocated to a system for the production and marketing of asphalt concrete, as a result of serious breach by the counterparty, which would not have been able to obtain the issue of the necessary permits for the performance of operations. Therefore, ADR requested the immediate release of the area and to obtain compensation for damages. Within the framework of the ruling, Moccia filed a counterclaim towards ADR for 38.4 million euros, 33.6 million euros of which for loss of earnings. The hearing, following previous postponements, was adjourned to January 7, 2021 for the final judgment.

Tenders

- ATI Alpine Bau, which was awarded the contract for works relating to the upgrading of Runway 3 at Fiumicino airport, appealed the 2006 sentence handed down by Rome's Civil Court. This sentence ordered ADR to pay 1.2 million euros, plus legal interest accrued 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 in 2014, the Court of Appeal of Rome substantially rejected the appeal on the proposals of the ATI Alpine Bau, accepting the arguments put forward by ADR and declared the contract stipulated in 1997 terminated, due to the fault of the ATI contractor. In 2015 bankrupt Alpine Bau lodged an appeal with the Supreme Court. The hearing was held on February 11, 2020; a judgment is awaited.
- Consorzio Stabile Imprese Padovane Società Consortile a r.l. ("Consip") and Sertech s.r.l., with regard to the contract for the execution of restructuring works at the office building that will host the new ADR HQ, entered into civil proceedings in order to obtain from ADR compensation in favor of Sertech for 2.4 million euros against reserves recognized in the financial statements and for 0.5 million euros for damage due to the loss of opportunity. On February 21, 2019, Consip and ADR signed an agreement pursuant to article 239 of Italian Legislative Decree no. 163/2006 following which both Consip and Sertech dropped the pending proceedings. In the hearing of September 24, 2019, the Judge acknowledged Consip's and Sertech's waivers and declared the ruling closed.
- In November 2018 Cimolai S.p.A. (in ATI with Sertech S.p.A., RPA S.r.l. and Tecnica Y Projectos S.A.) brought proceedings against ADR in relation to certain reservations (from no. 30 to no. 41) registered as part of the contract to build Pier C. The total statement of claim amounts to 64.4 million euros plus interest and monetary revaluation. At the preliminary hearing of June 19, 2019 the ruling was postponed to the hearing of June 25, 2020.

ANAC resolution on the Pier C tender

With reference to the surveillance procedure pursuant to Italian Legislative Decree no. 50/2016, initiated by ANAC in October 2016, with regard to the tender for Pier C (currently Pier E and front of the building), on September 4, 2019, the Authority issued resolution no. 759, which confirmed almost all of the objections raised since the start of the proceedings and ordered the forwarding to the Court of Auditors as well as to ENAC and the MIT, requesting also ADR to "assess the possible initiatives to be taken while informing the Authority of any consequent measures intended to be adopted."

Consequently, on October 18, 2019 ADR notified an appeal to the Lazio Regional Administrative Court, without suspensive relief, requesting the cancellation of the above-mentioned ANAC Resolution. An announcement of the date of the relevant hearing is awaited.
In addition, ADR informed the Certifying Bodies (SOA) of Cimolai and the subcontractors about the assessments carried out by the ANAC on the qualification of certain categories of works, related to the contract in question, for the purposes of their subsequent assessments and determinations.

Labor disputes
A group of former ADR employees, transferred to 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 the Lazio Regional Authority, claiming compensation for not having been hired by other companies at the same economic conditions applied by the company mentioned above, based on a ministerial award signed by ADR together with other companies and local bodies, including the Lazio Regional Authority, when Ligabue went bankrupt.

ADR won the case in first and second instance. A group of nine plaintiffs ultimately appealed to the Supreme Court, with a claim for damages for 6.7 million euros. A date for the hearing does not appear to have been set yet.

Terminal 3 fire
Regarding the fire that, on the night between May 6 and 7, 2015, affected a large area of Terminal 3 (hereafter also "T3"), a proceeding is pending before the Public Prosecutor at the Court of Civitavecchia; the proceeding regards the offences under articles 113 and 449 of the Italian Criminal Code (participation in arson) and personal injury, in relation to which, on November 25, 2015, the measure under art. 415 *bis* of the Criminal Procedure Code was issued, notifying the conclusion of the preliminary investigation against: (i) five employees from the contractor for the ordinary maintenance of the air-conditioning systems and two ADR employees, all investigated also with regard to the offence under art. 590 of the Criminal Code (personal injury through negligence), (ii) the then Managing Director of ADR in the capacity as "employer" of the Company, (iii) the Head of the Fire Corps Contingent and (iv) the Director of the Lazio Airport System (ENAC).
In 2017, the preliminary hearing was held, which continued for several days, at the end of which, on February 15, 2018, the judge sent the defendants to trial for the crimes of participation in arson and personal injury.

The hearing before the Court of Civitavecchia started on October 15, 2018. On that occasion and at the subsequent hearing held on January 21, 2019, procedural checks were carried out, there was substantial recognition of the parties to the proceedings and the admission of the preliminary motions made by each party was ordered (call to hear the witnesses and the relevant technical consultants).

The examination of witnesses started at the hearing of March 25, 2019, beginning with the names indicated by the Public Prosecutor. The hearing of the witnesses continued at the hearings held during 2019 (June 24 and November 4) and early 2020 (February 7) and will continue over several dates. The next hearing is set for May 11, 2020.

Claims for damages

- In 2011, ADR received a claim for damages for 27 million dollars for direct damages (indirect damages are still being defined) from AXA Assicurazioni, who insures Ryanair, for the damage suffered by aircraft B737-800 E-IDYG as a consequence of the emergency landing due to a bird strike taking place on November 10, 2008 at Ciampino airport. ADR declines any responsibility for the event. Should the investigation being conducted by the competent authorities reveal ADR's clear responsibility, the compensation would be covered by the third-party liability insurance policy of the airport operator.

- About 170 claims have been received from third parties (mainly sub-concessionaires, handlers and passengers) with reference to the fire, only a portion of which, however, is concerned by a clear quantification of the damages (about 19 million euros). Given these claims for compensation, a prudent valuation – based on the best current information – of the liabilities the Company is likely to assume was included in the provisions.

Reserves on works posted by the contractors

As of December 31, 2019 reserves posted by the contractors amount to about 81 million euros (96 million euros as of December 31, 2018) 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.

Trade transactions and other transactions
(Thousands of euros)

	12.31.2019		2019	
Parent companies	**Assets**	**Liabilities**	**Revenues**	**Costs**
Atlantia S.p.A.	7,912	20,667	238	(1,371)
Total relations with parent companies	**7,912**	**20,667**	**238**	**(1,371)**
Associated undertakings				
Pavimental S.p.A.	625	52,900	101	(111,402)
Spea Engineering S.p.A.	81	24,231	724	(20,625)
Ligabue Gate Gourmet S.p.A. (insolvent)	482	968	0	0
Total relations with associated undertakings	**1,188**	**78,099**	**825**	**(132,027)**
Related parties				
Leonardo Energia S.c.ar.l.	12	2,888	158	(19,225)
Fiumicino Energia S.r.l.	35	0	176	0
Infoblu S.p.A.	0	29	0	(29)
Telepass S.p.A.	188	64	312	(212)
Autogrill Italia S.p.A.	914	640	12,575	(900)
Autostrade per l'Italia S.p.A.	691	973	355	(1,467)
Autostrade Tech S.p.A.	0	399	0	(496)
Consorzio Autostrade Italiane Energia	0	20	0	(28)
Edizione S.r.l.	0	25	0	(25)
Retail Italia Network S.r.l.	45	0	612	0
Telepass Pay S.p.A.	30	0	173	0
Essediesse S.p.A.	149	0	145	0
Società Autostrada Tirrenica per azioni	1	0	0	0
K-Master S.r.l.	0	0	8	0
Maccarese S.p.A. Società Agricola	0	0	0	(26)
Key Management Personnel	0	4,417	0	(3,992)
Total relations with related parties	**2,065**	**9,455**	**14,514**	**(26,400)**
TOTAL	**11,165**	**108,221**	**15,577**	**(159,798)**

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

10. Transactions with related parties

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

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

12.31.2018		2018	
Assets	Liabilities	Revenues	Costs
7,871	19,670	293	(1,648)
7,871	19,670	293	(1,648)
1,200	26,385	610	(55,930)
39	22,406	656	(17,807)
482	968	0	0
1,721	49,759	1,266	(73,737)
62	3,562	163	(19,713)
57	0	174	0
0	26	0	(39)
220	82	146	(185)
1,760	1,188	12,836	(865)
398	662	120	(1,089)
0	98	0	(215)
0	0	0	(16)
0	0	0	(25)
63	0	604	0
3	0	0	0
25	0	48	0
11	0	28	0
0	0	0	0
0	0	0	0
0	2,113	0	(3,221)
2,599	7,731	14,119	(25,368)
12,191	77,160	15,678	(100,753)

Trade transactions and other transactions

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 subsidiary undertaking of Atlantia that carries out maintenance and modernization work of the airport paving, as well as the realization of infrastructural works for the ADR Group;
- Spea Engineering: a subsidiary undertaking of Atlantia, carrying out airport engineering services (work design and management) for the ADR Group;
- 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 the Parent Company. The limited liability consortium, which also operates the thermal energy plant at Fiumicino, under a sub-concession from ADR, provides electric and thermal energy to ADR;
- Telepass S.p.A. (a subsidiary undertaking of Atlantia): costs related to the Telepass system used in the car parks managed by ADR Mobility;
- Autogrill Italia S.p.A. (indirect subsidiary undertaking of Edizione S.r.l. which, indirectly, holds a majority interest in Atlantia): revenues from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Autostrade per l'Italia S.p.A. (a subsidiary undertaking of Atlantia): the relations with the company mainly refer to seconded personnel.

Financial relations
(Thousands of euros)

	12.31.2019		2019	
Parent companies	**Assets**	**Liabilities**	**Income**	**Expense**
Atlantia S.p.A.	0	253,157	0	(13,429)
Total relations with parent companies	0	253,157	0	(13,429)
Spea Engineering S.p.A.	1,350	0	0	0
Azzurra Aeroporti S.p.A	0	0	3,520	0
Total relations with related parties	1,350	0	3,520	0
TOTAL	1,350	253,157	3,520	(13,429)

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, 2019 amount to 4,776 thousand euros (of which 3,992 thousand euros classified in the table above under item Key Management Personnel and the residual amount of 784 thousand euros under service costs towards other related parties) and include the amount pertaining to fees, remuneration employee payments, non-monetary benefits, bonuses and other incentives for roles in ADR (the remuneration for directors who covered the position for the year, or even a part of the year, is indicated).

Financial relations

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

The financial assets from Spea Engineering S.p.A. comprise the receivable for the dividends resolved by the company in the year and not paid.

The financial income from Azzurra Aeroporti S.p.A. comprises the dividends approved and paid by the company to ADR in the year under assessment.

12.31.2018		2018	
Assets	Liabilities	Income	Expense
0	240,781	0	(13,160)
0	240,781	0	(13,160)
1,350	0	0	0
0	0	1,873	0
1,350	0	1,873	0
1,350	240,781	1,873	(13,160)

11. Other information

11.1 Information on share-based remuneration plans

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

Information on share-based remuneration plans

	No. of rights assigned	No. of rights revoked	No. of rights for transfers	No. of rights opted for	No. of rights as of 12.31.2019	Vesting expiry
2011 stock option plans of Atlantia extended to ADR	516,905	(99,339)	0	(417,566)	0	8.11.2016
2014 phantom stock option plans of Atlantia extended to ADR	766,032	(437,115)	(73,301)	(255,616)	0	9.05.2017
2014 phantom stock option plans of Atlantia extended to ADR	758,751	(256,467)	(62,742)	(261,411)	178,131	8.05.2018
2014 phantom stock option plans of Atlantia extended to ADR	611,682	(45,137)	(21,202)	(132,392)	412,951	10.06.2019
2017 phantom stock option plans I cycle	428,074	(48,725)	(17,649)	0	361,700	01.07.2020
2017 phantom stock option plans II cycle	364,701	(33,750)	(31,748)	0	299,203	15.06.2021
2017 phantom stock option plans III cycle	470,806	(42,792)	(9,242)	0	418,772	15.06.2022
2017 phantom stock grant plans I cycle	42,619	(4,851)	(1,757)	0	36,011	01.07.2020
2017 phantom stock grant plans II cycle	40,330	(3,733)	(3,512)	0	33,085	15.06.2021
2017 phantom stock grant plans III cycle	48,221	(4,383)	(947)	0	42,891	15.06.2022

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

The table below shows the chief elements of the incentive plans as of December 31, 2019, highlighting the rights attributed to directors and employees of the ADR Group. In addition, the unitary fair values of the assigned rights are shown, determined by a specifically appointed expert, using the Monte Carlo model.

Deadline year/ allocation	Exercise price (euro)	Unit fair value on the assign. date	Rev. unit fair value as of 12.31.2019	Expected expiry on the assign. date (years)	Risk-free interest rate at the assignment date	Exp. volatility (=historical) on the assign. date	Dividends expected on the assign. date
9.11.2019	16,02	2.65	0	6	0.86%	29.5%	5.62%
9.05.2020	n.a.	2.88	6.01	3-6	1.10%	28.9%	5.47%
8.05.2021	n.a.	2.59	1.83	3-6	1.01%	25.8%	5.32%
10.06.2022	n.a.	1.89	2.03	3-6	0.61%	25.3%	4.94%
01.07.2023	n.a.	2.37	2.54	3.13-6.13	1.31%	25.6%	4.40%
01.07.2024	n.a.	2.91	2.35	5.9	2.35%	21.9%	4.12%
01.07.2025	n.a.	2.98	2.41	6.06	1.72%	24.3%	4.10%
01.07.2023	n.a.	23.18	23.14	3.13-6.13	1.31%	25.6%	4.40%
01.07.2024	n.a.	24.5	21.60	5.9	2.35%	21.9%	4.12%
01.07.2025	n.a.	22.57	20.54	6.06	1.72%	24.3%	4.10%

In accordance with IFRS 2, as a result of the incentive plans in place, in 2019 a charge was recorded in the income statement for 3,482 thousand euros, corresponding to the amount of the fair value of the attributed rights that accrued in the period; this charge includes the cost resulting from the adjustment to the fair value of the share-based Plans, amounting to 117 thousand euros recorded as an increase in the shareholders' equity reserves, while the payables relating to the fair value of the "phantom" options existing as of December 31, 2019 are posted under other current and non-current liabilities, in relation to the presumed exercise date.

11.2 Remuneration of independent auditors

In accordance with art. 149-*duodecies* of the Issuers' Regulations, which apply to ADR as it is a company controlled by a listed company (Atlantia), a breakdown of the fees paid to the ADR Group's principal independent auditors is shown in the table below (in thousands of euros).

11.3 Disclosure of public grants pursuant to article 125 of Italian Law no. 124/2017

With reference to the transparency obligations required under article 125 of Italian Law no. 124/2017, no public grants were collected by the ADR Group in 2019.

11.4 Events and non-recurring, atypical or unusual transactions

During the year 2019, no non-recurring, atypical or unusual transactions were performed with third parties or related parties. No significant non-recurrent events occurred in the year under review.

Remuneration of independent auditors
(Thousands of euros)

Type of service	Service provider	Recipient	Remuneration 2019
Auditing	EY S.p.A.	ADR S.p.A.	290
Certification services	EY S.p.A.	ADR S.p.A.	45
Other Services (*)	EY S.p.A.	ADR S.p.A.	93
Auditing	EY S.p.A.	ADR Tel S.p.A.	24
Auditing	EY S.p.A.	ADR Assistance S.r.l.	17
Auditing	EY S.p.A.	ADR Security S.r.l.	23
Auditing	EY S.p.A.	ADR Mobility S.r.l.	20
Auditing	EY S.p.A.	Airport Cleaning S.r.l.	17
Other Services	EY S.p.A.	ADR Tel S.p.A.	1
Other Services	EY S.p.A.	ADR Assistance S.r.l.	1
Other Services	EY S.p.A.	ADR Security S.r.l.	1
Other Services	EY S.p.A.	ADR Mobility S.r.l.	8
Other Services	EY S.p.A.	Airport Cleaning S.r.l.	1
Total			**541**

(*) Comfort letter for the annual update of the Bond Issue Program, audit of tax returns for tax receivables and subscription of Income Tax Return and 770 forms.

12. Subsequent events

- On January 3, Moody's cut the rating to Baa3 (from Baa2), placing the rating "under review for downgrade". On January 8 Fitch lowered the rating to BBB- (from BBB+) with "negative" Rating Watch. On January 15, Standard & Poor's lowered the rating to BB+ (da BBB), also choosing the "negative" Credit Watch.
  All of these three actions are the result of the simultaneous downgrading of the Atlantia Group's rating in relation to the risks associated with the issue of Italian Law Decree no. 162/2019 (the so-called "Milleproroghe" decree), which was recently converted into a law containing, in art. 35, Provisions regarding motorway concessions, in view of the serious conditions of uncertainty and the financial situation that would arise if Autostrade per l'Italia SpA's concession were to be revoked. This is thus a negative development linked solely to factors that are external to ADR, for which the rating agencies in any case acknowledge a condition of partial isolation (+1 notch Moody's; +2 notches S&P) from the Parent Company's rating. On March 2, 2019, Moody's once again upgraded Atlantia's rating following the conversion of the "Milleproroghe" decree into law. The agency published an addition cut to Atlantia's rating from Ba1 to Ba2. However, the same agency granted ADR a further positive notch of isolation from the Parent Company's rating (i.e. + 2 notches compared with Atlantia), thus leaving ADR's rating at Baa3 unchanged. The outlook of all of the Group's companies, including ADR, is thus changed from "under review for downgrade" to "negative."
- In relation to the new health emergency related to the COVID-19 virus (Coronavirus), in order to ensure an adequate level of health protection, the Order by the Ministry of Health of January 30, 2020 "Prophylactic measures against the new Coronavirus" requested a ban on air traffic from China, for a period of 90 days or until April 29, 2020.
  The recent spread of the contagion in Italy, and in particular in some regions of the North, is causing various reactions restricting air traffic in the world.
  Turkey, Kuwait and Uzbekistan in particular have suspended air traffic to/from Italy; Lufthansa has decided to reduce its capacity in Italy. In addition, several countries have introduced precautionary measures against Italian passengers ranging from forced quarantine on arrival to a total ban on entry. All of these actions fuel a dissuasive tendency to travel to and from Italy and are having a significant impact on the traffic of the Roman airport system.

For more details reference should be made to the Management Report on Operations.

The Board of Directors

ADR

ANNEXES

Annex 1 - List of equity investments

Annex 1

Name	Registered office	Assets	Currency
Parent company			
Aeroporti di Roma S.p.A.	Fiumicino (Rome)	Airport management	euros
Subsidiary undertakings			
ADR Tel S.p.A.	Fiumicino (Rome)	Telephony	euros
ADR Assistance S.r.l.	Fiumicino (Rome)	Ass. to passeng. with reduced mobility (PRM)	euros
ADR Sviluppo S.r.l.	Fiumicino (Rome)	Real estate management	euros
ADR Mobility S.r.l.	Fiumicino (Rome)	Management of parking and car parks	euros
ADR Security S.r.l.	Fiumicino (Rome)	Security and control services	euros
Airport Cleaning S.r.l.	Fiumicino (Rome)	Cleaning services	euros
Associated undertakings			
Pavimental S.p.A.	Rome	Construction	euros
Spea Engineering S.p.A	Rome	Engineering and design services	euros
Consorzio E.T.L. - European Transport Law in liquidazione	Rome	Office for European transport rules	euros
Ligabue Gate Gourmet Roma S.p.A. in fall.	Tessera (Venice)	Airport catering	euros
Other equity investments			
Aeroporto di Genova S.p.A.	Genova Sestri	Airport management	euros
S.A.CAL. S.p.A.	Lamezia Terme (Catanzaro)	Airport management	euros
Azzurra Aeroporti S.p.A.	Rome	Real estate, financial investments, etc.	euros
Leonardo Energia - Società Consortile a r.l.	Fiumicino (Rome)	Electricity production	euros
Consorzio Autostrade Italiane Energia	Rome	Supply on the electricity market	euros

(*) The amount stated for Consorzio E.T.L. – European Transport Law (in liquidation) refers to the net liquidation capital.

Share capital (euro) (*)	Shareholders	% held	% ADR Group interest	Consolidation method or valuation criterion
62,224,743				
600,000	Aeroporti di Roma S.p.A.	99	100	Line-by-line
	ADR Sviluppo S.r.l.	1		
4,000,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
100,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
1,500,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
400,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
1,500,000	Aeroporti di Roma S.p.A.	100	100	Line-by-line
10,116,452	Aeroporti di Roma S.p.A.	20		Measured using the equity method
6,966,000	Aeroporti di Roma S.p.A.	20		Measured using the equity method
(10,861)	Aeroporti di Roma S.p.A.	25		Valued at cost
103,200	Aeroporti di Roma S.p.A.	20		Valued at cost
7,746,900	Aeroporti di Roma S.p.A.	15		Measured at fair value
13,920,225	Aeroporti di Roma S.p.A.	9,229		Measured at fair value
3,221,234	Aeroporti di Roma S.p.A.	7,77		Measured at fair value
10,000	Aeroporti di Roma S.p.A.	10		Measured at fair value
114,853	Aeroporti di Roma S.p.A.	0,99		Measured at fair value

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REPORT OF THE INDEPENDENT AUDITORS

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aeroporti di Roma Group (the Group), which comprise the statement of financial position as at 31 December 2019, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Aeroporti di Roma S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

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Capitale Sociale Euro 2.525.000,00 i.v.
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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Key Audit Matter	Audit Response
Valuation of the Provision for renovation of airport infrastructure The provision for renovation of airport infrastructure as of December 31, 2019 amounts to 189 Euro millions and includes accruals for non-recurring maintenance expenses, as well as estimated future costs for restoration and replacement of assets under concession that the Group plans to incur in accordance with the current concession agreements. The amount of the provision recognized in the consolidated financial statements represents the Director's best estimate of the nature, timing and amount of the maintenance costs, including the relevant financial component applied to account for the timing of such maintenance services. Considering the judgment required by Management in order to evaluate the nature, timing and the amount of such maintenance services, we believe that the valuation of the provision for renovation of airport infrastructure represents a key audit matter. The disclosures related to the accounting principles adopted for the provision for renovation of airport infrastructure are included in Note 4 "Accounting standards applied - Provisions for renovation of airport infrastructure" and in Note 6.13 "Provisions for renovation of airport infrastructure" of the Consolidated Financial Statements.	The audit procedures performed in response to this Key Audit Matter included, among others: • analysis of the concession agreement that gives rise to the obligation; • assessment of the process and key internal controls implemented by the Group surrounding the valuation process of the provision for renovation of airport infrastructure; • test of details on a sample of provision utilizations accounted for during the fiscal year; • analytical procedures on changes in the provision compared to the preceding fiscal year; • analysis of the consistency of the assumptions used in estimating the provision for renovation of airport infrastructure against the Investment Plan approved by the Directors; • testing of the discount rate assumed and the mathematical accuracy of the provision calculation. Lastly, we reviewed the adequacy of the disclosures provided in the Notes to the Consolidated Financial Statements related to the Key Audit Matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern

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assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Aeroporti di Roma S.p.A. or to cease operations, or have no realistic alternative but to do so.
The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Aeroporti di Roma S.p.A., in the general meeting held on 9 April 2013, engaged us to perform the audits of the consolidated financial statements for each of the years ending 31 December 2013 to 31 December 2021.

We declare that we have not provided prohibited non-audit services, referred to in article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Aeroporti di Roma S.p.A. are responsible for the preparation of the Management Report on Operations and of the specific section on Corporate Governance and Ownership Structure of Group Aeroporti di Roma as at 31 December 2019, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Management Report on Operations and of the specific information included in the section on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Aeroporti di Roma Group as at 31 December 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above-mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Aeroporti di Roma Group as at 31 December 2019 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

As described on the Management Report on Operations the Directors of Aeroporti di Roma S.p.A. they availed themselves of the exemption to prepare the non-financial information pursuant to article 6, paragraph 1, of Italian Legislative Decree n. 254.

Rome, 20 March 2020

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.


ADR

3. SEPARATE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019

Separate financial statements
as of December 31, 2019

ADR

FINANCIAL STATEMENTS
OF AEROPORTI DI ROMA S.P.A.

Statement of Financial Position

Assets
(euro)

	Notes	12.31.2019		12.31.2018	
			Of which towards related parties		*Of which towards related parties*
Non-current assets					
Tangible assets	5.1	51,386,242		42,491,890	
Concession fees		2,425,305,693		2,337,323,114	
Other intangible assets		53,654.501		39,117,805	
Intangible assets	5.2	2,478,960,194		2,376,440,919	
Equity investments	5.3	74,310,493		83,025,493	
Other non-current financial assets	5.4	1,705,494		4,517,359	
Deferred tax assets	5.5	50,211,100		43,456,084	
Other non-current assets	5.6	399,007		407,572	
Total non-current assets		**2.656,972,530**		**2,550,339,317**	
Current assets					
Inventories		3,741,281		3,328,561	
Trade receivables		306,735,345	*7,719,583*	314,995,710	*10,224,186*
Trade assets	5.7	310,476,626	*7,719,583*	318,324,271	*10,224,186*
Other current financial assets	5.4	1.,514,932	*1,350,000*	1,350,000	*1,350,000*
Current tax assets	5.8	7,117,504	*7,081,338*	7,117,504	*7,081,338*
Other current assets	5.9	14,465,618	*481,866*	12,186,507	*482,029*
Cash and cash equivalents	5.10	489,062,858		318,071,871	
Total current assets		**822,637,538**	***16,632,787***	**657,050,153**	***19,137,553***
TOTAL ASSETS		**3,479,610,068**	***16,632,787***	**3,207,389,470**	***19,137,553***

Shareholders' Equity and Liabilities
(euro)

	Notes	12.31.2019	Of which towards related parties	12.31.2018	Of which towards related parties
SHAREHOLDERS' EQUITY					
Share capital		62,224,743		62,224,743	
Reserves and retained earnings		868,925,513		904,941,601	
Net income for the year, net of the advance on dividends		243,192,938		131,292,276	
Total shareholders' equity	5.11	**1,174,343,194**		**1.098.458.620**	
LIABILITIES					
Non-current liabilities					
Provisions for employee benefits	5.12	10,110,572		12,550,086	
Provisions for renovation of airport infrastructure	5.13	128,793,597		111,065,494	
Other allowances for risks and charges	5.14	19,082,137		17,030,754	
Allowances for non-current provisions		157,986,306		140,646,334	
Bonds		1,115,669,967	*252,703,657*	1,097,075,696	*240,349,682*
Medium/long-term loans		207,198,156		249,558,672	
Financial instruments - derivatives		140,076,265		139,329,535	
Other financial liabilities		1,663,021	*211,876*	0	
Non-current financial liabilities	5.15	1,464,607,409	*252,915,533*	1,485,963,903	*240,349,682*
Other non-current liabilities	5.16	7,479,305	*790,140*	3,805,118	*881,509*
Total non-current liabilities		**1,630,073,020**	***253,705,673***	**1,630,415,355**	***241,231,191***
Current liabilities					
Provisions for employee benefits	5.12	2,323,618		483,121	
Provisions for renovation of airport infrastructure	5.13	54,847,676		64,525,768	
Other allowances for risks and charges	5.14	3,036,000		7,187,000	
Allowances for current provisions		60,207,294		72,195,889	
Trade payables	5.17	222,899,924	*107,699,235*	181,756,575	*82,696,909*
Trade liabilities		222,899,924	*107,699,235*	181,756,575	*82,696,909*
Current share of medium/long-term financial liabilities		129,724,586	*957,511*	16,023,664	*431,124*
Financial instruments - derivatives		35,534,152		262,250	
Other current financial liabilities		23,512,335	*23,512,335*	26,115,004	*26,115,004*
Current financial liabilities	5.15	188,771,073	*24,469,846*	42,400,918	*26,546,128*
Current tax liabilities	5.8	31,587,017	*18,679,285*	20,080,502	*16,579,706*
Other current liabilities	5.18	171,728,546	*3,651,556*	162,081,611	*1,230,854*
Total current liabilities		**675,193,854**	***154,499,922***	**478,515,495**	***127,053,597***
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,479,610,068**	***408,205,595***	**3,207,389,470**	***368,284,788***

Income Statement

Income Statement
(euro)

	Notes	2019	Of which towards related parties	2018	Of which towards related parties
Revenues	6.1				
Revenues from airport management		925,057,175	*42,116,378*	905,377,727	*41,497,016*
Revenues from construction services		173,509,098		109,057,677	
Other operating income		10,706,297	*4,690,322*	12,054,852	*4,766,848*
Total revenues		**1,109,272,570**	***46,806,700***	**1,026,490,256**	***46,263,864***
Costs					
Consumption of raw materials and consumables	6.2	(19,847,501)	*(10,219,186)*	(29,380,280)	*(19,712,789)*
Service costs	6.3	(425,053,802)	*(265,681,847)*	(361,295,284)	*(204,064,596)*
Payroll costs	6.4	(94,229,222)	*(2,518,513)*	(93,045,952)	*(2,491,734)*
Concession fees		(36,728,362)		(36,239,359)	
Expenses for leased assets		(1,094,529)		(2,773,394)	
(Allocation to) use of the provisions for renovation of airport infrastructure		(6,065,827)		2,431,520	
(Allocation to) Re-absorption of allowances for risks and charges		(1,226,142)		(1,348,458)	
Other costs		(13,654,564)		(10,000,805)	
Other operating costs	6.5	(58,769,424)	*(180,020)*	(47,930,496)	*(683,543)*
Depreciation of tangible assets	5.1	(14,765,840)		(13,732,275)	
Amortization of intangible concession fees	5.2	(85,526,521)		(83,938,877)	
Amortization of other intangible assets	5.2	(5,313,546)		(4,872,097)	
Amortization and depreciation		(105,605,907)		(102,543,249)	
Total costs		**(703,505,856)**	***(278,599,566)***	**(634,195,261)**	***(226,952,662)***
OPERATING INCOME		**405,766,714**		**392,294,995**	
Financial income	6.6	30,870,897	*17,786,513*	14,977,342	*14,489,034*
Financial expense	6.6	(64,970,033)	*(13,444,877)*	(58,484,825)	*(13,164,673)*
Foreign exchange gains (losses)	6.6	(12,355,352)		1,975,173	
Financial income (expense)		**(46,454,488)**	***4,341,636***	**(41,532,310)**	***1,324,361***
INCOME (LOSS) BEFORE TAXES		**359,312,226**		350,762,685	
Income taxes	6.7	(116,119,288)		(105,599,129)	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**243,192,938**		**245,163,556**	
Net income (loss) from discontinued operations					
NET INCOME FOR THE YEAR		**243,192,938**		**245,163,556**	

Statement of Comprehensive Income

Statement of Comprehensive Income
(Thousands of euros)

	Notes	2019	2018
NET INCOME FOR THE YEAR		**243,193**	**245,164**
Share of cash flow hedge derivative financial instruments	5.15	(51,112)	(8,111)
Tax effect		13,118	1,947
Other components of the comprehensive income statement that can be reclassified in the income statement, net of the tax effect		**(37,994)**	**(6,164)**
Income (loss) from actuarial valuation of employee benefits	5.12	(396)	111
Tax effect		95	(27)
Other components of the comprehensive income statement that will not be subsequently reclassified in the income statement, net of the tax effect		**(301)**	**84**
Reclassifications of the other components of the comprehensive income statement for the year		**1,541**	**1,551**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT, NET OF THE TAX EFFECT		**(36,754)**	**(4,529)**
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**206,439**	**240,635**

Statement of Changes in Shareholders' Equity

Statement of Changes in Shareholders' Equity
(Thousands of euros)

	Share capital	Legal reserve	Share premium reserve
Balance as of December 31, 2017	**62,225**	**12,462**	**667,389**
Changes in IFRS standards			
Balance as of January 1, 2018	**62,225**	**12,462**	**667,389**
Net income for the year			
Other components of comprehensive income:			
Effective portion of cash flow hedge derivative financial instruments, net of tax effect			
Income (loss) from actuarial valuation of employee benefits, net of the tax effect			
Comprehensive income for the year			
Dividend distribution (balance)			
Allocation of residual profit of the previous year			
Distribution of advance on dividends			
Other changes			
Balance as of December 31, 2018	**62,225**	**12,462**	**667,389**
Net income for the year			
Other components of comprehensive income:			
Effective portion of cash flow hedge derivative financial instruments, net of tax effect			
Income (loss) from actuarial valuation of employee benefits, net of the tax effect			
Comprehensive income for the year			
Dividend distribution (balance)			
Allocation of residual profit of the previous year			
Other changes			
Balance as of December 31, 2019	**62,225**	**12,462**	**667,389**

Cash flow hedge reserve	Other reserves and retained earnings	Net income for the year (net of advance on dividends)	Total Shareholder's Equity
(46,995)	**270,391**	**135,368**	**1,100,840**
(46)	6,128		**6,082**
(47,041)	**276,519**	**135,368**	**1,106,922**
		245,164	245,164
(4,613)	84		(4,529)
(4,613)			(4,613)
	84		84
(4,613)	84	245,164	240,635
		(135,028)	(135,028)
	340	(340)	0
		(113,871)	(113,871)
	(199)	0	(199)
(51,654)	**276,744**	**131,293**	**1,098,459**
		243,193	243,193
(36,453)	(301)		(36,754)
(36,453)			(36,453)
	(301)		(301)
(36,453)	(301)	243,193	206,439
		(130,672)	(130,672)
	621	(621)	0
	118	0	118
(88,107)	**277,182**	**243,193**	**1,174,344**

Statement of Cash Flows

Statement of Cash Flows
(Thousands of euros)

	Notes	2019	2018
NET INCOME FOR THE YEAR		**243,193**	**245,164**
Adjusted by:			
Amortization and depreciation	5.1/5.2	105,607	102,543
Allocation to provisions for renovation of airport infrastructure		53,285	54,982
Financial expense from discounting provisions		2,023	1,700
Changes in other provisions		(3,132)	(6,589)
Write-down (revaluation) of non-current financial assets and equity investments		8,715	911
Net change in deferred tax (assets) liabilities		5,972	20,216
Other non-monetary costs (revenues)		8,595	8,328
Changes in working capital and other changes		71,540	13,620
Net cash flow from operating activities (A)		**495,798**	**440,875**
Investments in tangible assets	5.1	(20,690)	(6,214)
Investments in intangible assets (*)	5.2	(208,926)	(117,379)
Works for renovation of airport infrastructure		(47,219)	(57,414)
Gains from disinvestment and other changes in tangible and intangible assets and equity investments		15,555	5,212
Net change in other non-current assets		9	35
Net cash flow from investment activities (B)		**(261,271)**	**(175,760)**
Dividends paid		(130,672)	(248,900)
Raising of medium/long-term loans	5.15	70,000	0
Net change in other current and non-current financial liabilities		(96)	8
Net change in current and non-current financial assets		(165)	(1,456)
Net cash flow from funding activities (C)		**(60,933)**	**(250,348)**
NET CASH FLOW FOR THE YEAR (A+B+C)		**173,594**	**14,767**
Cash and cash equivalents at the start of the year	5.10	291,957	277,190
Net cash and cash equivalents at the end of the year	5.10	465,551	291,957

(*) Including advances to suppliers for 25,079 thousand euros in 2019 and 1,348 thousand euros in 2018.

Reconciliation of Cash and cash equivalents

Reconciliation of Cash and cash equivalents
(Thousands of euros)

	2019	2018
Net cash and cash equivalents at the start of the year	**291,957**	**277,190**
Cash and cash equivalents	318,072	291,332
Current accounts with subsidiary undertakings	(26,115)	(14,142)
Net cash and cash equivalents at the end of the year	**465,551**	**291,957**
Cash and cash equivalents	489,063	318,072
Current accounts with subsidiary undertakings	(23,512)	(26,115)

Additional information to the Statement of cash flows

Additional information to the Statement of cash flows
(Thousands of euros)

	2019	2018
Net income taxes paid (reimbursed)	98,639	54,454
Interest income collected	177	216
Interest payable and commissions paid	45,301	45,096
Dividends received	17,783	13,139

ADR

NOTES TO THE FINANCIAL STATEMENTS OF AEROPORTI DI ROMA S.P.A.

1. General information

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

The concession expires on June 30, 2044
The registered office of the Company is in Fiumicino, Via Pier Paolo Racchetti 1, while the secondary office is in Ciampino, Via Appia Nuova 1651. The duration of the Company is currently set until December 31, 2050, unless extended.
On the date of these Separate Financial Statements, Atlantia S.p.A. ("Atlantia") is the shareholder that holds the majority of the shares of ADR (61,842,015, equal to 99.38% of the capital) and exercises the management and coordination towards the Company.

These Financial Statements were approved by the Board of Directors of the Company during the meeting of March 4, 2020 and subject to audit by EY S.p.A.

The Separate Financial Statements were prepared in the assumption of going-concern.

2. Form and content of the Separate Financial Statements

The Separate Financial Statements for the year ended December 31, 2019 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 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 Separate Financial Statements for the year ended December 31, 2019 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)" of the Consolidated Financial Statements, which are recorded in the income statement. The same are restored if the reasons for the write-downs made cease to apply.

The term subsidiary undertakings means all companies over which ADR has the power to determine, either directly or indirectly, the financial and operating policies in order to obtain benefits from their activities.

Investments in associated undertakings are those in which ADR is capable of exercising a significant influence, but not control or joint control, by contributing to the financial and operating decision-making policies of the investee.
Equity investments in other companies, which can be classified in the category of equity financial assets as defined in IFRS 9, are initially recorded at cost, as determined on the settlement date as they represent the fair value, inclusive of the directly attributable transaction costs.

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

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

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

Impacts on ADR's Financial Statements resulting from the adoption of IFRS 16
In relation to the amendments introduced by the application of IFRS 16 from January 1, 2019, ADR availed itself of the simplification envisaged by the standard which allows the retrospective modified application of IFRS 16, without amending the comparative items of the statement of financial position and of the income statement.

Therefore, on the basis of the adopted approach, at the date of first accounting treatment the Company recognized the present value of the residual payments for financial leases as of January 1, 2019 under financial liabilities, offset by the recognition of the right of use.
The nature and effects of these changes are shown in the following table.

ADR does not hold significant lease instruments as a lessee, which, in any case, mainly refer to leases of property, vehicles, fittings and hardware equipment.

For the analysis of the simplifications permitted by the standard, in addition to the above mentioned one of the retrospective application, reference is made to the Notes to the Consolidated Financial Statements as of December 31, 2019.
With reference to the lease contracts held by Company in the position of lessor, essentially related to the sub-concessions for the lease of areas used for sales and catering activities in the airport infrastructures used as concessions, IFRS 16 does not introduce any new elements in the accounting recognition of the lease contracts by the lessor compared to what had been established in the previous IAS 17.

Impacts resulting from the adoption of IFRS 16
(Thousands of euros)

	Data published 12.31.2018	IFRS 16 application adjustment	Restated data 01.01.2019
Assets			
Non-current assets	2,550,339	2,960	2,553,299
of which tangible assets - rights of use	42,492	2,960	45,452
Current assets	657,050	0	657,050
Shareholders' equity and liabilities			
Shareholders' equity	1,098,459	0	1,098,459
Non-current liabilities	1,630,415	1,935	1,632,350
of which other non-current financial liabilities - non-current payables for leases	0	1,935	1,935
Current liabilities	478,515	1,025	479,540
of which current share of medium/long-term financial liabilities - current lease payables	0	1,025	1,025

4. Concession Agreement

Concessionary Relationship

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

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

The original Concession Management Agreement no. 2820/74 was in force until December 21, 2012. After that date, a new Single Deed - Planning Agreement was approved with a specific Council of Ministers Presidential Decree. The single document regulates both the relations regarding the airport management concession and the criteria to determine and periodically update the fees applicable to the so-called "regulated services."
The principle remains in place according to which the management must be guided by financial and organizational criteria pursuant to Italian Law no. 755 of November 10, 1973 and subsequent amendments.

For more details on the Concession Agreement reference is made to the Consolidated Financial Statements.

5. Information on the items of the statement of financial position

5.1 Tangible assets

Tangible assets
(Thousands of euros)

			12.31.2018	
	Cost	**Acc. depr.**	**Net value**	**Investments**
Land and buildings	0	0	0	15,722
Plant and machinery	89,510	(58,989)	30,521	223
Industrial and commercial equipment	14,029	(11,735)	2,294	334
Other assets	33,766	(24,699)	9,067	1,919
Work in progress and advances	610	0	610	1,541
Right of use on Property, plant and equipment and other assets	0	0	0	951
Total tangible assets	**137,915**	**(95,423)**	**42,492**	**20,690**

			12.31.2017	
	Cost	**Acc. depr.**	**Net value**	**Investments**
Plant and machinery	89,050	(51,433)	37,617	1,352
Industrial and commercial equipment	13,953	(11,378)	2,575	343
Other assets	29,576	(21,382)	8,194	3,913
Work in progress and advances	1,881	0	1,881	606
Total tangible assets	**134,460**	**(84,193)**	**50,267**	**6,214**

Tangible assets, equaling 51,386 thousand euros (42,492 thousand euros as of December 31, 2018) rose in the year by 8,894 thousand euros due mainly to investments (20,690 thousand euros), partly offset by the depreciation.

Investments of 20,690 thousand euros mainly refer to:

- in the Land and buildings item (15,722 thousand euros), land for 12,036 thousand euros and buildings for 3,686 thousand euros, following the purchase by ADR on April 17, 2019 of an area (known as Pianabella) that is external the airport territory owned by Alitalia LAI and Alitalia Servizi under extraordinary administration and to the adjacent real-estate complex owned by Alitalia Servizi under extraordinary administration;
- within the category Other assets (1,919 thousand euros), to electronic machinery (1,128 thousand euros) and furniture/furnishings (544 thousand euros).

The tangible assets item also increased by 2,960 thousand euros due to the effect of the recognition of the right of use of leased assets in relation to plants, equipment and other assets following the first application of the new accounting standard IFRS 16, starting from January 1, 2019.

		Change		12.31.2019		
Depreciation	Other changes	Disposals	Effect of IFRS 16	Cost	Acc. depr.	Net value
(74)	0	0	0	15,722	(74)	15,648
(9,717)	23	(4)	0	86,647	(65,601)	21,046
(692)	0	0	0	13,977	(12,041)	1,936
(3,189)	591	(6)	0	36,098	(27,716)	8,382
0	(594)	0	0	1,557	0	1,557
(1,094)	0	0	2,960	3,911	(1,094)	2,817
(14,766)	**20**	**(10)**	**2,960**	**157,912**	**(106,526)**	**51,386**

	Change		12.31.2018		
Depreciation	Other changes	Disposals	Cost	Acc. depr.	Net value
(9,688)	1,260	(20)	89,510	(58,989)	30,521
(653)	29	0	14,029	(11,735)	2,294
(3,391)	351	0	33,766	(24,699)	9,067
0	(1,877)	0	610	0	610
(13,732)	**(237)**	**(20)**	**137,915**	**(95,423)**	**42,492**

The increase in the year was of 951 thousand euros, while depreciation amounted to 1,094 thousand euros.

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

5.2 Intangible assets

Intangible assets
(Thousands of euros)

			12.31.2018
	Cost	**Acc. amort.**	**Net value**
Concession fees			
Airport management concession - rights acquired	2,179,164	(901,724)	1,277,440
Airport management concession - investments in infrastructure	1,265,497	(205,614)	1,059,883
Total concession fees	**3,444,661**	**(1,107,338)**	**2,337,323**
Other intangible assets	67,429	(54,095)	13,334
Advances to suppliers	25,784	0	25,784
Total other intangible assets	**93,213**	**(54,095)**	**39,118**
Total intangible assets	**3,537,874**	**(1,161,433)**	**2,376,441**

			12.31.2017
	Cost	**Acc. amort.**	**Net value**
Concession fees			
Airport management concession - rights acquired	2,179,164	(851,628)	1,327,536
Airport management concession - investments in infrastructure	1,156,439	(171,771)	984,668
Total concession fees	**3,335,603**	**(1,023,399)**	**2,312,204**
Other intangible assets	60,143	(49,223)	10,920
Advances to suppliers	29,704	0	29,704
Total other intangible assets	**89,847**	**(49,223)**	**40,624**
Total intangible assets	**3,425,450**	**(1,072,622)**	**2,352,828**

Intangible assets, equal to 2,478,960 thousand euros (2,376,441 thousand euros as of December 31, 2018) rose by 102,519 thousand euros mainly due to the investments in the year, equal to 208,926 thousand euros, partly offset by the amortization equal to 90,841 thousand euros.

Concession fees include the concession relating to managing the Roman Airport System; for further information on the concessionary 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

Change			12.31.2019		
Investments	Amortization	Other changes	Cost	Acc. amort.	Net value
0	(50,095)	0	2,179,164	(951,819)	1,227,345
173,510	(35,432)	0	1,439,007	(241,046)	1,197,961
173,510	**(85,527)**	0	3,618,171	(1,192,865)	2.,425,306
10,338	(5,314)	24	77,791	(59,409)	18,382
25,078	0	(15,590)	35,272	0	35,272
35,416	**(5,314)**	**(15,566)**	**113,063**	**(59,409)**	**53,654**
208,926	**(90,841)**	**(15,566)**	**3,731,234**	**(1,252,274)**	**2,478,960**

Change			12.31.2018		
Investments	Amortization	Other changes	Cost	Acc. amort.	Net value
0	(50,096)	0	2,179,164	(901,724)	1,277,440
109,058	(33,843)	0	1,265,497	(205,614)	1,059,883
109,058	**(83,939)**	**0**	**3,444,661**	**(1,107,338)**	**2,337,323**
6,973	(4,872)	313	67,429	(54,095)	13,334
1,348	0	(5,268)	25,784	0	25,784
8,321	**(4,872)**	**(4,955)**	**93,213**	**(54,095)**	**39,118**
117,379	**(88,811)**	**(4,955)**	**3,537,874**	**(1,161,433)**	**2,376,441**

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 173,510 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 by nature, as well as the fair value of the related construction services carried out.

Worth noting are:

- work relating to the East Terminal System for 110.9 million euros;
- urbanization works in the West area/Aprons W for 6.5 million euros;
- works on runways and aprons for 10.5 million euros;
- terminal optimization works for 10.9 million euros;
- restructuring of Terminal 3 for 6.2 million euros;
- works on the new ADR headquarters for 1.5 million euros.

In the absence of specific indicators regarding the risk of failed recovery of the book value of intangible assets, these did not undergo an impairment test.
Other intangible assets, equal to 18,382 thousand euros (13,334 thousand euros as of Decem-

Equity investments
(Thousands of euros)

			12.31.2018
	Gross value	**Accum. depr. and write-downs**	**Net value**
Subsidiary undertakings			
ADR Assistance S.r.l.	4,000	0	4,000
ADR Tel S.p.A	594	0	594
ADR Mobility S.r.l.	1,756	0	1,756
ADR Security S.r.l.	500	0	500
Airport Cleaning S.r.l.	2,000	0	2,000
ADR Sviluppo S.r.l	100	0	100
	8,950	**0**	**8,950**
Associated undertakings			
Consorzio E.T.L. in liquidazione	10	(10)	0
Ligabue Gate Gourmet Roma S.p.A. in fallimento	3,883	(3,883)	0
Pavimental S.p.A.	9,768	(3,870)	5,898
Spea Engineering S.p.A.	14,324	0	14,324
	27,985	**(7,763)**	**20,222**
Other companies			
Azzurra Aeroporti S.p.A.	52,000	0	52,000
Aeroporto di Genova S.p.A.	1,394	(500)	894
S.A.CAL. S.p.A.	1,307	(350)	957
Consorzio Autostrade Italiane Energia	1	0	1
Leonardo Energia - Società Consortile a r.l.	1	0	1
	54,703	**(850)**	**53,853**
Total equity investments	**91,638**	**(8,613)**	**83,025**

ber 31, 2018), include the rights to use the property rights, concessions, licenses, trademarks and similar rights. The investments for the year, equal to 10,338 thousand euros, mainly refer to the acquisition of licenses, the implementation of stopover systems and the evolutionary maintenance of the accounting system.
Advances to suppliers amounted to 35,272 thousand euros as of December 31, 2019, an increase of 9,488 thousand euros compared to December 31, 2018, attributable to the advances paid to suppliers for 25,078 thousand euros, partially offset by the recovery of advances to suppliers for 15,590 thousand euros.

5.3 Equity investments

The item Equity investments has a balance of 74,310 thousand euros (83,025 thousand euros at the end of the previous year).

	Change			12.31.2019	
Incr.	Decr.	Write-down/rev.	Gross value	Accum. depr. and write-downs	Net value
0	0	0	4,000	0	4,000
0	0	0	594	0	594
0	0	0	1,756	0	1,756
0	0	0	500	0	500
0	0	0	2,000	0	2,000
0	0	0	100	0	100
0	**0**	**0**	**8,950**	**0**	**8,950**
0	0	0	10	(10)	0
0	0	0	3,883	(3,883)	0
0	0	(1,091)	9,768	(4,961)	4,807
0	0	(7,624)	14,324	(7,624)	6,700
0	**0**	**(8,715)**	**27,985**	**(16,478)**	**11,507**
0	0	0	52,000	0	52,000
0	0	0	1,394	(500)	894
0	0	0	1,307	(350)	957
0	0	0	1	0	1
0	0	0	1	0	1
0	**0**	**0**	**54,703**	**(850)**	**53,853**
0	**0**	**(8,715)**	**91,638**	**(17,328)**	**74,310**

The amount of the Equity investments dropped by 8,715 thousand euros compared to December 31, 2018 due to the effect of:

- the write-down of the equity investment in Pavimental S.p.A. (with 20% of the capital held) by 1,091 thousand euros in the presence of impairment as resulting from the Company's updated economic plan. The company, which operates in the building and maintenance sector and in the modernization of road, motorway and airport paving;
- the write-down of the equity investment in Spea Engineering S.p.A. (with 20% of the capital held), equal to -7,624 thousand euros. In the absence of the company's approved financial statements and considering the uncertainties regarding the company's prospects following the events in Genoa in August 2018, this adjustment was made in order to adjust the book va-

Equity investments held as of 12.31.2019

	Registered office	Currency	Number of shares/ stakes	Capital (euro) (*)
Subsidiary undertakings				
ADR Assistance S.r.l.	Fiumicino (Rome)	euros	1	4,000,000
ADR Tel S.p.A	Fiumicino (Rome)	euros	600,000	600,000
ADR Mobility S.r.l.	Fiumicino (Rome)	euros	1	1,500,000
ADR Security S.r.l.	Fiumicino (Rome)	euros	1	400,000
Airport Cleaning S.r.l.	Fiumicino (Rome)	euros	1	1,500,000
ADR Sviluppo S.r.l	Fiumicino (Rome)	euros	1	100,000
Total subsidiary undertakings				
Associated undertakings				
Consorzio E.T.L. in liquidazione	Rome	euros	1	(10,862)
Ligabue Gate Gourmet Roma S.p.A. in fallimento	Tessera (Venice)	euros	20,000	103,200
Pavimental S.p.A.	Rome	euros	77,818,865	10,116,452
Spea engineering S.p.A.	Milan	euros	1,350,000	6,966,000
Total associated undertakings				
Other companies				
Azzurra Aeroporti S.p.A.	Rome	euros	3,783,734	3,221,234
Aeroporto di Genova S.p.A.	Genova Sestri	euros	15,000	7,746,900
S.A.CAL. S.p.A.	Lamezia Terme (Catanzaro)	euros	26,925	13,920,225
Consorzio Autostrade Italiane Energia	Rome	euros	1	113,949
Leonardo Energia - Società Consortile a r.l.	Fiumicino (Rome)	euros	1	10,000
Total other companies				
Total equity investments				

(*) The amount stated for Consorzio E.T.L. – European Transport Law (in liquidation) refers to the net liquidation capital.
(**) The data relating to the shareholders' equity and the profit for the year of Spea Engineering S.p.A., Azzurra Aeroporti S.p.A., Aeroporto di Genova S.p.A. and S.A.CAL. S.p.A. refers to the year 2018 (last year approved).

lue of the equity investment based on a valuation, calculated with the equity method, of the sum of the motorway and airport business units, defined on the basis of the estimate developed with the support of an independent expert. The Group valued its equity investment in Spea Engineering at 20% of the sum of the two business units.

Below are the details of the Equity investments held as of December 31, 2019 with indication of the share held and the relevant book value:

Number of shares/ stakes held	% held	Shareholders' equity as of 12.31.2019 (thousands of euro) (**)	Net income (loss) for the year 2019 (thousands of euros) (**)	Book value (thousands of euros)
1	100%	7,263	1,841	4,000
600,000	99%	8,205	2,810	594
1	100%	18,029	7,758	1,756
1	100%	2,316	689	500
1	100%	4,008	954	2,000
1	100%	240	34	100
				8,950
1	25%	(11)	(6)	0
4,000	20%	0	0	0
15,563,773	20%	14,981	31	4,807
270,000	20%	78,211	(3,388)	6,700
				11,507
250,000	7.77%	706,579	43,790	52,000
2,250	15%	7,662	1,046	894
2,485	9.23%	11,472	778	957
1	0.99%			1
1	10%	268	0	1
				53,853
				74,310

ADR constituted a pledge on the total investment of 7.77% in Azzurra Aeroporti S.p.A. (hereinafter "Azzurra") in favor of the lenders of the same Azzurra. This guarantee is limited to a maximum amount of 130.6 million euros.

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

5.4 Other current and non-current financial assets

Other current and non-current financial assets
(Thousands of euros)

	12.31.2019			12.31.2018		
	Book value	Current share	Non-current share	Book value	Current share	Non-current share
Other financial assets						
Derivatives with positive fair value	0	0	0	2,342	0	2,342
Other financial assets	3,220	1,515	1,705	3,525	1,350	2,175
Total other financial assets	3,220	1,515	1,705	5,867	1,350	4,517

Interest rate hedging derivatives

Counterparty	Company	Instrum.	Type	Risk covered	Subscr. date	Exp.	Notional value hedged	Rate applied
Unicredit, BNPP, RBS	ADR	IRS FWD (*)	CF	I	10.2016	02.2030	300,000	They pay an average fixed rate of 0.969% and receive the 6-month Euribor

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

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

CF: cash flow value hedge - I: interest.

Derivatives with positive fair value

Derivatives with positive fair value
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Interest rate hedging derivatives	0	2,342	(2,342)
Interest accrual	0	0	0
Total derivatives with positive fair value	0	2,342	(2,342)
non-current share	0	2,342	(2,342)
current share	0	0	0

Interest rate hedging derivatives

ADR uses hedging derivatives for exchange and interest rate risks to combat any negative impact on the cash flows that may derive from any unfavorable changes in exchange and interest rates. In October 2016, ADR signed three forward-starting interest rate swap contracts, with activation in February 2020, with the purpose of hedging the interest rate risk for the loan to refinance the bond loan maturing in February 2021.

These contracts, whose main characteristics are reported below, as of December 31, 2019 present a negative fair value compared to the positive fair value of 2,342 thousand euros as of December 31, 2018. For details, therefore, please refer to Note 6.15.

	FAIR VALUE OF THE DERIVATIVE		CHANGE IN FAIR VALUE	
	as of 12.31.2019	as of 12.31.2018	to Income statement	to OCI (**)
	0	2,342	(14)	(2,328)
Total	**0**	**2,342**	**(14)**	**(2,328)**
of which:				
Exchange rate hedging derivatives	0	0		
Interest rate hedging derivatives	0	2,342		

For the valuation techniques and the inputs used to determine the fair value of the derivatives please refer to Note 8.4 Information on fair value measurement.

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

Impact of the hedging instruments
(Thousands of euros)

	12.31.2019			12.31.2018		
	Changes in fair value used to measure the lack of effectiveness	Cash flow hedge reserve (including the cost of hedging)	Of which cost of hedging reserve	Changes in fair value used to measure the lack of effectiveness	Cash flow hedge reserve (including the cost of hedging)	Of which cost of hedging reserve
Debt highly probable	0	0	0	2,342	(2,328)	0
Total	0	0	0	2,342	(2,328)	0

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

Effect of the cash flow hedge reserve on the statement of comprehensive income
(Thousands of euros)

	Total gains/(loss) from hedging recognized in the income statement and comprehensive income statement	Ineffectiveness recognized in the income statement	Item in the income statement
12.31.2019			
Debt highly probable	0	(14)	Financial income (expense)
Total	0	(14)	
12.31.2018			
Debt highly probable	2,342	14	
Total	**2,342**	**14**	Financial income (expense)

Other financial assets

Other non-current financial assets, equal to 1,705 thousand euros (2,175 thousand euros as of December 31, 2018), essentially (1,660 thousand euros) refer to the ancillary charges incurred to subscribe the revolving facility remained unused also in 2019. For details reference is made to Note 5.15.

Other current financial assets, equal to 1,515 thousand euros (1,350 thousand euros as of December 31, 2018), include mainly the recognition of the receivable from the associate Spea Engineering S.p.A. (1,350 thousand euros) for the dividends resolved in 2018 and not yet paid.

Change in the cash flow hedge reserve recognized in the comprehensive income statement	Of which: cost of hedging recognized in the comprehensive income statement	Amount reclassified from the comprehensive income statement to the income statement	Item in the income statement
0 0	0 0	0 0	Financial income (expense)
2,328 **2,328**	0 **0**	0 **0**	Financial income (expense)

5.5 Deferred tax assets

Deferred tax assets, equal to 50,211 thousand euros (43,456 thousand euros as of December 31, 2018), are shown net of deferred tax liabilities that can be offset.

The nature of the temporary differences is illustrated in the table below.

Deferred tax assets
(Thousands of euros)

	12.31.2018	Change				12.31.2019
		Provisions	Releases	Deferred tax assets/ liabilities on income and charges recorded in the shareholders' equity	Rate change effect	
Deferred tax assets						
Allocation to (use of) the provisions for renovation of airport infrastructure	54,110	2,830	(13,739)	0	1,980	45,181
Allocations to allowance for obsolete and slow-moving goods	56	46	(19)	0	5	88
Allocations to provisions for doubtful accounts	7,295	838	(103)	0	0	8,030
Amortized cost and derivative instruments	16,461	0	(41)	11,780	864	29,064
Allowances for risks and charges	2,950	1,560	(153)	0	0	4,357
Other	1,672	494	(528)	95	34	1,767
Total deferred tax assets	82,544	5,768	(14,583)	11,875	2,883	88,487
Deferred tax liabilities that can be offset						
Amortized cost and derivat. instruments	1,839	16	(1,839)	0	0	16
Application of IFRIC 12	37,249	2,913	(1,951)	0	49	38,260
Total deferred tax liabilities	39,088	2,929	(3,790)	0	40	38,276
TOTAL NET DEFERRED TAX ASSETS	43,456	2,839	(10,793)	11,875	2,834	50,211

The change (+6,755 thousand euros) recorded in 2019 is primarily due to the negative change in the fair value of derivatives and the adjustment of deferred tax assets deriving from the application of the 3.5% IRES surcharge to ADR also for the years 2020-2021. These effects are partly offset by the performance of the airport infrastructure renewal fund.

5.6 Other non-current assets

Other non-current assets, equal to 399 thousand euros (408 thousand euros as of December 31, 2018), refer to guarantee deposits.

5.7 Trade assets

Trade assets, equal to 310,477 thousand euros (318,324 thousand euros as of December 31, 2018), include:

- inventories, equal to 3,741 thousand euros (3,328 thousand euros as of December 31, 2018) comprising consumable materials, clothing, spare parts, cleaning material, fuel, etc.;
- trade receivables, equal to 306,736 thousand euros (314,996 thousand euros as of December 31, 2018) are broken down in the table below:

Trade receivables
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Due from clients	335,006	337,921	(2,915)
Due from subsidiary undertakings	4,759	6,296	(1,537)
Due from parent company	363	316	47
Receivables for construction services	8,051	8,051	0
Other trade receivables	737	1,230	(493)
Total trade receivables, gross of the provisions for doubtful accounts	348,916	353,814	(4,898)
Provisions for doubtful accounts	(34,601)	(31,225)	(3,376)
Provisions for overdue interest	(7,579)	(7,593)	14
Total provisions for doubtful accounts	(42,180)	(38,818)	(3,362)
TOTAL TRADE RECEIVABLES	306,736	314,996	(8,260)

Due from clients (including provisions for doubtful accounts) total 335,006 thousand euros and recorded a slight reduction (-2,915 thousand euros) compared to 2018, despite the increase in the volume of activity, thanks to shorter average collection terms.
Due from clients includes all receivables from Alitalia SAI under special administration accrued prior to the airline's admission to the extraordinary administration procedure and will be settled according to the methods and times set by the procedure; however, among these, the receivables for airport fees have a degree of privilege at the time of allocation, which lessens their risk of uncollectability. In any case, any losses on receivables for services subject to settlement and resulting as an outcome of the procedure underway, being considered an event outside the concessionaire's responsibility, would lead to an alteration in the economic-financial balance that would be restored in accordance with the Planning Agreement, in the same way as other cases of force majeure or change in the regulatory framework.

It is worth remembering that ADR's receivables from the companies belonging to the Alitalia LAI group under special administration since 2008, equal 10,878 thousand euros. For the amounts due from Alitalia LAI S.p.A. under special administration, worth remembering is that in 2011 the surety of 6.3 million euros was enforced, issued by Alitalia/CAI to secure the amounts due to ADR from Alitalia S.p.A. LAI under special administration (as well as to the aircraft owned by lessors, obliged in a fair manner) in order to allow the aircrafts owned by the lessors to reach Alitalia/CAI free from claims of seizure for protection purposes made by ADR. The amount enforced and collected was posted under other current liabilities.

The receivables due from subsidiary undertakings, equal to 4,759 thousand euros, decreased by 1,537 thousand euros compared to 2018. For more details about these receivables, reference is made to Note 9 Transactions with related parties.

Other trade receivables, equal to 737 thousand euros (1,230 thousand euros as of December 31, 2018) mainly refer to prepaid expenses of a commercial nature.

Other trade receivables
(Thousands of euros)

			Overdue receivables		
	Receivables net of the provisions for doubtful accounts	Receivables not yet due	From 0 to 90 days	Between 90 and 365 days	> 1 year
12.31.2019	306,736	63,250	38,583	29,338	175,565
12.31.2018	314,996	67,588	44,550	21,509	181,349

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

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

Movements of the provisions for doubtful accounts
(Thousands of euros)

	12.31.2018	Increases	Decreases	12.31.2019
Provisions for doubtful accounts	31,225	4,625	(1,249)	34,601
Provisions for overdue interest	7,593	5	(19)	7,579
Total provisions for doubtful accounts	38,818	4,630	(1,268)	42,180

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

5.8 Current tax assets and liabilities

The table below shows the current tax assets and liabilities at the start and end of the year.

Current tax assets and liabilities
(Thousands of euros)

	Assets			Liabilities		
	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change
Due from/to parent companies for tax consolidation	7,081	7,081	0	18,680	16,580	2,100
IRES	37	37	0	11,007	0	11,007
IRAP	0	0	0	1,900	3,501	(1,601)
Total	7,118	7,118	0	31,587	20,081	11,506

Current tax assets are equal to 7,118 thousand euros (7,118 thousand euros also as of December 31, 2018) and mainly include the receivable from the parent company Atlantia (as consolidating company for tax purposes) of 7,081 thousand euros for the rebate application regarding the higher IRES paid in the taxation periods 2007-2011 due to the non deduction of IRAP on staff costs and similar; for further information on the tax consolidation please see Note 6.7 Income taxes.

Current tax liabilities equal 31,587 thousand euros, and mainly comprise:

- the payable to the parent company Atlantia due to the tax consolidation for 18,680 thousand euros (16,580 as of December 31, 2018), attributable to the estimated taxes for the year, partially offset by the pre-payment for 2019 and the balance for 2018;
- IRES payable of 11,007 thousand euros (0 as of December 31, 2018). This item includes the estimated tax burden due to the application to ADR of the Robin tax, which resulted in a 3.5% increase in IRES rate, which is not included in the tax consolidation;
- the IRAP payable of 1,900 thousand euros due to the tax accrued during the year, net of advances and the payment of the balance for 2018.

5.9 Other current assets

Other current assets
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Due from associated undertakings	482	482	0
Due from tax authorities	10,319	8,614	1,705
Due from others	3,665	3,091	574
Total other current assets	14,466	12,187	2,279

Due from tax authorities, equal to 10,319 thousand euros (8,614 thousand euros as of December 31, 2018), mainly includes:

- VAT credit of 4,507 thousand euros (3,184 thousand euros as of December 31, 2018);
- other amounts due from tax authorities equal to 4,611 thousand euros, for taxes (and the relevant collection charges and interest) regarding the period 01.01.1993-03.23.1995, recognized as limited by the Supreme Court, within the dispute with the Customs Office, and with repayment required (for more information, see Note 8.5 Litigation).

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

Seniority of the Other current assets
(Thousands of euros)

	Receivables net of the provisions for doubtful accounts	Receivables not yet due	Overdue receivables: From 0 to 90 days	Overdue receivables: Between 90 and 365 days	Overdue receivables: > 1 year
12.31.2019	14,466	13,851	0	0	615
12.31.2018	12,187	11,572	0	0	615

5.10 Cash and cash equivalents

Cash and cash equivalents
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Bank and post office deposits	489,039	318,045	**170,994**
Cash and notes in hand	24	27	**(3)**
Total cash and cash equivalents	489,063	318,072	170,991

Cash and cash equivalents, amounting to 489,063 thousand euros, increased by 170,991 thousand euros compared to December 31, 2018 due to the liquid assets generated during operations, inclusive of the investments paid during the year and the dividend balance of 2018 paid in May 2019, because no advance was distributed on 2019 dividends (113,871 thousand euros in 2018), as well as to the use, in the last quarter, of an additional portion for 70 million euros in total of the 2016 EIB and CDP funding lines.

5.11 Shareholders' equity

The shareholders' equity of ADR as of December 31, 2019 amounts to 1,174,344 thousand euros (1,098,459 thousand euros as of December 31, 2018), broken down as follows:

Shareholders' equity
(Thousands of euros)

	12.31.2019	12.31.2018	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	(88,107)	(51,654)	(36,453)
Other reserves and retained earnings	277,182	276,744	438
Net income for the year, net of the advance on dividends	243,193	131,293	111,900
Total shareholders' equity	1,174,344	1,098,459	75,885

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 243,193 thousand euros;
- the negative result of the comprehensive income statement for -36,754 thousand euros deriving mainly from the positive change in fair value of the cash flow hedge derivatives (-36,453 thousand euros net of the tax effect);
- the distribution of the 2018 dividend balance equal to 130,672 thousand euros (2.10 euros per share).

As of December 31, 2019, ADR's share capital, wholly subscribed and paid up, amounts to 62,224,743 euros, represented by 62,224,743 shares with a par value of 1 euro each.

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

The cash flow hedge reserve includes the measurement at fair value of the cash flow hedge derivatives; for more details reference is made to Note 5.4 and Note 5.15.

Other reserves and retained earnings, equal to 277,182 thousand euros include: (i) the losses deriving from the actuarial write-down of the provisions for employee benefits, net of the tax effect, for -3,287 thousand euros, (ii) the transition reserve net of the relevant tax effect, for -155,163 thousand euros, (iii) retained earnings for 410,809 thousand euros; (iv) 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.

Furthermore, pursuant to IFRS 2, the value accrued in the half-year period of the fair value of the remuneration plans based on shares and settled with the conferment of securities as resolved by the Board of Directors of the parent company Atlantia also in favor of employees and directors of ADR, equal to 118 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. In relation to information on the remuneration plans based on shares, reference is made to Note 10.1.

Below is the statement analyzing the capital and the Shareholders' equity reserves with indication of the related possibility of use, in compliance with the provisions of art. 2427 of the Italian Civil Code and IAS 1 paragraph 76.

Analysis of the capital and the shareholders' equity reserves
(Thousands of euros)

	Amount	Possibility of use	Available portion	Summary of the uses made in the three previous years: To cover losses	Summary of the uses made in the three previous years: For other reasons
Share capital	**62,225**	B	**0**		
Reserves					
Legal reserve [1]	12,462	A, B	17		
Share premium reserve [2]	667,389	A, B, C	667,389		
Financial instruments - derivatives cash flow hedge reserve, net of the tax effects	(88,107)	B	0		
Other reserves and retained earnings	277,182	A, B, C	277,182		
Total reserves	**868,926**		**944,588**		
TOTAL CAPITAL AND RESERVES	**931,151**		**944,588**		
Non-distributable amount			0		
Distributable amount [3]			944,588		

(1) Of which available the share exceeding one fifth of the capital.
(2) Distributable for the entire amount, given that the legal reserve has reached the limit as defined by art. 2430 of the Italian Civil Code.
(3) It must be considered that the Cash flow hedge reserve, net of the tax effects, has a negative balance of 88,107 thousand euros.
Legend: A: for capital increase; B: to cover losses C: for distribution to shareholders.

5.12 Provisions for employee benefits (current and non-current share)

Provisions for employee benefits are 12,435 thousand euros (13,033 thousand euros as of December 31, 2018), of which 10,111 thousand euros non-current (12,550 thousand euros as of December 31, 2018), 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.

Change in the employee severance indemnity provision
(Thousands of euros)

		12.31.2019
Initial value of the employee severance indemnity provision		13,033
Current cost	0	
Interest payable	38	
Total costs recorded in the income statement		38
Payments/Uses		(1,271)
Actuarial gains/losses from changes in the demographic assumptions	(6)	
Actuarial gains/losses from changes in the financial assumptions	520	
Effect of past experience	(118)	
Total actuarial gains/losses recognized in the comprehensive income statement		396
Other changes		239
Final value of the employee severance indemnity provision		12,435
of which:		
non-current share		10,111
current share		2,324

Summarized below are the main assumptions made for the actuarial estimate process regarding the employee severance indemnity provision at December 31, 2019:

Financial assumptions

	12.31.2019	12.31.2018
Discount rate	0.37%	1.13%
Inflation rate	1.2%	1.5%
Annual rate of increase in employee severance indemnities	2.0%	2,2%
Annual rate of pay increase	3.1%	2.9%
Annual turnover rate	1.1%	1.0%
Annual rate of disbursement of advances	1.0%	1.0%

The discount rate used to determine the current value of the obligation was determined in accordance with paragraph 78 of IAS 19, with reference to the average return curve deriving from the index IBOXX Eurozone Corporates AA 7-10 with duration based on the average seniority of the group under consideration.

Demographic assumptions

	2019/2018
Mortality	2017 ISTAT mortality tables broken down by gender, reduced to 85%
Disability	INPS tables broken down by age and gender, reduced to 70%
Retirement	Reaching the minimum foreseen by the regulations in force

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

Severance indemnity provision - Effects from change in the actuarial assumptions
(Thousands of euros)

	1.0% Increase	1.0% Decrease	0.25% Increase	0.25% Decrease
Annual turnover rate	12,380	12,484		
Inflation rate			12,545	12,325
Discount rate			12,241	12,633

The weighted average duration of the obligations for the defined benefit plans for the employees at year end is 7 years and the service costs predicted for 2020 are equal to zero.
The disbursements predicted for the next five years are as follows:

Predicted disbursements for the next five years
(Thousands of euros)

1st year	341
2nd year	2,544
3rd year	1,116
4th year	483
5th year	559

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

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

Provisions for renovation of airport infrastructure, equal to 183,641 thousand euros (175,591 thousand euros as of December 31, 2018), of which 54,848 thousand euros for the current share (64,526 thousand euros as of December 31, 2018), include the current value of the updated estimate of charges to be incurred for extraordinary maintenance, repairs and replacements of goods and plants for the contractual obligation of the concession manager to ensure the due functionality and safety of the airport infrastructure.

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

Changes in provisions for renovation of airport infrastructure
(Thousands of euros)

	12.31.2018	Provisions	Discounting effect	Operating uses	12.31.2019
Provisions for renovation of airport infrastructure	175,591	53,285	1,984	(47,219)	183,641
of which:					
current share	64,526				54,848
non-current share	111,065				128,793

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

The Other allowances for risks and charges are equal to 22,118 thousand euros (24,218 thousand euros as of December 31, 2018), of which 3,036 thousand euros for the current share (7,187 thousand euros as of December 31, 2018). Reported below is the analysis of the breakdown of the item and the changes during the year.

Other allowances for risks and charges
(Thousands of euros)

	12.31.2018	Provisions	Decreases for the reversal of funds in excess	Operating uses	12.31.2019
Tax provisions	13,727	0	(4,078)	(3,035)	6,614
Provisions for current and potential disputes	9,553	5,539	0	(291)	14,801
Provisions for internal insurance	925	0	(235)	0	690
To cover investee companies' losses	13	0	0	0	13
Total other allowances for risks and charges	24,218	5,539	(4,313)	(3,326)	22,118
of which:					
current share	7,187				3,036
non-current share	17,031				19,082

Tax provisions, equal to 6,614 thousand euros, reflect the risk of negative outcomes of the pending disputes with UTF (now the Customs Office) concerning import taxes and additional provincial taxes on electricity disbursed in the period 2002-2012 - as well as the issues regarding ICI/IMU (property taxes).

In 2019 the provision decreased by 7,113 thousand euros consequently to:

- re-absorption of 4,078 thousand euros, of which 3,711 thousand euros are attributable to the favorable and definitive outcome for ADR of four rulings by the Supreme Court regarding fines relating to the energy tax as part of the dispute underway with the Customs Office mentioned above;
- uses for 3,035 thousand euros following the settlement of the local property tax (IMU) on the Hilton hotel for the years 2017 and 2018, decided following the outcome of the dispute between ADR and the hotel operator as regards the identification of the party liable. A further utilization derives from the signing of the tax settlement proposal by which ADR has settled with the Revenue Authorities the objections raised following the audit carried out for the 2013 and 2014 tax years.

The provisions for current and potential disputes of 14,801 thousand euros (9,553 thousand euros as of December 31, 2018) include the estimated charges that are expected to be incurred in connection with the disputes in progress at year end.

This provision increased in the year by 2,358 thousand euros, essentially due to the effect of allocations of 5,539 thousand euros in relation to the evolution of the disputes underway and for the risk linked to new positions, in part offset by utilizations for 291 thousand euros.

This provision includes a prudent valuation, made on the basis of the best current information of the claims for compensation of third parties referring to the fire in T3 on May 7, 2015. On this point, so far 170 claims have been lodged (carriers, handlers, sub-concessionaires and passengers), only partly supported by a clear quantification, for damages that to date total approximately 19 million euros.

For further information on the current disputes, reference should be made to Note 8.5 Litigation.

5.15 Financial liabilities (current and non-current share)

Financial liabilities
(Thousands of euros)

	12.31.2019		
	Book value	Current share	Non-current share
Medium/long-term financial liabilities			
Bonds	1,115,670	0	1,115,670
Medium/long-term loans	319,654	112,456	207,198
Accrued expenses medium/long-term financial liabilities	16,106	16,106	0
Other financial liabilities	2,826	1,163	1,663
Total medium/long-term financial liabilities	1,454,256	129,725	1,324,531
Financial instruments - derivatives	175,610	35,534	140,076
Other current financial liabilities	23,512	23,512	0
TOTAL FINANCIAL LIABILITIES	1,653,378	188,771	1,464,607

Bonds

Bonds
(Thousands of euros)

	12.31.2018				Changes	12.31.2019
	Book value	New loans raised	Repayments	Exchange rate differences	Amortized cost effect	Book value
Bonds	1,097,076	0	0	12,354	6,240	1,115,670
current share	0					0
non-current share	1,097,076			12,354	6,240	1,115,670

		12.31.2018		
Between 1 and 5 years	**Over 5 years**	**Book value**	**Current share**	**Non-current share**
645,015	470,655	1,097,076	0	1,097,076
66,154	141,044	249,559	0	249,559
0	0	16,024	16,024	0
1,311	352	0	0	0
712,480	612,051	1,362,659	16,024	1,346,635
140,076	0	139,592	262	139,330
0	0	26,115	26,115	0
852,556	612,051	1,528,366	42,401	1,485,965

As of December 31, 2019, bonds are equal to 1,115,670 thousand euros (1,097,076 thousand euros as of December 31, 2018).

The increase, of 18,594 thousand euros, is attributable to the effects on the debt measurement of application of the amortized cost method (+6,240 thousand euros) as well as the adjustment of A4 bond to the exchange rate at the end of the period (12,354 thousand euros).

Reported below is the main information regarding the bond issues in place as of December 31, 2019.

Bond issues in place as of December 31, 2019
(Thousands of euros)

Name	Issuer	Outstanding par value	Currency	Book value
Class A4 (*)	ADR (**)	215,000	GBP	245,977
€ 600,000,000 3.250% EMTN 02.2021	ADR	400,001	EUR	399,038
€ 500,000,000 1.625% EMTN 06.2027	ADR	500,000	EUR	470,655
Total bonds				**1,115,670**

(*) The book value recorded in the financial statements (246.0 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.
(**) Bonds originally issued by Romulus Finance Srl, subsequently "replaced" by ADR following the Issuer Substitution operation in 2016.

As of December 31, 2019, 99.87% of the A4 bonds were held by the parent company Atlantia, which acquired them consequently to the Tender Offer procedure concluded in January 2015. For further information, see Note 7.

In addition to the above-mentioned A4 bonds, the last of the bonds issued in 2003 by the Romulus Finance "vehicle" to fund the securitization of the previous bank loan taken on after the privatization of the company, the issues related to the bond issue program known as EMTN (Euro Medium Term Notes) launched by the company in 2013 are still outstanding. In addition to the senior unsecured issue on December 10, 2013 for a total par value of 600 million euros – of which to date 400 million euros remain following the buyback transaction in 2017 – the subsequent issue completed on June 8, 2017 is on the market, for a par value of 500 million euros. The securities representing both bond issues were placed with qualified investors and listed in the regulated market of the Irish stock exchange.

As of December 31, 2019, the ratings assigned by the Fitch, Moody's and S&P agencies to the bond issues was of BBB+, Baa2 and BBB respectively, all with negative outlook and corresponding to the rating assigned to the issuer ADR. The changes in ADR's rating, which occurred on several occasions during 2019, are linked to the decisions taken by the agencies to assess the risk of revocation of Autostrade per l'Italia's concession and the related consequences for the Parent Company Atlantia. In turn this risk also affects ADR, since ADR is only partially isolated from the Parent

Interest rate	Coupon	Repayment	Total duration	Expiry
5.441%	every six months	bullet	20 years	02.2023
3.25%	yearly	bullet	7 years and 2 months	02.2021
1.625%	yearly	bullet	10 years	06.2027

Company's rating. Finally, on December 3, 2019, Moody's decided to cut the rating of Atlantia and Autostrade per l'Italia, but confirmed ADR's rating at Baa2 precisely as a consequence of its partial isolation (1 notch away from Atlantia). The outlook remained negative.

On September 20, 2019, S&P formalized the last decision of the year on ADR with a rating cut to "BBB" and a negative outlook. Also in this case, this action was the result of a simultaneous downgrade of the Atlantia Group. On December 20, 2019, the agency strengthened the level of isolation of ADR's creditworthiness from the rest of the Atlantia Group, increasing it to 2 notches. At the same time the rating of Atlantia and ASPI were put back into "negative credit watch", while ADR's outlook remained negative.

On the other hand, Fitch maintained ADR's rating at BBB+ with negative outlook during 2019. The agencies' ratings were further updated at the beginning of 2020. For details on the development of the rating, reference is made to the paragraph on Subsequent events.

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

Fair value of the bond issues
(Thousands of euros)

	12.31.2019		12.31.2018	
	Book value	Fair value	Book value	Fair value
Fixed rate	1,115,670	1,206,841	1,097,076	1,158,365
Total bonds	1,115,670	1,206,841	1,097,076	1,158,365

The fair value of the bond issues was determined on the basis of the market values available at December 31, 2019; in particular, the future cash flows were discounted by using 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, 2018, there was a rise in the fair value of both the pound sterling bond, partly due to the increase in the exchange rate component of liabilities, and the euro bond. The overall increase in the fair value of the bonds therefore amounted to 48.5 million euros compared to December 31, 2018.

Medium/long-term loans in place as of December 31, 2019
(Thousands of euros)

Lender	Name	Amount granted	Amount used (par value)	Book value
Syndicate of banks	Revolving Credit Facility ("RCF")	250,000	0	0
Banca Nazionale del Lavoro ("BNL")	BNL Loan	100,000	100,000	99,956
European Investment Bank ("EIB")	BEI Loan	150,000	150,000	149,835
Cassa Depositi e Prestiti ("CDP")	CDP Loan	150,000	70,000	69,863
European Investment Bank ("EIB")	BEI Loan 2018	200,000	0	0
Total medium/long-term loans		850,000	320,000	319,654

(*)The contract originally provided the option of extending the initial deadline of July 2021 by an additional 2 years; this option was exercised by ADR, postponing the original deadline to July 2023.
(**)The request/refund profile and the interest rate were set on November 22, 2019 with future request date on March 30, 2020.

Medium/long-term loans

Medium/long-term loans
(Thousands of euros)

	12.31.2018 Book value	New loans raised	Repayments	Amortized cost effect	12.31.2019 Book value
Medium/long-term loans	249,559	70,000	0	95	319,654
current share	0				112,456
non-current share	249,559				207,198

Medium/long-term loans equal 319,654 thousand euros (249,559 at the end of the previous year), of which 112,456 thousand euros as current share; these loans increased consequently to the utilization, in November and December, of two additional tranches of the EIB and CDP loans of 2016 for 40,000 thousand euros and 30,000 thousand euros, respectively.

Reported below is the main information regarding the medium/long-term loans in place as of December 31, 2019.

Currency	Rate	Interest payment frequency	Repayment	Total duration	Expiry
EUR	variable rate indexed to the Euribor + margin	quarterly	revolving	5 years (*)	07.2023
EUR	0.18%	every six months	at maturity	4 years	11.2020
EUR	I tranche (110,000) 1.341% II tranche (40,000) 0.761%	yearly	amortizing from 2020 amortizing from 2022	14 years 15 years	09.2031 11.2034
EUR	I tranche (40,000) 1.629% II tranche (30,000) 1.070% III tranche (80,000) 1.263%	yearly	amortizing from 2020 amortizing from 2022 amortizing from 2023	14 years 15 years 15 years	09.2031 11.2034 03.2035 (**)
EUR	n.a.	n.a.	amortizing	up to 15 years	03.2021

The Revolving Credit Facility ("RCF"), like the ADR debt deriving from the bond issues carried out as part of the EMTN Program, is of the senior unsecured type and is aimed at ensuring suitable liquidity support for the Company's development plans. This line, which will expire in July 2023, was granted by a pool of banks made up as follows: Barclays, BNP Paribas Group, Crédit Agricole Group, Mediobanca, Natixis, Société Générale, NatWest and UniCredit. The cost of this line of credit varies depending on the rating assigned to ADR by at least two out of three agencies.

The line of credit granted by BNL (BNP Paribas Group) was signed by ADR in November 2016. This line of credit, amounting to 100 million euros, is utilized as of December 31, 2019 and must be repaid in full in November 2020. The contractual structure is in line with the previously mentioned RCF and is characterized by a covenant structure in line with that normally used for companies with investment grade rating. This line of credit was granted at an especially favorable interest rate since the funds made available by the granting bank benefit from the Targeted Longer-Term Refinancing Operations ("TLTRO") program provided by the European Central Bank at the time of subscription.

In December 2016 two contracts had been signed with regard to the line for 300 million euros resolved by the European Investment Bank ("EIB") in favor of ADR in 2014: the first contract totaled 150 million euros was agreed directly with the EIB, and the latter, for the residual 150 million euros, brokered by Cassa Depositi e Prestiti ("CDP"). The EIB and CDP loans were subscribed as financial support of the "Aeroporti di Roma – Fiumicino Sud" project. As of December 31, 2019, these funding lines are used for 150 and 70 million euros, respectively. As shown in the table above, the two lines, maturing in 2031 and 2034, are characterized by an amortizing type of repayment and are fixed rate. The remaining portion of 80 million euros, under the 2016 contract, will be disbursed on March 30, 2020. This request was fixed in the last quarter of 2019 following a corresponding extension of the availability period.

The financial contracts that govern these lines are characterized by terms and conditions that are more oriented to a "project" type loan structure (see Note 8 below), as they are aimed at financing some investment projects that constitute the Airport Development Plan.

As of December 31, 2019, a further line granted by the EIB in 2018, amounting to 200 million euros, was also available and not requested, payable in one or more tranches and directly by the bank itself. This additional loan was granted following the update of the Fiumicino SUD infrastructure project, which envisaged an increase in the value of the projects originally financed.

The characteristics of the relevant loan agreement signed on March 23, 2018 are essentially in line with the previous contract and may be used through the first quarter of 2021.

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

Fair value of the medium/long-term bond issues
(Thousands of euros)

	12.31.2019		12.31.2018	
	Book value	Fair value	Book value	Fair value
Fixed rate	319,654	316,366	249,559	239,438
Floating rate	0	0	0	0
Total medium/long-term loans	319,654	316,366	249,559	239,438

The fair value of the medium/long-term loans was determined based on market values available at December 31, 2019; in particular, the future cash flows were discounted according to the standard discount curves used by the market (6-month Euribor). A spread was also considered on the curves to express the counterparty risk, in line with ADR's situation on the measurement date.

The overall increase in the fair value of the medium-long term bonds therefore amounted to 76.9 million euros compared to December 31, 2018, mainly due to the new requests of the EIB and CDP loans made in the last quarter of 2019.

Other financial liabilities

Other financial liabilities
(Thousands of euros)

	12.31.2018					12.31.2019
	Book value	IFRS 16 effect	New loans raised	Increases for final discounting	Repayments	Book value
Payables for leases	0	2,960	951	23	(1,108)	2,826
current share	0					1,163
non-current share	0					1,663

This item includes the effects deriving from the application of IFRS 16 in force since January 1, 2019. The balance of payables for leases includes the present value of liabilities deriving from lease contracts falling under the standard from January 1, 2019 (of 3,260 thousand euros) and the new contracts agreed in the year, net of the repayments made following the payments of the leasing installments.

Derivatives with negative fair value

Derivatives with negative fair value
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Exchange rate hedging derivatives	72,316	84,670	(12,354)
Interest rate hedging derivatives	103,054	54,660	48,394
Interest accrual	240	262	(22)
Total derivatives with negative fair value	175,610	139,592	36,018
non-current share	140,076	139,330	746
current share	35,534	262	35,272

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, 2019, ADR had two cross currency swaps allowing the cash flows in euro regarding the payment of interest and the redemption of the A4 bond in pound sterling to be stabilized.

The amount of the cash flow hedge reserve recorded in the income statement in 2019, relating to the negative fair value of forward starting derivatives subscribed in 2015 and subject to unwind in June 2017, equaled 2,027 thousand euros.

As of December 31, 2019, ADR also had other forward starting interest rate swap contracts in place:

- four contracts signed in October 2016 and September 2017, with a total notional capital of 400 million euros, with activation in February 2020, with the purpose of hedging the interest rate risk on loans aimed at refinancing the bond loan to be paid back in February 2021;
- three contracts signed in August 2018 for a total notional capital of 300 million euros. These contracts, with activation in February 2022, have the purpose of hedging the interest rate risk on loans aimed at refinancing the bond loan to be paid back in February 2023.

On the following pages is a table summarizing the outstanding derivative contracts with negative fair value of ADR as of December 31, 2019.


Partenze
21:14
Aeroporti di Roma

Derivatives contracts with negative fair value

Counterparty	Company	Instrum.	Type	Risk covered	Subscr. date	Expiry	Notional value hedged	Rate applied
Mediobanca, UniCredit	ADR	CCS (**)	CF	I C	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%
Société Générale	ADR	IRS FWD (***)	CF	I	09.2017	02.2030	100,000	It pays a fixed rate of 1.458% and receives 6-month Euribor
UniCredit, NatWest, Société Générale	ADR	IRS FWD (****)	CF	I	08.2018	02.2032	300,000	They pay an average fixed rate of 1.618% and receive the 6-month Euribor
Unicredit, BNPP, RBS	ADR	IRS FWD (***)	CF	I	10.2016	02.2030	300,000	They pay an average fixed rate of 0.969% and receive the 6-month Euribor

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

(**) The changes in fair value compared to the inception date used to measure the lack of effectiveness of the year amount to -103,752 thousand euros as of December 31, 2019 and -126,860 thousand euros as of December 31, 2018.

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

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

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

In relation to 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.

	FAIR VALUE OF THE DERIVATIVE		CHANGE IN FAIR VALUE	
	as of 12.31.2019	as of 12.31.2018	to Income statement	to OCI (**)
	(33,546)	(45,641)	201	11,894
	(72,316)	(84,670)	12,354	0
	(105,862)	(130,311)	12,555	11,894
	(12,474)	(3,868)	0	(8,606)
	(34,214)	(5,151)	190	(29,253)
	(22,820)	0	0	(22,820)
Total	**(175,370)**	**(139,330)**	**12,745**	**(48,785)**
of which:				
Exchange rate hedging derivatives	(72,316)	(84,670)		
Interest rate hedging derivatives	(103,054)	(54,660)		

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

Impact of the hedging instruments
(Thousands of euros)

	12.31.2019			12.31.2018		
	Changes in fair value used to measure the lack of effectiveness	Cash flow hedge reserve (including the cost of hedging)	Of which cost of hedging reserve	Changes in fair value used to measure the lack of effectiveness	Cash flow hedge reserve (including the cost of hedging)	Of which cost of hedging reserve
Debt highly probable	(69,508)	69,508	0	(9,019)	8,829	0
Bond in foreign currency	(103,752)	33,537	2,110	(126,860)	45,431	3,450
Total	**(173,260)**	**103,045**	**2,110**	**(135,879)**	**54,260**	**3,450**

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

Cash flow hedge reserve on the statement of comprehensive income
(Thousands of euros)

	Total gains/(loss) from hedging recognized in the income statement and comprehensive income	Ineffectiveness recognized in the income statement	Item in the income statement
12.31.2019			
Debt highly probable	(69,508)	190	Financial income (expense)
Debt hedged by pre-hedging	0	0	Financial income (expense)
Bond in foreign currency	(103,752)	201	Financial income (expense)
Total	**(173,260)**	**391**	
12.31.2018			
Debt highly probable	(9,019)	(190)	Financial income (expense)
Debt hedged by pre-hedging	0	0	Financial income (expense)
Bond in foreign currency	(126,860)	267	Financial income (expense)
Total	**(135.879)**	**77**	

Other current financial liabilities

The Other current financial liabilities are equal to 23,512 thousand euros (26,115 thousand euros as of December 31, 2018) and refer to the payables to the subsidiary undertaking for the use of the centralized cash management system.

5.16 Other non-current liabilities

Other non-current liabilities are equal to 7,479 thousand euros (3,805 thousand euros as of December 31, 2018) and consist, for 6,017 thousand euros, of amounts due to personnel and 1,462 thousand euros of amounts due to social security agencies. The increase of 3,674 thousand euros is mainly attributable to the increase in payables relating to the remuneration plans based on shares at the end of the previous year. In relation to information on the remuneration plans based on shares, reference is made to Note 10.1.

Change in the cash flow hedge reserve recognized in the comprehensive income statement	Of which: cost of hedging recognized in the comprehensive income statement	Amount reclassified from the comprehensive income statement to the income statement	Item in the income statement
69,508	0	0	Financial income (expense)
14,008	0	(2,027)	Financial income (expense)
33,537	2,110	(7,661)	Financial income (expense)
117,053	**2,110**	**(9,688)**	
8,829	0	0	Financial income (expense)
16,035	0	(2,040)	Financial income (expense)
45,431	3,450	(7,930)	Financial income (expense)
70,295	**3,450**	**(9,970)**	

5.17 Trade payables

Trade payables are equal to 222,900 thousand euros (181,757 thousand euros as of December 31, 2018).

Trade payables
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Due to suppliers	184,470	143,676	40,794
Due to subsidiary undertakings	23,907	26,152	(2.245)
Due to parent companies	1,596	1,844	(248)
Deferred income	1,467	1,300	167
Advances received	11,460	8,785	2,675
Total trade payables	222,900	181,757	41,143

Payables due to suppliers (excluding subsidiary undertakings and parent companies), equal to 184,470 thousand euros, are up 40,794 thousand euros. This is attributable to the increase in the volume of investments made in the year compared to the previous year.

Advances received, equal to 11,460 thousand euros, rose by 2,675 thousand euros compared to December 31, 2018, reflecting the greater advances received.

5.18 Other current liabilities

Other current liabilities are equal to 171,729 thousand euros (162,082 thousand euros as of December 31, 2018). The item is analyzed in the table below.

Other current liabilities
(Thousands of euros)

	12.31.2019	12.31.2018	Change
Payables for taxes other than income taxes	119,212	108,851	10,361
Payables due to personnel	10,650	11,007	(357)
Payables due to social security agencies	6,111	5,850	261
Payables for security deposits	14,223	14,828	(605)
Other payables	21,533	21,546	(13)
Total other current liabilities	171,729	162,082	9,647

Payables for taxes other than income taxes are equal to 119,212 thousand euros (108,851 thousand euros as of December 31, 2018) and mainly include:

- payable for the passenger surcharges for 93,228 thousand euros (87,463 thousand euros as of December 31, 2018). This amount was paid the following month after collection of municipal surcharge from carriers, while the outstanding amounts due are recorded in a contra-entry under receivables from clients. The surcharge on the passenger boarding fee charged to the carriers equals 7.5 euros per passenger, of which 5.0 euros allocated to INPS and one euro (commission surcharge) for the commission management of the Municipality of Rome. The trend of the payable for the surcharge, up by 5,766 thousand euros compared to the end of 2018, reflects the correlated effect of the trend, in the year, of the corresponding fees from the carriers;
- payable of 23,113 thousand euros to the Lazio Regional Authority for IRESA (18,459 thousand euros as of December 31, 2018). 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. The 4,654 thousand euro increase in IRESA charges compared to December 31, 2018 reflects the correlated effect of the performance in the year of this type of collections from carriers.

Other payables, equal to 21,533 thousand euros, (21,546 thousand euros as of December 31, 2018), include the payable to ENAC for the concession fee of 17,953 thousand euros, down by 375 thousand euros compared to the end of 2018, in relation to the payment of the 2018 balance and the first 2019 instalment, net of the portion accrued in the year.

6. Information on the items of the income statement

6.1 Revenues

Revenues for 2019 equal 1,109,272 thousand euros (1,026,490 thousand euros in 2018) and are broken down as follows, in application of the new IFRS 15 standard:

Revenues
(Thousands of euros)

	2019			2018		
	Rev. from contracts IFRS 15	**Other revenues**	**Total**	**Rev. from contracts IFRS 15**	**Other revenues**	**Total**
Aeronautical						
Airport fees	514,252	0	514,252	510,234	0	510,234
Centralized infrastructures	17,288	0	17,288	19,460	0	19,460
Security services	110,835	0	110,835	108,973	0	108,973
Other	31,017	0	31,017	28,263	0	28,263
	673,392	0	673,392	666,930	0	666,930
Non-aeronautical						
Sub-concessions and utilities:						
Properties and utilities	8,428	46,177	54,605	10,242	41,899	52,141
Shops	0	147,446	147,446	0	138,788	138,788
Car parks	0	16,373	16,373	0	16,153	16,153
Advertising	14,564	0	14,564	12,645	0	12,645
Car parks	1.745	0	1,745	1,748	0	1,748
Other	16,361	571	16,932	16,287	685	16,972
	41,098	210,567	251,665	40,922	197,525	238,447
Revenues from airport management	714,490	210,567	925,057	707,852	197,525	905,377
Revenues from construction services	173,509	0	173,509	109,058	0	109,058
Other operating income	1,677	9,029	10,706	1,589	10,466	12,055
Total revenues	889,676	219,596	1,109,272	818,499	207,991	1,026,490
Timing of goods/services transfer:						
Over time	219,453			154,459		
At a point in time	670,223			664,040		

Revenues from airport management, amounting to 925,057 thousand euros, rose by a total of 2.2% over the comparative year, due to the growth in aeronautical activities (+1.0%), which reflects the overall positive trend in volumes and type of traffic manager (passengers +1.2%), though partly mitigated by the tariff reduction applied from April. Revenues for the non-aeronautical sector recorded a particularly positive performance (+5.5%), thanks to the positive trend of commercial sub-concessions (+6.2%) correlated not only to the increase but also, as mentioned, to the type of passenger traffic growing mostly for the routes characterized by passengers with a higher propensity to spend. The revenues from real estate management also recorded a positive trend (+4.7%) as did advertising revenues (+15.2%), due to the effect of the new business direct management model.

Revenues from construction services equal to 173,509 thousand euros (109,058 thousand euros in 2018) refer to revenues from construction services for self-funded works. Consistent with the accounting model adopted, based on the application of accounting standard IFRIC 12, these revenues, which represent the consideration due for the activity performed, are measured at fair value, determined on the basis of the total costs incurred (mainly external costs).
These revenues grew by 64.7 million euros compared with 2018, primarily due to the progress of work on the new East Terminal system.

Other operating income equal to 10,706 thousand euros (12,055 thousand euros in the comparative period) is broken down as follows:

Other operating income
(Thousands of euros)

	2019	2018
Grants and subsidies	76	257
Gains on disposals	12	39
Re-absorption of provisions:		
- Provisions for overdue interest	0	20
Expense recoveries	6,850	6,729
Damages and compensation from third parties	212	1,065
Other income	3,556	3,945
Total other operating income	**10,706**	**12,055**

The decrease, totaling 1,349 thousand euros, is primarily due to the reduction of the compensation from third parties of 853 thousand euros due to the effect of lower insurance reimbursements compared to the comparative year.

6.2 Consumption of raw materials and consumables

The item Consumption of raw materials and consumables is equal to 19,848 thousand euros (29,380 thousand euros in 2018). The details are reported in the table below.

Consumption of raw materials and consumables
(Thousands of euros)

	2019	2018
Fuel and lubricants	1,041	1,419
Electricity, gas and water	14,163	23,203
Consumables, spare parts and various materials	4,644	4,758
Total consumption of raw materials and consumables	**19,848**	**29,380**

The decrease of 9,532 thousand euros compared with the previous year is mainly due to the decrease of 9,040 thousand euros in electricity, gas and water, consequently due to the classification under service costs of the costs incurred in the second half of 2019 to purchase electricity from Leonardo Energia.

This approach is consequent to the new regulatory structure in force since July 1, 2019, according to which Leonardo Energia has become a production unit, within the SSPC (Simplified System for Production and Consumption), with the aim of satisfying only consumption strictly related to ADR's needs, since all other third-party consumption units connected to the private network managed by ADR are directly supplied by the sellers operating in the electricity market.

6.3 Service costs

Service costs equal 425,054 thousand euros (361,295 thousand euros in 2018). The details are reported in the table beside.

The increase in service costs amounting to 63,759 thousand euros is essentially attributable to the increase in construction service costs (+62,930 thousand euros), as well as to the greater costs for maintenance, external services related to the classification of the costs for the electricity service mentioned in Note 6.2 and to the commercial support expenses (classified under Other costs).

This performance was partly offset by the decrease in the costs for renovation of airport infrastructure (-10,195 thousand euros).

Service costs
(Thousands of euros)

	2019	2018
Costs for maintenance	43,103	43,415
Costs for renovation of airport infrastructure	47,219	57,414
External service costs	93,523	84,857
Costs for construction services	164,002	101,072
Cleaning and disinfestations	27,252	28,014
Professional services	9,121	8.158
Firefighting services	7,637	7,813
Other costs	31,814	29,409
Remuneration of Directors and Statutory Auditors	1,383	1,143
Total service costs	425,054	361,295

6.4 Payroll costs

Payroll costs equal 94,229 thousand euros and is increasing compared to the comparative year (93,046 thousand euros). The details are reported in the table below.

Payroll costs
(Thousands of euros)

	2019	2018
Salaries and wages	67,479	69,078
Social security charges	18,846	18,876
Post-employment benefits	6,503	3,593
Other costs	1,401	1,499
Total payroll costs	94,229	93,046

The increase of 937 thousand euros in Payroll costs compared with 2018 is essentially due to the change in the fair value of stock incentive plans, as well as to changes in the average number of employees (+35.1 fte), partially offset by the effect of non-recurring items.

The table on the following page shows the average headcount of ADR (broken down by treatment).

Average headcount
(FTE)

	12.31.2019	12.31.2018	Change
Managers	43.6	47.5	(3.9)
Administrative staff	235.2	214.1	21.1
White-collar	799.8	799,6	0.2
Blue-collar	322.4	304.7	17.7
Total average headcount	1,401.0	1,365.9	35,1

6.5 Other operating costs

The other operating costs equal 58,769 thousand euros (47,930 thousand euros in 2018). The details are reported in the table below.

Other operating costs
(Thousands of euros)

	2019	2018
Concession fees	36,728	36,239
Expenses for leased assets	1,095	2.773
Allocation to (use of) the provisions for renovation of airport infrastructure	6,066	(2,432)
Allocation to (re-absorption of) allowances for risks and charges	1,226	1,348
Other costs:		
Allocations to provisions for doubtful accounts	4,625	1,068
Indirect taxes and levies	6,670	6,516
Other expenses	2,359	2,418
Total other operating costs	58,769	47,930

Concession fees, equal to 36,728 thousand euros, increased by 479 thousand euros compared to the year being compared due to both the increase in traffic and the inflationary dynamics and the increase in traffic.
The item Allocation to (use of) provisions for renovation of airport infrastructure includes the allocation to the provisions for renovation of airport infrastructure, recorded net of the uses against the costs incurred in the year, classified in the corresponding item of the income statement by nature.
Allocation to (re-absorption of) allowances for risks and charges amount to 1,226 thousand euros

(1,348 thousand euro in the comparative year) for the combined effect of allocations of 5,539 thousand euros and the re absorption of pre-existing funds of 4,313 thousand euros. For more details, see Note 5.14.

6.6 Financial income (expense)

The item Financial income (expense) equals -46,454 thousand euros (-41,532 thousand euros in 2018). The details are reported in the tables below.

Financial income
(Thousands of euros)

	2019	2018
Interest income		
Interest on bank deposits and loans	320	196
Interest from subsidiary undertakings	3	0
Income on derivatives		
Valuation of derivatives	12,744	281
Other income		
Interest on overdue current receivables	9	0
Interest from clients and others	12	11
Dividends from equity investments	17,783	14,489
Total financial income	**30,871**	**14,977**

The income from valuation of derivatives, equal to 12,744 thousand euros (281 thousand euros in the comparative year), increased as a consequence of 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.
This change is offset by a component of the same amount recorded under foreign exchange losses, which refers to the decrease in the par value of the bonds in Pound sterling.

Provisions for doubtful accounts, equal to 4,625 thousand euros reflect an updated assessment of the recoverability of ADR's trade receivables and record an increase of 3,557 thousand euros compared to 2018.

The Dividends from equity investments, attributed to the year when these are resolved according to international accounting standards, equaling 17,783 thousand euros, relate to:

- ADR Mobility S.r.l. for 7,700 thousand euros as per 2018 profit allocation;
- ADR Security S.r.l. for 1,700 thousand euros as per 2018 profit allocation;
- ADR Tel S.p.A. for 3,463 thousand euros as per 2018 profit allocation;

- Airport Cleaning S.r.l. for 1,400 thousand euros as per 2018 profit allocation;
- Azzurra Aeroporti S.p.A. for 3,520 thousand euros as per partial allocation of the share premium reserve with voting right approved by the General Meeting of January 29, 2019.

Financial expense

Financial expense
(Thousands of euros)

	2019	2018
Financial expense from discounting provisions for renovation of airport infrastructure	1,984	1,553
Financial interest expense		
Interest on outstanding bonds	34,513	34,286
Interest on medium/long-term loans	3,166	2,869
Interest paid to subsidiary undertakings	5	4
Effects of applying the amortized cost method	6,807	6,575
Other financial interest expenses	17	2
	44,508	43,736
Expenses on derivatives		
IRS differentials	9,688	9,970
Charges from valuation	14	2,168
	9,702	12,138
Other expenses		
Financial expense from discounting employee benefits	38	147
Devaluation of equity investments valued at cost	8,715	911
Other	23	0
	8.776	1,058
TOTAL FINANCIAL EXPENSE	64,970	58,485

The Financial expense from discounting provisions for renovation of airport infrastructure, equal to 1,984 thousand euros, includes the financial component for the discounting of the provision and rose by 431 thousand euros consequently to the update of the rate used.

Interest on outstanding bonds amounts to 34,513 thousand euros, with a slight increase of +227 thousand euros compared to 2018.
Interest on medium/long-term loans, amounting to 3,166 thousand euros, increased by 297 thousand euros compared to 2018, mainly due to the commitment fees and the requests of 2016 EIB

and CDP lines in the last quarter of the year.
The Charges from valuation of derivatives, equal to 14 thousand euros (2,168 thousand euros in the comparative year), decreased as a consequence of 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 (illustrated in Note 5.15).
The item Devaluation of investments valued at cost, equal to 8,715 thousand euros, includes the devaluation of the equity investment in Spea Engineering S.p.A for 7,624 thousand euros and in Pavimental S.p.A. for 1,091 thousand euros (911 thousand euros in the comparative year). For more details, see Note 5.3.

Foreign exchange gains (losses)

Foreign exchange gains (losses)
(Thousands of euros)

	2019	2018
Foreign exchange gains	2	1,990
Foreign exchange losses	(12,357)	(14)
Total foreign exchange gains (losses)	(12,355)	1,976

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

6.7 Income taxes

The income taxes equal 116,119 thousand euros (105,599 thousand euros in the year being compared). The item is analyzed in the table below.

Income taxes
(Thousands of euros)

	2019	2018
Current taxes		
IRES	86,486	64,546
IRAP	22,941	2,026
	109,427	85,572
Differences on current taxes of previous years		
Income taxes of previous years	720	(190)
	720	(190)
Deferred tax assets and liabilities		
Deferred tax assets	6,798	18,403
Deferred tax liabilities	(826)	1,814
	5,972	20,217
Total income taxes	116,119	105,599

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

Also underlined is the estimated tax burden for 2019, which takes account of the application of the IRES surcharge of 3.5% as of January 1, 2019 (Robin tax), which came into force towards the concessionaires of public services that led to a rise in current taxes (11,008 thousand euros) and deferred tax assets of 2,047 thousand euros.

Deferred tax assets and liabilities were determined on the basis of the tax rates that are expected to be applied when these differences will be reversed. For more details on the calculation of deferred tax assets, reference should be made to Note 5.5.

The incidence of the taxes for the year on the income (loss) before taxes equals 24.1% (18.4% in 2018). The analysis of the difference between the theoretical and the actual tax rate for IRES is reported below:

Difference between the theoretical and the actual tax rate for IRES
(Thousands of euros)

	2019		2018	
	Taxable amount	Tax	Taxable amount	Tax
Net income (loss) from continuing operations before taxes	359,312		350,763	
Theoretical rate		27.5%		24.0%
Theoretical IRES		98,811		84,183
Permanent differences	(2,375)	(653)	(793)	(190)
Temporary differences	(42,443)	(11,672)	(81,029)	(19,447)
Actual IRES		86,486		64,546
Effective rate		24.1%		18.4%

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

The "Issuer Substitution" transaction performed in 2016 actually cancelled the comprehensive security package established in 2003 to support the Romulus debt structure, for which only Class A4 remains to date, ceased. The only residual, though more limited, guarantee that remains in favor of this issue, is a "deed of assignment" under British law on any receivables of ADR related to cross currency swaps contracts 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, ADR constituted a pledge on the total investment of 7.77% in Azzurra Aeroporti S.p.A. (hereinafter "Azzurra") in favor of the lenders of the same Azzurra. This 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 investment grade rating. Worth mentioning is that the EIB and CDP contracts require the respect of a leverage ratio threshold 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 Group's reference data (which must exclude any equity investments in companies funded through non-recourse financial debt) in the Consolidated Annual Financial Report as of December 31 and the Consolidated Interim Financial Report as of June 30.

The closing data as of December 31, 2019 confirms, based on the simulations carried out, the respect of the financial ratios set in the agreements. The calculation of the financial ratios will be formalized after the approval of this 2019 Annual financial report.
Moreover, the loan agreements call for acceleration, termination and withdrawal conditions typical for loans of this type.

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

8. Other guarantees, commitments and risks

8.1 Guarantees

As of December 31, 2019, ADR has outstanding guarantees, issued as part of the loan agreements mentioned in Note 7. Sureties were not issued to clients and third parties (0 million euros as of December 31, 2018).

8.2 Commitments

The commitments on purchases of ADR amount to 187.8 million euros regarding investment activities.

8.3 Management of financial risks

Credit risk

As of December 31, 2019, ADR's maximum exposure to credit risk is equal to the carrying value of the financial assets shown in the financial statements, as well as the nominal value of the guarantees provided for third parties' debt or commitments.
The greatest exposure to credit risk is from the receivables arising from its transactions with customers. The risk of customers' default is managed by making provisions in a specific provision for doubtful accounts, whose balance is reviewed from time to time. ADR's policy in this respect involves the making of provisions for each commercial 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 and credit protection policies set out the procedure illustrated below for checking the investment in receivables:

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

Liquidity risk

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

As of December 31, 2019, ADR had a liquidity reserve estimated at 1,019.1 million euros, comprising:

- 489.1 million euros related to cash and cash equivalents;
- 530.0 million euros of unused credit facilities (for more details, see Note 5.15).

The tables below represent the payments that are contractually due in relation to the financial assets and liabilities, including interest payments.

Interest rate and exchange rate risk

ADR uses interest rate derivatives, with the objective to mitigate, at acceptable terms and conditions, the potential effects of changes in interest rates and exchange rates on its operating performance.
With resolutions of May 14, 2015 and the more recent resolution of July 11, 2018, the Board of Directors of ADR authorized, consistently with the policies adopted by its shareholder, the possibility of signing, by assessing the best market opportunities, “forward starting” interest rate swap transactions. With this type of instrument, which allows forward interest rates to be fixed for the dates envisaged for undertaking new debt, ADR can significantly reduce and almost eliminate the risk of rising interest rates before new financial arrangements are signed.

As of December 31, 2019 ADR has:

- cross-currency swap derivatives, originally signed in 2003 and transferred to new counterparties in 2010, to cover the A4 bonds in Pound sterling; Class A4, equal to a par value of 215 million Pound sterling and included in the series of bond issues originally issued by Romulus Fi-

Contractually due payments in relation to the financial assets and liabilities
(Thousands of euros)

					12.31.2019
	Total contractual flows	**Within the year**	**From 1 to 2 years**	**From 2 to 5 years**	**More than 5 years**
Bonds	(1,286,287)	(34,875)	(433,917)	(293,120)	(524,375)
Medium/long-term loans	(339,621)	(115,421)	(15,075)	(60,171)	(148,954)
Derivatives with positive fair value	0	0	0	0	0
Derivatives with negative fair value	(166,054)	(8,048)	(12,900)	(104,750)	(40,356)
Total	(1,791,962)	(158,344)	(461,892)	(458,041)	(713,685)

					12.31.2018
	Total contractual flows	**Within the year**	**From 1 to 2 years**	**From 2 to 5 years**	**More than 5 years**
Bonds	(1,306,006)	(34,202)	(34,239)	(705,065)	(532,500)
Medium/long-term loans	(266,328)	(2,307)	(114,824)	(42,817)	(106,380)
Derivatives with positive fair value	2,342	0	(227)	(5,674)	8,243
Derivatives with negative fair value	(127,158)	(8,013)	(8,140)	(107,692)	(3,313)
Total	(1,697,150)	(44,522)	(157,430)	(861,248)	(633,950)

nance, was actually hedged, for the entire duration (until expiration in 2023) by two euro/sterling cross-currency swaps. The characteristics of this derivative instrument are described in Note 5.15;
- four forward-starting interest rate swap contracts signed on October 18, 2016 and September 18, 2017 for a total notional value of 400 million euros, effective starting from February 2020 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 5.4 and Note 5.15;
- three other forward-starting interest rate swaps signed on August 7, 2018 for a total notional value of 300 million euros, effective starting from February 2022 for a duration of 10 years. The characteristics of these derivative instruments are described in Note 5.4 and Note 5.15.

ADR does not have any other transaction in foreign currency in place.

Sensitivity analysis

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 2019 (2018 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.

Sensitivity analysis
(Thousands of euros)

	Fair value measurement			
Rate risk **Exposure and sensitivity analysis**	**12.31.2019**	**12.31.2018**	**12.31.2019**	**12.31.2018** **Shock Up +10 bps IR**
Non derivative financial liabilities (cash flow sensitivity)	(1,523,208)	(1,397,803)	0	0
Derivative instruments with positive fair value treated in hedge accounting	0	2,342	0	2,807
Derivative instruments with negative fair value treated in hedge accounting	(175,370)	(139,330)	7,631	4,258
Derivative instruments not treated in hedge accounting	0	0	0	0
Total	(1,698,578)	(1,534,791)	7,631	7,065

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 GBP/EUR exchange rate of +/- 10%.

The effects highlighted in the table in particular report the change, compared to the base scenario, in the hypotheses of Shock up and Shock down in the different market data.

In addition to the information shown in the table above, with reference to the sensitivity analysis carried out on the Cross Currency Swap, a 10% change upwards or downwards in the exchange rate that would impact the foreign currency flows exchanged at the payment dates would lead to a reduction of the amounts to classify in the cash flow hedge reserve of 1.9 million euros in the case of shock down and an increase of 5.4 million euros in the case of shock up.

Interest rate risk		Exchange rate risk			
12.31.2019	12.31.2018 Shock Down -10 bps IR	12.31.2019	12.31.2018 Shock Up +10% FX	12.31.2019	12.31.2018 Shock Down -10% FX
0	0	(25,270)	(24,035)	25,270	24,035
0	(2,844)	0	0	0	0
(7,726)	(4,320)	25,270	24,035	(25,270)	(24,035)
0	0	0	0	0	0
(7,726)	(7,164)	0	0	0	0

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).

The only financial instruments of ADR valued at fair value are the derivative instruments described in Note 5.4 and Note 5.15.

These derivative instruments are included in "level 2" of the "fair value hierarchy" defined by IFRS 7, with the fair value measured based on valuation techniques that use parameters that can be observed in the market, other than the price of the financial instrument.

During 2019 no transfer took place between the various fair value hierarchy levels.
With reference to the financial liabilities, where the indication of the fair value is given for those in Note 5.15, this fair value is also included in level 2 of the "fair value hierarchy" defined by IFRS 7.

Fair value measurements
(Thousands of euros)

				12.31.2019
	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	0	0	0	0
Derivatives with negative fair value	0	175,370	0	175,370
Total hedging derivatives	0	175,370	0	175,370

8.5 Litigation

As regards litigation as a whole, ADR carried out a valuation of the risk of negative outcomes leading to the creation, prudentially, of a specific allowance under "Allowances for risks and charges" to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made.

No specific allocations were made for disputes for which a negative outcome was merely possible, given the different legal interpretations. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

For a description of the significant disputes involving ADR, reference is made to the consolidated financial statements.

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

9. Transactions with related parties

The transactions of ADR with related parties are performed in the interest of the Company and are part of the ordinary management. Such transactions are regulated on a basis that is equivalent to those prevailing in transactions between independent parties.

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

Trade transactions and other transactions

Trade transactions and other transactions
(Thousands of euros)

	12.31.2019		2019	
Parent companies	**Assets**	**Liabilities**	**Income/ revenue**	**Costs/ charges**
Atlantia S.p.A.	7,523	20,275	237	(1.371)
Total relations with parent companies	7,523	20,275	237	(1.371)
Subsidiary undertakings				
ADR Assistance S.r.l.	356	3,571	1,768	(22,643)
ADR Tel S.p.A.	110	7,339	1,207	(22,754)
ADR Mobility S.r.l.	2,635	484	23,013	(1,949)
ADR Security S.r.l.	613	8,151	2,730	(46,795)
Airport Cleaning S.r.l.	1,044	4,413	2,940	(26,080)
Total relations with subsidiary undertakings	4,758	23,958	31,658	(120,221)
Associated undertakings				
Ligabue Gate Gourmet Roma S.p.A. in fallimento	482	968	0	0
Pavimental S.p.A.	619	52,454	74	(111,066)
Spea Engineering S.p.A.	61	24,198	636	(20,625)
Total relations with associated undertakings	1,162	77,620	710	(131,691)
Related parties				
Edizione S.r.l.	0	25	0	(25)
Leonardo Energia S.c.ar.l.	11	2,888	153	(19,225)
Fiumicino Energia S.r.l.	35	0	176	0
Infoblu S.p.A.	0	29	0	(29)
Autostrade per l'Italia S.p.A.	679	772	342	(1,072)
Autogrill Italia S.p.A	875	593	12,425	(713)
Autostrade Tech S.p.A.	0	223	0	(207)
Consorzio Autostrade Italiane Energia	0	20	0	(28)
Retail Italia Network S.r.l.	45	0	609	0
Telepass S.p.A.	69	0	225	0
Essediesse S.p.A.	99	0	99	0
K-Master	0	0	8	0
Telepass PAY	27	0	165	0
Maccarese S.p.A. Società Agricola	0	0	0	(26)
Key Management Personnel	0	4,417	0	(3,992)
Total relations with related parties	1,840	8,967	14,202	(25,317)
TOTAL	15,283	130,820	46,807	(278,600)

12.31.2018		2018	
Assets	Liabilities	Income/ revenue	Costs/ charges
7,482	18.423	293	(1.648)
7,482	18.423	293	(1.648)
706	3.305	1.860	(21.221)
545	8.699	1.162	(30.042)
3,178	166	22.407	(1.662)
701	9.636	2.472	(47.927)
1,166	4.393	3.163	(26.708)
6,296	26.199	31.064	(127.560)
482	968	0	0
1,194	26,148	568	(55,586)
18	22,373	564	(17,735)
1,694	49,489	1,132	(73,321)
0	0	0	(25)
61	3,562	158	(19,713)
55	0	172	0
0	26	0	(39)
398	463	120	(761)
1,681	1,098	12,663	(649)
0	16	0	0
0	0	0	(16)
63	0	604	0
58	0	58	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	2,113	0	(3,221)
2,316	7,278	13,775	(24,424)
17,788	101,389	46.264	(226.953)

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

Transactions carried out by ADR with subsidiary undertakings during 2019 refer primarily to the supply of goods and the provision of trade services.

The revenues of ADR Assistance, generated essentially from relations with ADR, refer to the provision of assistance services to passengers with reduced mobility; ADR charged the company royalties, utilities, administrative services, etc.
ADR Tel posted revenues from telephony and IT services provided to ADR and carried out upgrading works on the telephone network; ADR's charges to the company refer to royalties and rentals on the lease of telecommunications assets and premises, and for utilities and staff services.
ADR's revenues from ADR Mobility mainly relate to the royalties on the areas and buildings used as car parks as well as utilities, administrative and general services, etc.

ADR Security's revenues from ADR concern airport security services and on demand services at Fiumicino and Ciampino airports; ADR charged the company royalties, utilities, administrative and general services, etc.
Airport Cleaning posted revenues from cleaning services provided to ADR; ADR charged the company royalties, utilities, administrative and general services, etc.

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

- Pavimental S.p.A.: a company owned by Atlantia, it carries out maintenance and modernization work of the airport paving for ADR;
- Spea Engineering S.p.A.: a company owned by Atlantia, carries out airport engineering services (work design and management) for ADR;
- Fiumicino Energia S.r.l.: a subsidiary undertaking of Atlantia that manages the gas-fired co-generation plant at Fiumicino airport for the production of electricity. Via a business unit lease contract, operation of the co-generation plant was entrusted to Leonardo Energia - Società consortile a r.l., which is owned by ADR and Fiumicino Energia S.r.l., with respective shareholdings of 10% and 90%. Based on the agreements existing between ADR and Fiumicino Energia in 2023 the co-generation plant will be transferred free of charge to ADR. The limited liability consortium, which also operates the thermal energy plant at Fiumicino, under a sub-concession from ADR, provides electric and thermal energy to ADR;
- Autostrade per l'Italia (a subsidiary undertaking of Atlantia): the relations with the company mainly refer to seconded personnel;
- Autogrill Italia S.p.A. (company to which, effective January 1, 2018, Autogrill S.p.A. transferred all of its assets relative to Italian points of sale; the company is an indirect subsidiary undertaking of Edizione

S.r.l. which, indirectly, holds a majority interest in Atlantia): ADR posted revenues from the sub-concession of spaces, royalties, utilities, car parks and sundry services; the company provided ADR with the canteen replacement service.

The remuneration due to the parties in charge of planning, managing and controlling the company and thus the executive directors and not and the managers with strategic responsibilities (so-called key management personnel) in office at December 31 amount to 4,776 thousand euros (of which 3,992 thousand euros classified in the table above under item Key Management Personnel and the residual amount of 784 thousand euros under service costs towards other related parties) and include the amount pertaining to fees, remuneration employee payments, non-monetary benefits, bonuses and other incentives for roles in ADR (the remuneration for directors who covered the position for the year, or even a part of the year, is indicated).

Financial relations

Financial relations
(Thousands of euros)

	12.31.2019		2019	
Parent companies	**Assets**	**Liabilities**	**Income**	**Expense**
Atlantia S.p.A.	0	253,157	0	(13,429)
Total relations with parent companies	0	253,157	0	(13,429)
Subsidiary undertakings				
ADR Assistance S.r.l.	0	1,473	0	0
ADR Tel S.p.A.	0	5,871	3,463	(13)
ADR Mobility S.r.l.	0	5,743	1,704	(1)
ADR Security S.r.l.	0	7,801	7,700	(1)
Airport Cleaning S.r.l..	0	3,341	1,400	(1)
Total relations with subsidiary undertakings	0	24,229	14,267	(16)
Related companies				
Spea Engineering S.p.A.	1,350	0	0	0
Azzurra Aeroporti S.p.A	0	0	3,520	0
Total relations with related parties	1,350	0	3,520	0
TOTAL	1,350	277,386	17,787	(13,445)

Financial relations with the subsidiary undertakings ADR Tel, ADR Assistance, ADR Security and ADR Mobility and Airport Cleaning regard mainly 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 14,263 thousand euros.

The financial assets from Spea Engineering S.p.A. comprise the receivable for the dividends resolved by the company in the year and not paid.

The financial income from Azzurra Aeroporti S.p.A. comprises the dividends approved and paid by the company to ADR in the year.

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

12.31.2018		2018	
Assets	Liabilities	Income	Expense
0	240,781	0	(13,160)
0	240,781	0	(13,160)
0	1,994	0	(1)
0	6,354	3,366	(1)
0	5,971	1,400	(1)
0	8,254	5,000	(1)
0	3,542	1,500	(1)
0	26,115	11,266	(5)
1,350	0	1,350	0
0	0	1.,873	0
1,350	0	3,223	0
1,350	266,896	14,489	(13,165)

10. Other information

10.1 Information on share-based remuneration plans

With the aim of creating an incentive and loyalty system dedicated to directors and employees of the Atlantia Group covering positions entailing a higher level of responsibility in Atlantia or Group companies and to promote and spread the culture of creating value in all the strategic and operating decisions, as well as encourage the enhancement of the Group's value, in addition to the managerial efficiency of management, Atlantia Group has incentive plans in place that imply the commitment of assigning rights on Atlantia shares, subject to achieving pre-set corporate goals. As part of the integration project between Atlantia and Gemina, the Shareholders' Meeting of

Information on share-based remuneration plans

	No. of rights assigned	No. of rights revoked	No. of rights for transfers	No. of rights opted for	No. of rights as of 12.31.2019	Vesting expiry
2011 stock option plans of Atlantia extended to ADR	516,905	(99,339)	0	(417,566)	0	11.08.2016
2014 phantom stock option plans of Atlantia extended to ADR	766,032	(437,115)	(73,301)	(255,616)	0	05.09.2017
2014 phantom stock option plans of Atlantia extended to ADR	758,751	(256,467)	(62,742)	(261,411)	178,131	05.08.2018
2014 phantom stock option plans of Atlantia extended to ADR	611,682	(45,137)	(21,202)	(132,392)	412,951	06.10.2019
2017 phantom stock option plans I cycle	428,074	(48,725)	(17,649)	0	361,700	07.01.2020
2017 phantom stock option plans II cycle	364,701	(33,750)	(31,748)	0	299,203	06.15.2021
2017 phantom stock option plans III cycle	470,806	(42,792)	(9,242)	0	418,772	06.15.2022
2017 phantom stock grant plans I cycle	42,619	(4,851)	(1,757)	0	36,011	07.01.2020
2017 phantom stock grant plans II cycle	40,330	(3,733)	(3,512)	0	33,085	06.15.2021
2017 phantom stock grant plans III cycle	48,221	(4,383)	(947)	0	42,891	06.15.2022

Atlantia on April 30, 2013 approved the extension of the incentive plans to include personnel or directors of ADR, in order to make the long-term incentive systems of the entire Atlantia Group resulting from the merger more coherent.

The table below shows the chief elements of the incentive plans as of December 31, 2019, highlighting the rights attributed to directors and employees of ADR.

In addition, the unitary fair values of the assigned rights are shown, determined by a specifically appointed expert, using the Monte Carlo model and the parameters shown below.

Deadline year/allocation	Exercise price (euro)	Unit fair value on the assign. date	Rev. unit fair value as of 12.31.2019	Expected expiry on the assign. date (years)	Tisk-free interest rate at the assignment date	Exp. volatility (=historical) on the assign. date	Dividends expected on the assign. date
11.09.2019	16.02	2.65	0	6	0.86%	29.5%	5.62%
05.09.2020	n.a.	2.88	6.01	3-6	1.10%	28.9%	5.47%
05.08.2021	n.a.	2.59	1.83	3-6	1.01%	25.8%	5.32%
06.10.2022	n.a.	1.89	2.03	3-6	0.61%	25.3%	4.94%
07.01.2023	n.a.	2.37	2.54	3.13-6.13	1.31%	25.6%	4.40%
07.01.2024	n.a.	2.91	2.35	5.9	2.35%	21.9%	4.12%
07.01.2025	n.a.	2.98	2.41	6.06	1.72%	24.3%	4.10%
07.01.2023	n.a.	23.18	23.14	3.13-6.13	1.31%	25.6%	4.40%
07.01.2024	n.a.	24.5	21.60	5.9	2.35%	21.9%	4.12%
07.01.2025	n.a.	22.57	20.54	6.06	1.72%	24.3%	4.10%

10.2 Remuneration of independent auditors

In accordance with art. 149-*duodecies* of the Issuers' Regulations, which apply to ADR as it is a company controlled by a listed company (Atlantia S.p.A.), a breakdown of the fees paid to the ADR Group's principal independent auditors is shown in the table below (in thousands of euros):

Remuneration of independent auditors
(Thousands of euros)

Type of service	Service provider	Recipient	Remuneration 2019
Auditing	EY S.p.A.	ADR	290
Certification services	EY S.p.A.	ADR	45
Other services (*)	EY S.p.A.	ADR	93
Total			428

(*) Comfort letter for the annual update of the Bond Issue Program, audit of tax returns for tax receivables and subscription of Income Tax Return and 770 forms.

10.3 Disclosure of public grants pursuant to article 125 of Law no. 124/2017

With reference to the transparency obligations required under article 125 of Law no. 124/2017, no public grants were collected by the Company in 2019.

10.4 Events and non-recurring, atypical and/or unusual transactions

During the year 2019, no non-recurring, atypical or unusual transactions were performed with third parties or related parties. No significant non-recurrent events occurred in the year under review.

11. Subsequent events

For a description of the Subsequent events after the end of the year reference is made to the Consolidated financial statements.

The Board of Directors

ADR

REPORT OF THE INDEPENDENT AUDITORS

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aeroporti di Roma S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

As required by the law, the explanatory notes includes the condensed financial information of the entity that exercises management and coordination over the Company. Such financial information has not been audited by us.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
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Capitale Sociale Euro 2.525.000,00 i.v.
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We identified the following key audit matter:

Key Audit Matter	Audit Response
Valuation of the Provision for renovation of airport infrastructure The provision for renovation of airport infrastructure as of December 31, 2019 amounts to 184 Euro millions and includes accruals for non-recurring maintenance expenses, as well as estimated future costs for restoration and replacement of assets under concession that the Company plans to incur in accordance with the current concession agreements. The amount of the provision recognized in the financial statements represents the Director's best estimate of the nature, timing and amount of the maintenance costs, including the relevant financial component applied to account for the timing of such maintenance services. Considering the judgment required by Management in order to evaluate the nature, timing and the amount of such maintenance services, we believe that the valuation of the provision for renovation of airport infrastructure represents a key audit matter. The disclosures related to the accounting principles adopted for the provision for renovation of airport infrastructure are included in Note 3 "Accounting standards applied" of the Financial Statement, that expressly refers to Note 4 "Accounting standards applied" of the Consolidated Financial Statement and in Note 5.13 "Provisions for renovation of airport infrastructure" of the Financial Statements.	The audit procedures performed in response to this Key Audit Matter included, among others: • analysis of the concession agreement that gives rise to the obligation; • assessment of the process and key internal controls implemented by the Company surrounding the valuation process of the provision for renovation of airport infrastructure; • test of details on a sample of provision utilizations accounted for during the fiscal year; • analytical procedures on changes in the provision compared to the preceding fiscal year; • analysis of the consistency of the assumptions used in estimating the provision for renovation of airport infrastructure against the Investment Plan approved by the Directors; • testing of the discount rate assumed and the mathematical accuracy of the provision calculation. Lastly, we reviewed the adequacy of the disclosures provided in the Notes to the Financial Statements related to the Key Audit Matter.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Aeroporti di Roma S.p.A., in the general meeting held on 9 April 2013, engaged us to perform the audits of the financial statements for each of the years ending 31 December 2013 to 31 December 2021.

We declare that we have not provided prohibited non-audit services, referred to in article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Aeroporti di Roma S.p.A. are responsible for the preparation of the Management Report on Operations and of the specific section on Corporate Governance and Ownership Structure of Aeroporti di Roma S.p.A. as at 31 December 2019, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Management Report on Operations and of the specific information included in the section on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Aeroporti di Roma S.p.A. as at 31 December 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above-mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Aeroporti di Roma S.p.A. as at 31 December 2019 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

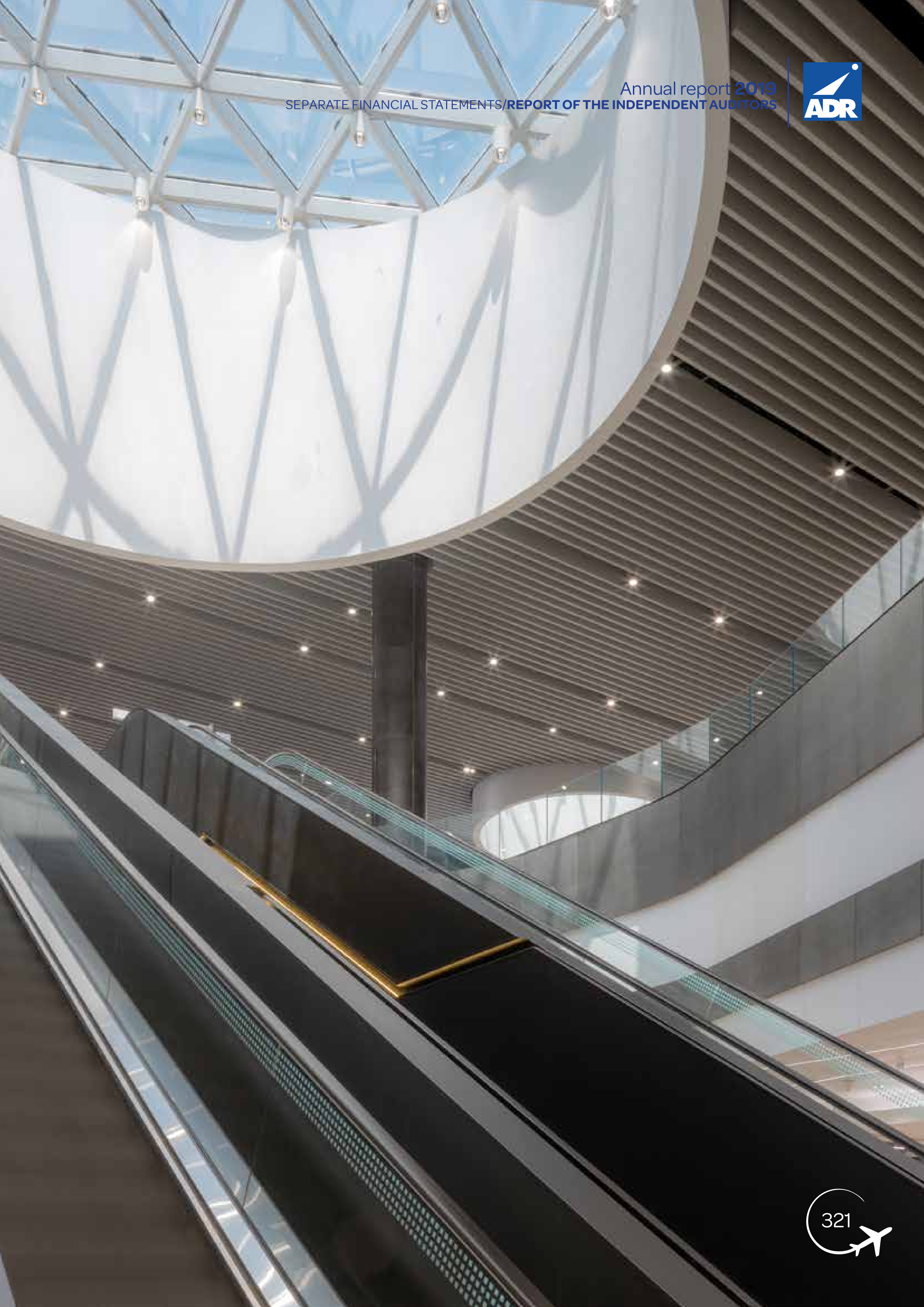
Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

As described on the Management Report on Operations the Directors of Aeroporti di Roma S.p.A. they availed themselves of the exemption to prepare the non-financial information pursuant to article 6, paragraph 1, of Italian Legislative Decree n. 254.

Rome, 20 March 2020

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 Shareholders' Meeting of Aeroporti di Roma S.p.A. pursuant to article no. 2429 of the Italian Civil Code

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

During the year ended December 31, 2019 our activity was inspired by the legal provisions and the regulations for statutory auditors issued by the Italian Accounting Profession.

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, 2019, which were approved by the Board of Directors on March 4, 2020 (the documentation was subsequently supplemented by the Board of Directors on March 19, 2020) and made available to us according to art. 2429 of the Italian Civil Code, with regard to which we report the following points.

Aeroporti di Roma S.p.A. is a company subject to management and coordination by Atlantia S.p.A., which owns 99.384% of the share capital.
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.

The Financial Statements for the year ended December 31, 2019 consisting of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of changes in Shareholders' Equity, Statement of Cash Flows, Explanatory Notes and the Management Report on Operations, show a profit for the year of 243,192,938.36 euros and summarize the following figures:

Statement of financial position
(euro)

Assets	12.31.2019
Non-current assets	2,656,972,530
Current assets	822,637,538
Total assets	**3,479,610,068**

Shareholders' equity and liabilities	12.31.2019
Shareholders' equity	1,174,343,194
of which share capital	62,224,743
Non-current liabilities	1,630,073,020
Current liabilities	675,193,854
Total shareholders' equity and liabilities	**3,479,610,068**

Income statement
(euro)

	2019
Revenues	1,109,272,570
Costs	(703,505,856)
Operating income	**405,766,714**
Financial income (expense)	(46,454,488)
Income (loss) before taxes	**359,312,226**
Income taxes	(116,119,288)
Net income for the year	**243,192,938**

The Board of Statutory Auditors has checked compliance with the legal provisions relating to the preparation of the financial statements and has no observations to report in this regard, having – through information provided by the Directors, the heads of corporate functions and the Independent Auditors – found that:

- the accounting statements and the valuation criteria adopted comply with the legal provisions and are adequate in relation to the activity performed by the Company;
- in drawing up the draft financial statements, the Directors have complied with the principles set out in articles 2423 and 2423-*bis* of the Italian Civil Code, without applying the derogation set forth in the fourth paragraph of the aforementioned art. 2423;
- pursuant to art. 2426, first paragraph, no. 5 and no. 6 of the Italian Civil Code, the Board of Statutory Auditors specifies that no multi-year costs (start-up, expansion, research and development, advertising) for which the Board of Statutory Auditors must express its consent are recorded under assets in the balance sheet;
- the draft financial statements, as prepared, correspond and are consistent with the facts and information the Board of Statutory Auditors is aware of as a result of participation in the meetings of corporate bodies and the supervisory activities carried out during the year;
- the accounting standards and valuation criteria are set out in the Explanatory Notes.

As explained in greater detail in the management report on operations, the Directors have prepared the financial statements on a going concern basis.
In this regard, we report that the notes to the financial statements and the management report on operations illustrate in detail the risk linked to the evolution of the economic situation. In particular it was highlighted that the first few months of 2020 were characterized by a series of events, some of which were unpredictable, whose impact on operations and results for the year is difficult to quantify at the moment.

First of all, the effects of the health emergency related to the spread of the COVID-19 virus and the effects it is contingently determining not only on traffic to/from China but more generally on the propensity of the world population to travel. The phenomenon is still evolving and for as long as it is not possible to define its scope more precisely, even in temporal terms, it will be difficult to provide precise indications on the economic impacts.

Also the uncertainties regarding the possibility of soon considering a positive solution for the future of the main national carrier represents an element of risk that cannot be quantified at present for the possible effects on the business in the short to medium term.

All of these are elements that in any case imply a possible reconsideration of the results for 2020 and, more generally, of the possibility for the Group to confirm the positive development achieved in recent years also for 2020. However, it is concluded that the Group's capital strength and financial resources do not currently pose risks or uncertainties that could compromise its ability to meet its upcoming financial and investment commitments.

On January 3, Moody's cut the rating to Baa3 (from Baa2), placing the rating "under review for downgrade." On January 8 Fitch lowered the rating to BBB- (from BBB+) with "negative" Rating Watch. On January 15, Standard & Poor's lowered the rating to BB+ (da BBB), also choosing the "negative" Credit Watch.

In consideration of the events that have occurred, the Board of Directors proposes to the Shareholders' Meeting to carry forward the profit for the year.

The Board also examined the draft Consolidated financial statements for the year ended December 31, 2019 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.
The Explanatory Notes analytically state the criteria and areas of consolidation and there are no differences with respect to the previous year.

The scope of consolidation includes the following companies: ADR Tel S.p.A., ADR Assistance S.r.l., ADR Mobility S.r.l., ADR Security S.r.l., Airport Cleaning S.r.l., ADR Sviluppo S.r.l. The consolidation procedure adopted follows the line-by-line method. Equity investments in associated undertakings Pavimental S.p.A. and Spea Engineering S.p.A. are measured using the equity method.
In this respect, we report that on March 20, 2020 EY S.p.A, issued the reports pursuant to art. 14 of Italian Legislative Decree no. 39/2010 and art. 10 of Regulation (EU) no. 537/2014, and the additional report pursuant to art. 11 of Regulation (EU) no. 537/2014.

These state that the consolidated financial statements and the separate financial statements give a true and fair view of the financial position of the Company as of December 31, 2019, of the results of operation and of the cash flows of Aeroporti di Roma S.p.A. for the year ended on this date, in compliance with the International Financial Reporting Standards adopted by the European Union and with the measures issued to implement art. 9 of Italian Legislative Decree no. 38 of February 28, 2005. With reference to these reports, the Board of Statutory Auditors states that EY highlighted the elements underlying the audit opinion, the key aspects of the audit and the procedures implemented as audit response; it also declared that no services were provided other that than the audit, which are forbidden pursuant to art. 5, par. 1 of Regulation (EU) no. 537/2014, and that the independence requirement was satisfied in conducting the audit.

As we are not responsible for the statutory audit of the financial statements, we verified their general layout, their overall compliance with the laws relating to form and content and have no particular observations to make in this regard.

We verified the compliance with the legal provisions regarding the preparation of the management report on operations and acknowledged that the Independent Auditors carried out the procedures specified in the audit standard (ISA Italia) no. 720 B and expressed an opinion on the consistency of the management report on operations and the specific section on corporate governance, under par. 2, letter b) of art. 123-*bis* of Italian Legislative Decree no. 58 of February 24, 1998, with the consolidated financial statements and the separate financial statements of Aeroporti di Roma for the year ended December 31, 2019, and their conformity with the legal provisions.

The Independent Auditors also declared they have nothing to report with reference to the statement under art. 14, par. 2, letter e) of Italian Legislative Decree no. 39 of January 27, 2010, issued on the basis of the knowledge and understanding of the company and the relevant context, as acquired during the auditing activity. It also stated that, as described in the management report on operations, the directors of the Aeroporti di Roma Group benefitted from the exemption from drawing up the non-financial statement pursuant to art. 6, par. 1 of Italian Legislative Decree no. 254 of December 30, 2016.

It is then highlighted that:

- art. 1, par. 716 of Italian Law no. 160 of December 27, 2019 sets an IRES rate increased by 3.5 percentage points on income deriving from airport management activities during tax periods 2019, 2020 and 2021;
- on January 13, 2016 the IASB published the definitive version of the new accounting standard regarding the accounting of lease transactions, which replaces IAS 17, IFRIC 4, SIC 15 and SIC 27, to be adopted starting from January 1, 2019. The new standard intervenes on the lessee by conforming the accounting treatment of operating and financial leasing. IFRS 16 requires the lessee to record the assets from a lease contract in the statement of financial position, to recognize and classify as rights of use (or under the same item that the corresponding underlying asset would have been recorded if it were owned) regardless of the nature of the leased assets, to be subject to amortization based on the duration of the rights; at the time of the initial measurement, the lessee recognizes the liability deriving from the contract, for an amount equal to the current value of the minimum mandatory lease payments.
- during the year, the ADR Group carried out a valuation of the risk of negative outcomes leading to the creation, prudentially, of a specific provision under Allowances for risks and charges to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. No specific allocations were made for disputes for which a negative outcome was merely possible, given the different legal interpretations. Furthermore, there are a limited number of civil proceedings underway for which no provisions were made, as the impact of any negative outcome for the ADR Group, while negligible, could not be measured.

Supervisory Activity

We verified compliance with the law, the articles of association and the principles of good governance.

During 2019 the Board of Statutory Auditors met 8 times, we took part in 1 Shareholders' meetings and 9 meetings of the Board of Directors, in relation to which, based on the information available, we did not find any violation of the law and the articles of association, nor transactions that were manifestly imprudent, risky or such to compromise the value of the Company's assets. The Board of Statutory Auditors is aware that any conflict of interest was declared pursuant to the law.

We acquired information from the Directors and the Governing Bodies as regards the general operating performance and the business outlook as well as on the most significant transactions in terms of size or characteristics, carried out by

the Company and, based on the information acquired, we have no special remark to make.
We met with the auditor in charge of the statutory auditing, and no relevant information or data emerged that must be highlighted in this report.
We met with the Internal Audit structure, and no relevant information or data emerged that must be highlighted in this report.

We met with the Supervisory Body, and no issues emerged as regards the correct implementation of the Organizational and Management Model that must be highlighted in this report.
We met the Board of Statutory Auditors of the Parent Company and exchanged information with the control bodies of the subsidiary undertakings of ADR: these exchanges did not reveal any facts or circumstances that deserve your attention.
We gathered information on and supervised, within our competence, the adequacy and operation of the organizational structure of the Company, also through the acquisition of information from the heads of the departments, and have no remark to report on this point.

We gathered information on and supervised, within our competence, the adequacy and operation of the administration-accounting system as well as its reliability to fairly represent the operations; this was done by obtaining information from the heads of the departments and the auditor in charge of the statutory auditing, and examining the corporate documentation, and have no special remark to make on this point.
No reports were made pursuant to art. 2408 of the Italian Civil Code.

On February 13, 2019 a favorable opinion was expressed on a request for fees made by the independent auditors (on February 4, 2019) regarding the Atlantia Group's participation in certain tender procedures for the acquisition of airport concessions in India. On June 13/19, 2019 a favorable opinion was expressed, pursuant to art. 2389, paragraphs 1 and 3, of the Italian Civil Code, regarding the proposal to determine the remuneration of the ADR Chairman and the Managing Director of ADR.

On 13/19 June, 2019 a favorable opinion was expressed in relation to the "framework resolution for the issuance of bonds under the EMTN 2013 Program."

On October 9, 2019 the "Proposal to carry out a limited review of the accounting statements, comprising the equity, financial and economic position and of the Directors' report of ADR as of June 30, 2019" was approved.

During the supervisory activity, as described above, no significant events emerged that are such to require mention in this report.

Conclusions

Dear Shareholders,
also considering the outcome of the activity performed by the auditor in charge of statutory auditing contained in the audit report of the Financial Statements, the Board of Statutory Auditors proposes to the Meeting to approve the Financial statements ended December 31, 2019 as drawn up by the Directors. The Board acknowledges the proposal to carry forward the profit for the year, amounting to 243,192,938.36 euros, in line with a prudential assessment of the development of operations.

For the Board of Statutory Auditors,
Mr Giuseppe Cosimo Tolone – Chairman

Mr Alessandro Bonura
Mr Pasquale De Falco
Mr Maurizio De Filippo
Mr Pier Vittorio Vietti

Rome, March 20, 2020

ADR

ANNEXES

Annex 1 - Key data from the Financial statements of Atlantia S.p.A. for the year ended December 31, 2018

From August 2, 2007, ADR qualifies as a company "managed and coordinated" by Gemina. As a result of the merger by incorporation of Gemina into Atlantia, with effect from December 1, 2013, ADR is subject to "management and co-ordination" by Atlantia.
Key data from the Financial statements of Atlantia as of December 31, 2018, the latest available financial statements, are shown in the table below:

Financial statements of Atlantia S.p.A. for the year ended December 31, 2018

Balance sheet
(Thousands of euros)

	12.31.2018
Assets	
Non-current assets	16,714,584
Current assets	432,788
Total assets	**17,147,372**
Shareholders' equity and liabilities	
Shareholders' equity	11,202,726
of which share capital	825,784
Non-current liabilities	5,045,307
Current liabilities	899,339
Total shareholders' equity and liabilities	**17,147,372**

Income statement
(Thousands of euros)

	2018
Operating income	3.219
Operating costs	(100,736)
Operating income	**(97,517)**
Income (loss) for the year	**694,721**

Annex 2 - Financial and operational highlights of subsidiary and associated

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 2019 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)

	12.31.2019	12.31.2018
Intangible fixed assets	12	116
Tangible fixed assets	1,743	1,367
A. - Fixed assets	1,755	1,483
Trade receivables	3,576	3,310
Other activities	715	645
Trade payables	(815)	(1,197)
Allowances for risks and charges	(89)	(79)
Other liabilities	(2,983)	(3,153)
B. - Working capital	404	(474)
C. - Invested capital, minus short-term liabilities (A+B)	2,159	1,009
D. - Employee severance indemnities	25	57
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	2,134	952
financed by:		
Share capital	4,000	4,000
Reserves and retained earnings	1,422	730
Net income (loss) for the year	1,841	692
F. - Shareholders' equity	7,263	5,422
G. - Medium/long-term borrowing	0	0
H. - Short-term net borrowing (net cash and cash equivalents)	(5,129)	(4,470)
Short-term borrowing	0	0
Cash and current receivables	(5,129)	(4,470)
(G+H)	(5,129)	(4,470)
I. - Total as in "E" (F+G+H)	2,134	952

Reclassified income statement
(Thousands of euros)

	2019	2018
A.- Revenues	22,022	21,113
B.- Revenues from ordinary activities	22,022	21,113
Cost of materials and external services	(3,779)	(3,927)
C.- Added value	18,243	17,186
Payroll costs	(15,432)	(15,391)
D.- Gross operating income	2,811	1,795
Amortization and depreciation	(642)	(612)
Allowances for risks and charges	(17)	(29)
Other income (expense), net	649	113
E.- Operating income	2,801	1,267
Financial income and expense	1	10
F.- Income (loss) before taxes	2,802	1,277
Income taxes for the year	(961)	(585)
G.- Net income (loss) for the year	1,841	692

ADR Tel S.p.A.

Reclassified balance sheet
(Thousands of euros)

	12.31.2019	12.31.2018
Intangible fixed assets	1,974	2,070
Tangible fixed assets	922	977
Non-current financial assets	0	0
A. - Fixed assets	2,896	3,047
Inventories	456	421
Trade receivables	8,271	10,033
Other activities	1,017	768
Trade payables	(11,530)	(13,220)
Other liabilities	(1,224)	(1,260)
B. - Working capital	(3,010)	(3,258)
C. - Invested capital, minus short-term liabilities (A+B)	(114)	(211)
D. - Employee severance indemnities	1,059	1,206
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	(1,173)	(1,417)
financed by:		
Share capital	600	600
Reserves and retained earnings	4,795	4,722
Net income (loss) for the year	2,810	3,571
F. - Shareholders' equity	8,205	8,893
G. - Medium/long-term borrowing	0	0
H. - Short-term net borrowing (net cash and cash equivalents)	(9,378)	(10,310)
Short-term borrowing	0	0
Cash and current receivables	(9,378)	(10,310)
(G+H)	(9,378)	(10,310)
I. - Total as in "E" (F+G+H)	(1,173)	(1,417)

Reclassified income statement
(Thousands of euros)

	2019	2018
A.- Revenues	32,804	34,084
Capitalized costs and expenses	62	69
B.- Revenues from ordinary activities	32,866	34,153
Cost of materials and external services	(23,601)	(23,672)
C.- Added value	9,265	10,481
Payroll costs	(4,630)	(4,729)
D.- Gross operating income	4,634	5,752
Amortization and depreciation	(955)	(884)
Other adjusting provisions	(22)	0
Allowances for risks and charges	0	0
Other income (expense), net	269	206
E.- Operating income	3,927	5,074
Financial income and expense	1	1
F.- Income (loss) before taxes	3,928	5,075
Income taxes for the year	(1,117)	(1,504)
G.- Net income (loss) for the year	2,810	3,571

ADR Security S.r.l.

Reclassified balance sheet

(Thousands of euros)

	12.31.2019	12.31.2018
Intangible fixed assets	0	0
Tangible fixed assets	0	0
A. - Fixed assets	0	0
Trade receivables	8,450	9,920
Other activities	501	268
Trade payables	(3,237)	(2,873)
Allowances for risks and charges	(19)	0
Other liabilities	(6,654)	(6,860)
B. - Working capital	(959)	455
C. - Invested capital, minus short-term liabilities (A+B)	(959)	455
D. - Employee severance indemnities	3,255	3,617
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	(4,214)	(3,162)
financed by:		
Share capital	400	400
Reserves and retained earnings	1,227	1,210
Net income (loss) for the year	689	1,717
F. - Shareholders' equity	2,316	3,327
G. - Medium/long-term borrowing	0	0
H. - Short-term net borrowing	(6,530)	(6,489)
Short-term borrowing	0	0
Cash and current receivables	(6,530)	(6,489)
(G+H)	(6,530)	(6,489)
I. - Total as in "E" (F+G+H)	(4,214)	(3,162)

Reclassified income statement

(Thousands of euros)

	2019	2018
A.- Revenues	46,977	48,377
B.- Revenues from ordinary activities	46,977	48,377
Cost of materials and external services	(10,113)	(9,290)
C.- Added value	36,864	39,087
Payroll costs	(36,093)	(36,637)
D.- Gross operating income	771	2,450
Amortization and depreciation	0	0
Other adjusting provisions	0	(9)
Allowances for risks and charges	(19)	0
Other income (expense), net	582	378
E.- Operating income	1,334	2,819
Financial income and expense	(2)	1
F.- Income (loss) before taxes	1,332	2,820
Income taxes for the year	(643)	(1,103)
G.- Net income (loss) for the year	689	1,717

ADR Mobility S.r.l.

Reclassified balance sheet
(Thousands of euros)

	12.31.2019	12.31.2018
Intangible fixed assets	5.324	6.166
Tangible fixed assets	5.156	4.926
Non-current financial assets	2	0
A. - Fixed assets	10.482	11.092
Trade receivables	2.758	2.700
Other activities	727	276
Trade payables	(4.145)	(4.576)
Allowances for risks and charges	(4)	(4)
Other liabilities	(1.386)	(1.671)
B. - Working capital	(2.050)	(3.275)
C. - Invested capital, minus short-term liabilities (A+B)	8.432	7.817
D. - Employee severance indemnities	487	626
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	7.945	7.191
financed by:		
Share capital	1.500	1.500
Reserves and retained earnings	8.771	8.731
Net income (loss) for the year	7.758	7.740
F. - Shareholders' equity	18.029	17.971
G. - Medium/long-term borrowing	0	0
H. - Short-term net borrowing	(10.084)	(10.780)
Short-term borrowing	0	0
Cash and current receivables	(10.084)	(10.780)
(G+H)	(10.084)	(10.780)
I. - Total as in "E" (F+G+H)	7.945	7.191

Reclassified income statement
(Thousands of euros)

	2019	2018
A.- Revenues	43,219	42,167
B.- Revenues from ordinary activities	43,219	42,167
Cost of materials and external services	(25,739)	(24,573)
C.- Added value	17,480	17,594
Payroll costs	(3,296)	(3,470)
D.- Gross operating income	14,184	14,124
Amortization and depreciation	(2,247)	(2,171)
Other adjusting provisions	0	(11)
Allowances for risks and charges	0	0
Other income (expense), net	(1,095)	(1,049)
E.- Operating income	10,842	10,893
Financial income and expense	1	2
F.- Income (loss) before taxes	10,843	10,895
Income taxes for the year	(3,085)	(3,155)
G.- Net income (loss) for the year	7,758	7,740

Airport Cleaning S.r.l.

Reclassified balance sheet
(Thousands of euros)

	12.31.2019	12.31.2018
Intangible fixed assets	0	1
Tangible fixed assets	121	147
A. - Fixed assets	121	148
Trade receivables	4,418	4,387
Other activities	349	473
Trade payables	(2,891)	(3,037)
Allowances for risks and charges	(243)	(138)
Other liabilities	(1,750)	(1,389)
B. - Working capital	(117)	296
C. - Invested capital, minus short-term liabilities (A+B)	4	444
D. - Employee severance indemnities	11	6
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	(7)	438
financed by:		
Share capital	1,500	1,500
Reserves and retained earnings	1,554	1,408
Net income (loss) for the year	954	1,546
F. - Shareholders' equity	4,008	4,454
G. - Medium/long-term borrowing	0	0
H. - Short-term net borrowing	(4,015)	(4,016)
Short-term borrowing	0	0
Cash and current receivables	(4,015)	(4,016)
(G+H)	(4,015)	(4,016)
I. - Total as in "E" (F+G+H)	(7)	438

Reclassified income statement
(Thousands of euros)

	2019	2018
A.- Revenues	26,075	26,708
B.- Revenues from ordinary activities	26,075	26.708
Cost of materials and external services	(9,133)	(9,454)
C.- Added value	16,942	17,254
Payroll costs	(15,303)	(14,894)
D.- Gross operating income	1,639	2,360
Amortization and depreciation	(35)	(30)
Allowances for risks and charges	(105)	0
Other income (expense), net	32	48
E.- Operating income	1,531	2,378
Financial income and expense	1	1
F.- Income (loss) before taxes	1,532	2.379
Income taxes for the year	(578)	(833)
G. - Net income (loss) for the year	954	1,546

ADR Sviluppo S.r.l. Unipersonale

Reclassified balance sheet

(Thousands of euros)

	12.31.2019	12.31.2018
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	106	74
Net income (loss) for the year	34	32
F. - Shareholders' equity	240	206
G. - Medium/long-term borrowing	0	0
H. - Short-term net borrowing	(229)	(195)
Short-term borrowing	0	0
Cash and current receivables	(229)	(195)
(G+H)	(229)	(195)
I. - Total as in "E" (F+G+H)	11	11

Reclassified income statement

(Thousands of euros)

	2019	2018
A.- Revenues	0	0
B.- Revenues from ordinary activities	0	0
Cost of materials and external services	(1)	(1)
C.- Added value	(1)	(1)
Payroll costs	0	0
D.- Gross operating income	(1)	(1)
Amortization and depreciation	0	0
Other adjusting provisions	0	0
Allowances for risks and charges	0	0
Other income (expense), net	0	(1)
E.- Operating income	(1)	(2)
Financial income and expense	35	34
F.- Income (loss) before taxes	34	32
Income taxes for the year	0	0
G.- Net income (loss) for the year	34	32

Consorzio E.T.L. in liquidation

Reclassified balance sheet

(Thousands of euros)

	12.31.2019	12.31.2018
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	36	36
Trade payables	(47)	(41)
Other liabilities	0	0
B. - Working capital	(11)	(5)
C. - Invested capital, minus short-term liabilities (A+B)	(11)	(5)
D. - Employee severance indemnities	0	0
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	(11)	(5)
financed by:		
Capital	(5)	1
Reserves and retained earnings	0	0
Net income (loss) for the year	(6)	(6)
F. - Net liquidation capital	(11)	(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	0
(G+H)	0	0
I. - Total as in "E" (F+G+H)	(11)	(5)

Reclassified income statement

(Thousands of euros)

	2019	2018
A.- Revenues	0	0
B.- Revenues from ordinary activities	0	0
Cost of materials and external services	(5)	(6)
C.- Added value	(5)	(6)
Payroll costs	0	0
D.- Gross operating income	(5)	(6)
Amortization and depreciation	0	0
Other adjusting provisions	0	0
Allowances for risks and charges	0	0
Other income (expense), net	(1)	0
E.- Operating income	(6)	(6)
Financial income and expense	0	0
F.- Income (loss) before taxes	(6)	(6)
Income taxes for the year	0	0
G.- Net income (loss) for the year	(6)	(6)

Pavimental S.p.A.

Reclassified balance sheet

(Thousands of euros)

	12.31.2019	12.31.2018
Intangible fixed assets	109	119
Tangible fixed assets	65,169	76,485
Non-current financial assets	5,388	5,392
A.- Fixed assets	70,666	81,996
Inventories	170,531	130,481
Trade receivables	59,759	28,916
Other activities	31,824	37,510
Trade payables	(165,250)	(102,191)
Allowances for risks and charges	(8,051)	(9,006)
Other liabilities	(17,035)	(17,741)
B.- Working capital	71,778	67,969
C.- Invested capital, minus short-term liabilities (A+B)	142,444	149,965
D.- Employee severance indemnities	3,351	3,602
E.- Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	139,093	146,363
financed by:		
Share capital	10,116	10,116
Reserves and retained earnings	4,834	21,100
Net income (loss) for the year	31	(16,205)
F.- Shareholders' equity	14,981	15,011
G.- Medium/long-term borrowing	29,993	26,945
H.- Short-term net borrowing	94,119	104,407
Short-term borrowing	122,875	128,391
Cash and current receivables	(28,756)	(23,984)
(G+H)	124,112	131,352
I.- Total as in "E" (F+G+H)	139,093	146,363

Reclassified income statement

(Thousands of euros)

	2019	2018
A.- Revenues	335,708	336,535
B.- Revenues from ordinary activities	405,700	290,968
Cost of materials and external services	(302,257)	(225,028)
Other costs	(627)	(1,904)
C.- Added value	102,816	64,036
Payroll costs	(70,464)	(60,992)
D.- Gross operating income	32,352	3,044
Amortization and depreciation	(30,120)	(21,440)
Other adjusting provisions	(837)	(237)
Allowances for risks and charges	(110)	(1,750)
E.- Operating income	1,285	(20,383)
Financial income and expense	(1,499)	(1,811)
Foreign exchange gains (losses)	(73)	(80)
Value adjustments of financial assets	(46)	4
F.- Income (loss) before taxes	(333)	(22,270)
Income taxes for the year	364	6.065
G.- Net income (loss) for the year	31	(16,205)

Spea Engineering S.p.A.*

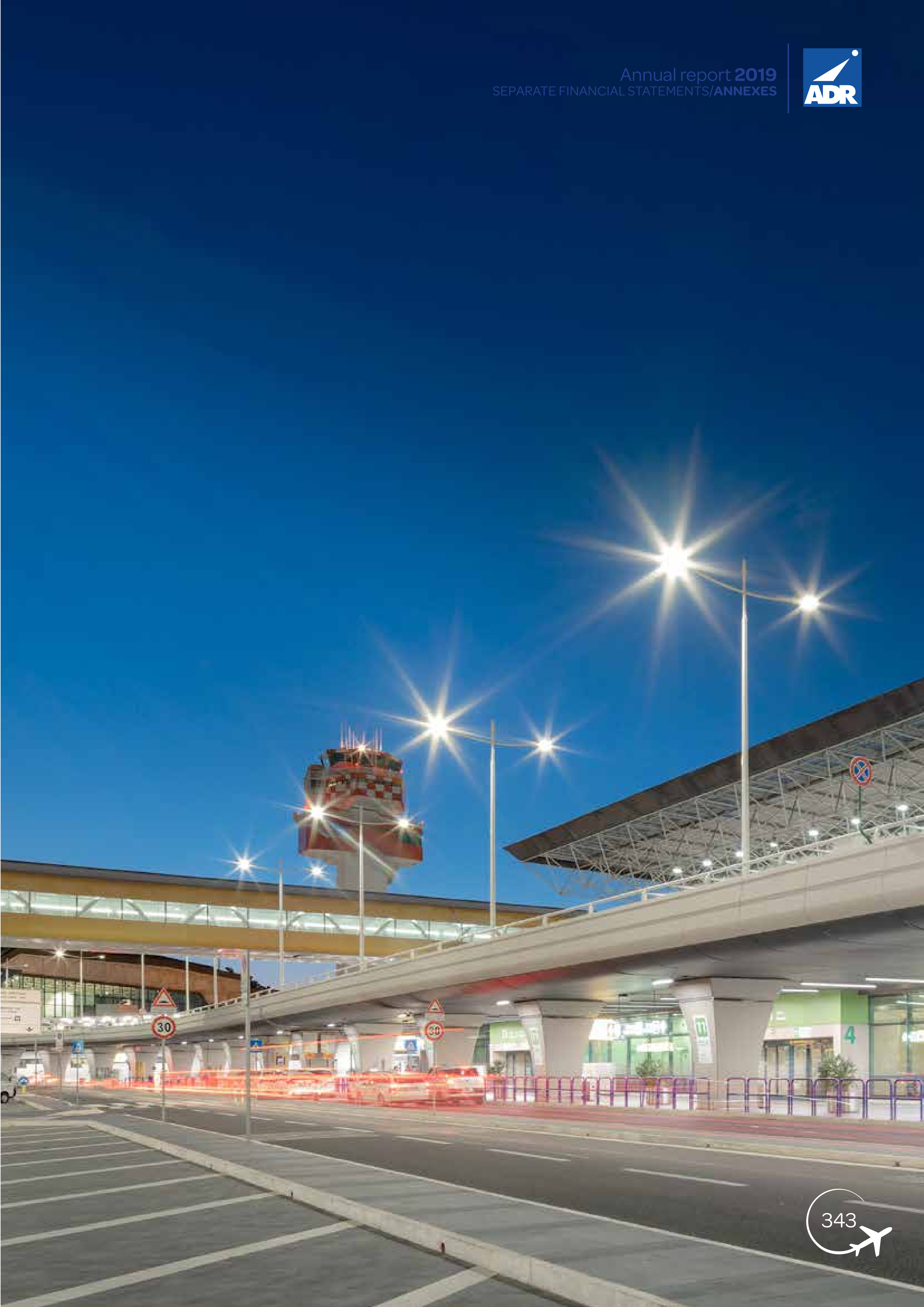
Reclassified balance sheet
(Thousands of euros)

	12.31.2019	12.31.2018
Intangible fixed assets	1,933	1,887
Tangible fixed assets	4,871	5,434
Non-current financial assets	882	168
A. - Fixed assets	7,686	7,489
Inventories	118,911	121,485
Trade receivables	38,649	39,895
Other activities	13,126	13,005
Trade payables	(69,919)	(67,878)
Allowances for risks and charges	(16,093)	(14,753)
Other liabilities	(21,204)	(14,580)
B. - Working capital	63,470	77,174
C. - Invested capital, minus short-term liabilities (A+B)	71,156	84,663
D. - Employee severance indemnities	5,550	5,627
E. - Invested capital, minus (C-D) short-term liabilities and employee severance indemnities	65,606	79,036
financed by:		
Share capital	6,966	6,966
Reserves and retained earnings	65,609	65,488
Merger surplus	9,024	9,024
Net income (loss) for the year	(3,388)	6,870
F.- Shareholders' equity	78.211	88,348
G.- Medium/long-term borrowing	(257)	(200)
H.- Short-term net borrowing	(12,348)	(9,112)
Short-term borrowing	0	0
Cash and current receivables	(12,348)	(9,112)
(G+H)	(12,605)	(9,312)
I.- Total as in "E" (F+G+H)	65,606	79,036

Reclassified income statement
(Thousands of euros)

	2018	2017
A.- Revenues	108,284	110,568
B.- Revenues from ordinary activities	108,284	110,568
Cost of materials and external services	(58,275)	(46,286)
C.- Added value	50,009	64,282
Payroll costs	(48,962)	(48,909)
D.- Gross operating income	1,047	15,373
Amortization and depreciation	(3,705)	(3,433)
Other adjusting provisions	(104)	(165)
Allowances for risks and charges	(1,373)	(1,342)
E.- Operating income	(4,135)	10,433
Financial income and expense	(103)	(227)
F.- Income (loss) before taxes	(4,238)	10,206
Income taxes for the year	850	(3,336)
G.- Net income (loss) for the year	(3,388)	6,870

*Data related to the latest financial statements approved.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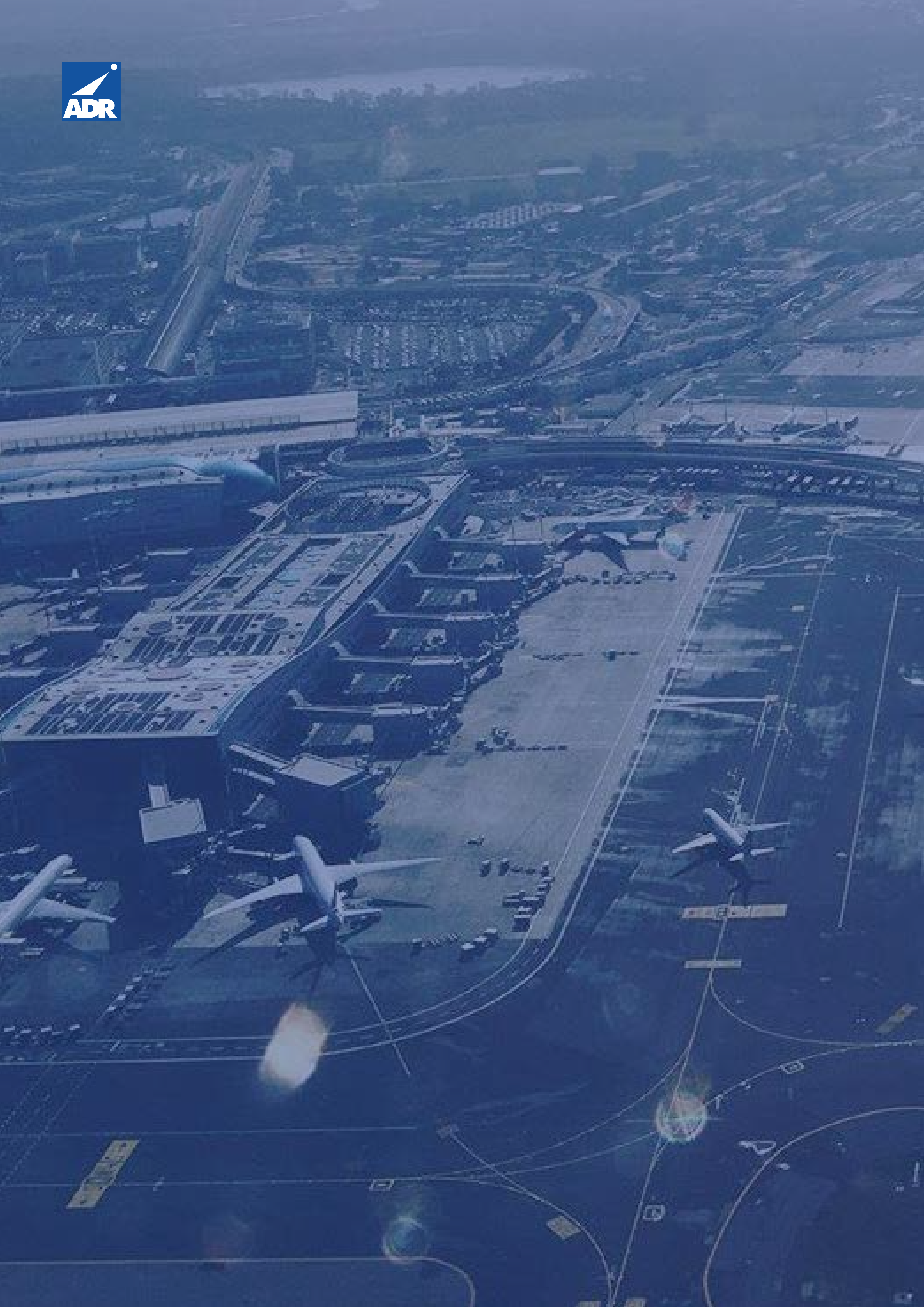

4. RESOLUTIONS OF THE ORDINARY SHAREHOLDERS' MEETING

OF APRIL 7, 2020

Resolutions of the Ordinary Shareholders' Meeting of April 7, 2020

The Ordinary Shareholders' Meeting resolved:

- to approve the Financial statements for the year ended December 31, 2019, which show a profit of 243,192,938.36 euros to be carried forward.

The Shareholders' Meeting also resolved:

- to appoint Christian Benetton, born in Treviso on June 21, 1971, as Director to remain in office until the approval of the financial statements at December 31, 2021.

Finally, the Shareholders' Meeting resolved:

- to revoke the resolution adopted by the Shareholders' Meeting on April 16, 2019, limited to the part concerning the determination of the total remuneration payable to the directors;

- to determine the overall annual emolument to be attributed to the Board of Directors at 400,000.00 euros with retroactive effect from January 14, 2020.

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