



**CONCESSIONI
AUTOSTRADALI
VENETE**

FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2018 AND RELATED REPORTS

Concessioni Autostradali Venete CAV S.p.A.

**Via Bottenigo, 64/A
30175 Marghera (Venezia)**

Share capital EUR 2,000,000.00 fully paid in

**Registration with Companies' Register, Fiscal Code, VAT Registration
03829590276**

Registration with Chamber of Commerce, Venice, R.E.A. VE 0341881

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Notice of Annual General Meeting

Venice, 7 March 2019

TO SHAREHOLDERS

Their addresses

SUBJECT: Notice of meeting

Pursuant to article 2364 of the Civil Code, notice is hereby given that the annual general meeting of Concessioni Autostradali Venete - CAV S.p.A. will be held at the Company's registered office in Venezia-Marghera, Via Bottenigo, 64/a on 9 April 2019 at 12:00am in first call, and if necessary, on 16 April 2019 at 12:00am in second call, to transact the following

BUSINESS:

- 1) Draft financial statements as of 31 December 2018 and report on operations for the year then ended, report of the Board of Statutory Auditors and independent auditor's report: related resolutions;
- 2) Report on corporate governance for the year 2018.

Pursuant to article 12 of the Articles of association, shareholders are entitled to attend the annual general meeting and to vote on resolutions if they are duly registered in the shareholders' register or have applied for registration at least three days before the date of the general meeting in first call.

Pursuant to article 2372 of the Civil Code and article 12 of the Articles of association, shareholders are entitled to appoint a proxy to attend and vote on their behalf, subject to filing an instrument of proxy in writing.

Pursuant to article 11.2 of the Articles of association, shareholders may also attend via audio or video conference.

Yours faithfully

THE CHAIR
(Luisa SERATO)

Corporate boards

BOARD OF DIRECTORS ⁽¹⁾ ⁽⁴⁾

Chair
SERATO Luisa ⁽²⁾

Chief Executive Officer
DIBENNARDO Ugo ⁽³⁾

Directors
CERON Renzo
MAGGIONI Alessandro
RIBECHI Federica

BOARD OF STATUTORY AUDITORS ⁽⁵⁾

President
DIANA Giovanni

Acting auditors
GIRARDI Claudio
PALMIERI Incononata

Alternate auditors
SALOMONI RIGON Maurizio
SOLIMENE Silvia

TOP MANAGEMENT

Chief Financial Officer
BORDIGNON Giovanni

Chief Operating Officer
MATASSI Angelo

Chief Human Resources
BRAGATO Paolo

Chief Technical Officer
FUSCO Sabato

INDEPENDENT AUDITORS

PRICEWATERHOUSECOOPERS S.p.A.

- (1) The Board of Directors was appointed by the company in general meeting on 18 February 2019 for a term of three years 2019-2021.
- (2) Director Luisa Serato was appointed Chair of the Board of Directors by the company in general meeting on 18 February 2019.
- (3) Director Ugo Dibennardo was appointed CEO by the Board of Directors on 27 February 2019.
- (4) The Board of Directors previously in office until 18 February 2019 comprised: Ms. Luisa Serato as Chair, Mr. Michele Adiletta as CEO, Mr. Enzo Ceron, Mr. Alessandro Maggioni and Ms. Federica Ribechi as directors.
- (5) The Board of Statutory Auditors was appointed by the company in general meeting on 28 June 2017. The President of the Board of Statutory Auditors, Mr. Giovanni Diana, was designated by the Ministry of the Economy and Finance ("MEF"); The acting auditor Mr. Claudio Girardi was designated by the Region Veneto; the acting auditor Ms. Incononata Palmieri was designated by the Ministry of Infrastructure and Transport ("MIT").

Shareholder structure

SHAREHOLDER	NO. OF SHARES HELD	NOMINAL VALUE OF ORDINARY SHARES	SHARE CAPITAL	PERCENTAGE%
ANAS SpA	1,000,000	1.00	1,000,000	50
Region Veneto	1,000,000	1.00	1,000,000	50
Total	2,000,000		2,000,000	100

REPORT ON OPERATIONS

INTRODUCTION

Dear Sirs,

This report illustrates the key events of financial year 2018, first of all the result of operations which was highly satisfactory, the year having closed with significant net profit.

The financial statements

The financial year 2018 closed with profit of EUR 23.4 million.

The figure is particularly satisfactory and exceeds all expectations and forecasts, as well as the already good performance of FY 2017.

Two factors contributed to making this result possible: on the one hand, toll revenue, generated by the growth of traffic and rate increases and, on the other hand, operating costs.

We will therefore focus first on traffic.

The number of vehicles per km travelling on motorways operated by CAV rose by 1.00%.

The second focus is on the rate increases.

For FY 2018 the Company has been authorised to apply an increase of 0.32%.

While the percentage increase was not particularly large, it undoubtedly contributed to the good performance of toll revenue.

With regard to both rates and traffic, additional figures, analyses and information are provided in other sections of this annual report.

Finally, the other important and significant factor that contributed to the strong result of operations was careful, constant attention to the operating costs of all corporate operations.

We believe the situation summarised above is testimony to the solid standing of the Company, which is capable of meeting all its commitments with peace of mind.

The new Business Plan

The new Business Plan 2015 – 2032 and the accompanying Regulatory Financial Plan for the five-year period 2015 – 2019 were revised and submitted to the Ministry for Infrastructure and Transport/Directorate General for Supervision of Motorway Operators (“MIT/DGVCA”) in June 2015.

The approval process – which started more than three years ago – is not yet complete.

A favourable development occurred in FY 2018.

On 8 August 2018 MIT/DGVCA and CAV signed a draft Addendum to the Concession Arrangement in force including the new Business Plan 2015 – 2032 (“BP”) and the new Regulatory Financial Plan for the five-year period 2015 – 2019 (“RFP”). We take this opportunity to note – to our satisfaction – that the new BP/RFP included in the Addendum was accepted in the same version that was submitted to the grantor in June 2015: after all the checks and inspections performed in the past few years – by MIT, by NARS and by CIPE – the BP/RFP was approved and considered valid as proposed by CAV without undergoing any changes, with confirmation of all data and parameters, specifically the appropriate rate of return (WACC).

Moreover, the Addendum also includes two appendices, identified as ‘Memorandum of understanding’ and ‘Letter of intent’, that were signed by the Company in the past.

Once the approval process has been completed, negotiations will be started with MIT for a correct interpretation of the contents of the two appendices, which shall be reflected in the next Business Plan for the regulatory period 2020 – 2024.

A final note: under the regulations in force, after the addendum has been signed the approval process shall be completed with the issuance of a specific inter-ministerial decree (to be issued jointly by MEF e MIT) and its subsequent registration with the Court of Auditors.

The BP/RFP shall become effective from the date of registration of the inter-ministerial decree.

The Project Bond and related aspects

In 2016, the Company achieved an objective established a long time ago, precisely at the time that the law establishing the Company was passed, and relating to the obligation, also established in the Concession arrangement, to refund ANAS for the costs incurred for the construction of the “Passante di Mestre”, the motorway bypass around Venice/Mestre (also the “Bypass”). This was achieved through the finalisation of a financing arrangement in the form of a Project Bond taking advantage of the opportunities offered by article 157 of Legislative Decree No. 163/2006.

In the course of 2018 the Company complied with all the obligations established by the financing arrangements, and specifically – in addition to meeting various disclosure and reporting requirements – it paid both the principal and interest portions of the two half-yearly instalments falling due, respectively, on 30 June 2018 and 31 December 2018.

Rating

As part of the Project Bond procedure the Company has obtained – and shall maintain – a credit rating.

In 2018 the Company’s rating was reduced from A3 to Baa1, with a stable outlook; this was only a consequence of the downgrading of Italy’s rating, not to a specific negative evaluation of CAV.

The figure is an absolute value and is the best among all those issued by rating agencies to Italian companies.

Subordinated loan from ANAS

A mention should also be made of the subordinated loan disbursed by ANAS to CAV (subordinated to the Project Bond) to finance VAT on invoices issued by ANAS to CAV for the costs of construction of the Mestre Bypass.

Also with regard to this loan the Company met its contractual obligations. Indeed, repayment is proceeding more speedily than envisaged in the repayment plan. Thanks to good cash flows, it was possible to disburse larger amounts than initially planned. If this trend is confirmed, it will be possible to settle the debt to ANAS – originally scheduled to be settled in 2021 – early, in April 2019.

Investment

The commitments made by the Company and set forth in the Concession Agreement involve an overall financial commitment of around EUR 1,340 million that is analysed as follows: EUR 986/million for repayment to ANAS of the costs of the Bypass; EUR 75 million as indemnity to be paid to Società Autostrade di Venezia e Padova Spa by CAV for taking over the concession; another EUR 279 million for sundry works.

The Company has paid its entire debts to ANAS for the costs of the Bypass and to Società Autostrade di Venezia e Padova for taking over the concession.

With regard to the remaining works for EUR 279.4 million planned in the Business Plan, works for EUR 242.7 million have been completed. The works yet to be completed amount to EUR 36.7 million, of which the most part, about EUR 14.4 million, is referred to complementary and completion works on the Bypass.

Out of the total financial commitment mentioned above, met for 97.3%, the part yet to be completed now accounts for 2.7% only.

A detailed analysis of the investment made in 2018 is provided in a different section of this report on operations.

Governance

At the annual general meeting of 18 February 2019 the shareholders appointed a new Board of Directors with a term for the three years 2019-2021.

The new directors are: Ugo Dibennardo, Renzo Ceron, Alessandro Maggioli, Federica Ribechi and Luisa Serato.

On 18 February 2019 the shareholders appointed director Luisa Serato as Chair of the Board of Directors.

On 27 February 2019 the Board of Directors appointed director Ugo Dibennardo as Chief Executive Officer of the Company.

Dividend

On 11 February 2019 the Ministry of Infrastructure and Transport, ANAS S.p.A. and the Region Veneto signed an agreement known as the "CAV Protocol".

The purpose of the document is to establish the criteria for identifying the funds present in the financial statements of CAV and generated from the motorway business that can be used for road infrastructure work in the territory of the Region Veneto.

It should be noted, in this connection, that Resolution No. 3 of CIPE, the inter-ministry committee for economic planning, dated 26 January 2007, under letter f) of the premise establishes that *"in any case, by a separate agreement to be signed with MIT and the Region Veneto, ANAS S.p.A. shall commit to allocate the resources generated from the operation of the Mestre Bypass and of the motorway stretches operated under concession by Società delle autostrade di Venezia e Padova which exceed the requirement of return on the investment made, and therefore of repayment of the related loans, as well as maintenance and operation costs, to finance the additional investment in road infrastructure indicated by the Region in agreement with the Ministry of Infrastructure"*.

In accordance with the above, CAV's memorandum and articles of association state that *"the net profit resulting from the approved annual financial statements shall be used, without prejudice to the legal reserve, in accordance with the requirements of CIPE Resolution No. 3 of 26 January 2007"* (see section 6 of the Memorandum of association and section 27 of the Articles of association).

Also, on 11 February 2019 the Ministry of Infrastructure and Transport and the Region Veneto signed an additional Memorandum of Understanding (known as the "Works Protocol") to identify the infrastructure works required in the regional territory.

Following the full repayment of the ANAS loan, which is expected to take place in April 2019, and in any case in compliance with the restrictions applicable to the Company in connection with the Project Bond, CAV will be

able to disburse for the benefit of the road infrastructure projects identified by the Region Veneto the resources generated from the operation of the Mestre Bypass and of the motorway stretches operated under concession by Società delle autostrade di Venezia e Padova which exceed the requirement of return on the investments made, and therefore of repayment of the related loans, as well as maintenance and operation costs

Management systems

In the course of 2018 CAV continued the activities for the implementation and upgrading of its quality management system (UNI EN ISO 9001) and its workplace health and safety system (BS OHSAS 18001).

At the same time, a new environmental management system (UNI EN ISO 14001) and a new road traffic safety management system (UNI ISO 39001) were introduced.

The goal was the integration of the four systems, their effective implementation and the achievement, within October 2018, of certification from an accredited third-party certification body.

The above goals were all met, as acknowledged by the certification body RINA Services S.p.A. which carried out two audits in 2018 (stage 1 in June 2018 and stage 2 in September 2018).

As a result of the above-mentioned audits, CAV obtained integrated certification of its management systems under the UNI EN ISO 9001:2015 standard for the quality management system, under the BS OHSAS 18001:2007 standard for the workplace health and safety system, under the UNI EN ISO 14001:2015 standard for the environmental management system and under the UNI ISO 39001:2016 standard for the road traffic management system.

Furthermore, in the course of 2018 the Company revised and issued the organisational and management models for personal data protection - privacy (Regulation (EU) 2016/679), administrative liability (Legislative Decree No. 231/2001), the prevention and repression of corruption and illegality, and transparency (Law No. 190/2012, Legislative Decree No. 33/2013 and Legislative Decree No. 39/2013).

With reference to the above-mentioned models the Company carried out all the activities required by the regulations in force and the activity plans scheduled by the Supervisory Board (Organismo di Vigilanza, "OdV"), the Officer in charge of the Prevention of Corruption and Transparency ("RPCT") and the Data Protection Officer ("DPO").

Litigation and disputes

CAV is involved in only a few, marginal legal disputes and the overall status of disputes can be considered reassuring in terms of both number and amounts involved.

In the course of 2018 a criminal proceeding before the Court of Venice – already discussed at length in the reports on operations of previous years – ended with a favourable outcome for the Company. The case concerned the liability of the parties involved, in different capacities, in a serious accident that took place on the A4 motorway in 2014 that caused the death of two employees of a subcontractor of CAV.

Specifically, the Company was involved in relation to the rules on administrative liability of legal entities for offences committed in the interests or for the benefit of the company by executives and/or senior management (article 25 septies, paragraph 2, of Legislative Decree No. 231/2001).

As mentioned, the Company was fully acquitted.

A second proceeding of some importance in terms of the amounts claimed by the plaintiffs – also already illustrated in the reports on operations of previous years – relates to an accident that caused one fatality in 2002.

Also in this case, in the course of 2018 the court ruled in favour of the Company, whose position was closed without any negative consequences.

Additional disclosures pursuant to article 2428 of the Civil Code

In accordance with article 2428 of the Civil Code we state that the Company did not carry out any research and development activities; the Company does not hold any treasury shares; it does not hold any financial instruments; the Company has no branches.

Significant events occurring after the balance sheet date

Significant events occurring after the balance sheet date are illustrated in a separate section of the notes to the financial statements.

BUSINESS AND FINANCIAL PERFORMANCE

Business performance

The year 2018 closed with a positive result: net profit after tax was around EUR 23.4 million (net profit for FY 2017: EUR 17.3 million).

Value of production was equal to EUR 162.9 million (FY 2017: EUR 158.9 million), an increase of EUR 4 million (+2.5%).

Within value of production, toll revenue (excluding VAT and the supplementary concession fee payable to ANAS) was equal to EUR 139.9 million, higher than in the previous year (FY 2017: EUR 136.9 million; +2.21%); the figure is directly related to the growth of traffic and the rate increases approved by MIT/MEF from the start of the year (for these aspects - traffic and rates – we make reference to the specific paragraphs in the report on operations).

The supplementary concession fee payable to ANAS went from EUR 14.1 million to EUR 14.4 million (an increase of EUR 0.3 million; +1.78%) as a consequence of the traffic performance.

Other motorway income totalled EUR 7.1 million (FY 2017: EUR 6.9 million) and is detailed as follows: EUR 4.3 million in royalties on operations at service stations; EUR 2.1 million in other motorway operators' share of collection costs; EUR 0.7 million in recharges of costs.

Cost of production totalled EUR 109 million, an increase of EUR 1.4 million (FY 2017: EUR 107.6 million; +1.34%) as specified below.

Cost of services was EUR 25.4 million (FY 2017: EUR 21.4 million; +18.53%).

The increase was mainly due to annual and cycle maintenance costs, which rose from EUR 10.8 million to EUR 14 million (+29.82%).

Another significant component was CAV's share of the collection costs incurred by other motorway operators as established in the motorway interconnection agreement, equal to EUR 4.7 million, an increase of +0.1 million on FY 2017.

Personnel costs were equal to EUR 19.2 million (FY 2017: EUR 19.7; - 2.33%).

Depreciation charges in 2018 were equal to EUR 45.2 million (FY 2017: EUR 45 million; +0.63%), most of which relates to the cost of the Bypass, accounting for EUR 28.7 million alone (unchanged from 2017): this is calculated on a straight-line basis.

With regard to the provision for cycle maintenance, the charge in the year was equal to EUR 13 million (FY 2017: EUR 12.4); utilisation in 2018 was equal to EUR 13.9 million (FY 2017: EUR 11 million; +26.56%).

Another important component was other operating costs, equal to EUR 18.6 million (FY 2017: EUR 18.4 million; +1.5%).

Other operating costs include the concession fee referred to in article 1, paragraph 1020, of Law No.296/2006, equal to EUR 3.4 million (FY 2017: EUR 3.3 million) and corresponding to 2.4% of net toll revenue: 21% of the concession fee (EUR 0.7 million) is paid directly to ANAS and 79% (EUR 2.7 million) to the State.

Other operating costs also include the supplementary concession fee payable to ANAS, which rose from EUR 14.1 million in 2017 to EUR 14.4 million in 2018 (+1.78%): the amount is equal to the figure recorded under revenue, being simply a collection made on behalf of a third party, i.e. ANAS.

In brief, it can be noted that the figure for cost of production was due to a series of factors, some of which were increases (among these the most significant was services, +4 million) and other were decreases (among the most important was personnel costs: - EUR 0.5 million).

The difference between value and cost of production was equal to EUR 53.8 (FY 2017: EUR 51.3 million). The variance of EUR 2.5 million (+4.94%) was due solely to the growth of revenue (around EUR 4 million). Costs rose by about EUR 1.4 million.

Financial charges amounted to EUR 20.8 million, being lower than in previous year (FY 2017: EUR 26.2 million; -20.56%), and relate for EUR 17.7 million to interest expense on the Project Bond and for EUR 3 million to interest expense on the subordinated loan from ANAS.

As a result of the above, profit before tax was equal to EUR 33.1 million (FY 2017: EUR 25.1 million; +31.55%), an increase of EUR 7.9 million; income taxes (IRES, corporation tax, IRAP, regional trade income tax, and deferred tax assets) were equal to EUR 9.7 million (EUR 7.8 million for FY 2017); net profit for the year, as already mentioned, was equal to EUR 23.4 million.

Financial statements ratios

		FY 2018		FY 2017	
ROE	NET PROFIT	23,365	16.59%	17,280	14.71%
	EQUITY	140,862		117,497	
ROI	EBIT	53,840	5.25%	51,303	4.99%
	AVERAGE FIXED ASSET PORTION OF CAPITAL INVESTED	1,025,437		1,027,806	
ROS	EBIT	53,840	36.25%	51,303	35.43%
	NET SALES REVENUE	148,526		144,801	
ROA	EBIT + INTEREST INCOME	53,854	6.17%	51,314	5.25%
	TOTAL ASSETS	872,830		976,715	
FIXED ASSETS TO TOTAL ASSETS RATIO	FIXED ASSET PORTION OF INVESTED CAPITAL	1,025,999	117.55%	1,024,875	104.93%
	INVESTED CAPITAL	872,830		976,715	

DEBT TO EQUITY RATIO	DEBT	711,997	505.46%	838,452	713.59%
	EQUITY	140,862		117,497	

INDICE DI INDEBITAMENTO TOTAL	LIABILITIES - EQUITY	731,968	519.64%	859,218	731.27%
	EQUITY	140,862		117,497	

EQUITY RATIO	EQUITY	140,862	13.74%	117,497	11.43%
	AVERAGE FIXED ASSET PORTION OF CAPITAL INVESTED	1,025,437		1,027,806	

CURRENT RATIO	CURRENT ASSETS	165,626	148.98%	204,754	123.97%
	CURRENT LIABILITIES	111,170		165,161	

Reclassified Income Statement (thousand di euro)

	FY 2018	as % of revenues	FY 2017	as % of revenues
REVENUE				
Net toll revenue	139,909	94.20%	136,886	94.53%
Other revenue from sales and services	7,116	4.79%	6,869	4.74%
Other income	1,501	1.01%	1,046	0.72%
TOTAL REVENUE	148,526	100.00%	144,801	100.00%
Production overheads	-26,667	-17.95%	-23,171	-16.00%
Other costs and plus/minus balance	-4,108	-2.77%	-4,252	-2.94%
VALUE ADDED	117,751	79.28%	117,378	81.06%
Net labour costs	-19,244	-12.96%	-19,703	-13.61%
EBITDA	98,507	66.32%	97,675	67.45%
Depreciation/amortisation	-45,488	-30.63%	-44,966	-31.05%
Charges to provisions for risks and charges	822	0.55%	-1,406	-0.97%
EBIT	53,840	36.25%	51,303	35.43%
Financial income and charges	-20,787	-14.00%	-26,172	-18.07%
Adjustments to assets/disposal of equity investments	0	0.00%	-4	0.00%
PROFIT BEFORE TAX	33,054	22.25%	25,128	17.35%
Income taxes	-9,689	-6.52%	-7,848	-5.42%
PROFIT FOR THE YEAR	23,365	15.73%	17,280	11.93%

Future outlook

With reference to toll revenue, several factors shall influence its value.

The first is traffic performance, which should be positive.

Secondly, it should be noted that in 2019 the additional kilometres travelled applied at barrier toll stations are unchanged, having been confirmed by MIT/MEF as 15.836 km; also, the toll discounts applied locally to commuters (on the section between Mirano/Dolo and Padova Est) have been extended throughout 2019.

The third factor is toll rates: in 2019 they have been raised compared with 2018. An inter-ministerial decree by MIT/MEF approved a rate increase of 2.06%.

Having regard to the above, for 2019 a modest increase in revenue compared with the previous year can be prudently estimated.

We believe cost of production shall be substantially equivalent to the figure for 2018.

Finally, with regard to interest expense, the figure should decrease as a result of lower indebtedness following loan repayments.

Based on the above, in summary we expect a positive result also for FY 2019.

Financial performance

As of 31 December 2018 cash and cash equivalents totalled approximately EUR 76.1 million (FY 2017: EUR 41.8 million), an increase of EUR 34.3 million.

In addition, specific liquidity reserves (restricted current accounts) have been set up as required by the contractual arrangements related to the Project Bond, for a total of EUR 69.8 million as of 31 December 2018 – in detail: a Debt Service Reserve Account of EUR 38.4 million, a Capex Reserve Account of EUR 27.1 million and a Maintenance Reserve Account of EUR 4.3 million.

As of 31 December 2018 the two existing loans, i.e. the Project Bond and the subordinated loan from ANAS, were confirmed.

The status of financing as of 31 December 2018 was the following: after principal repayments during the year the outstanding balance of the Project Bond (calculated using the amortized cost method) was EUR 677.6 million; the outstanding balance of the ANAS subordinated loan was EUR 4.9 million.

A note on financing in 2019

Using the funds mentioned above, which will be supplemented by the cash flow generated from ordinary motorway business and core motorway revenue (tolls), the Company will be able to meet all its financial requirements, first of all, those originating from the Project Bond, i.e. repayment of principal plus interest payments for a total of EUR 73.6 million (to be settled at half-yearly intervals, on 30 June 2019 for EUR 31.2 million in principal and EUR 6.3 million in interest and on 31 December 2019 for EUR 28.1 million in principal and EUR 8.0 million in interest); secondly, those originating from the subordinated loan from ANAS (which will be repaid in full in April 2019); and thirdly, those connected with investment referred both to the operating requirements of the motorways under concession and to completion of complementary and completion works on the Bypass.

KEY RISKS AND UNCERTAINTIES

Below we provide the information required pursuant to article 2428 of the Civil Code to analyse in detail the key risks and uncertainties to which the Company is exposed.

Traffic and rate risks

The Company is exposed, in generating revenues, to the combined effect of changes in traffic and in rates. Changes in traffic are essentially caused by external factors influenced by the general economic performance. Changes in rates are a consequence of the approval process of the grantor and the formulas set out in the Concession Agreement. For details we make reference to the section titled "Motorway business".

Financial risk

The financial requirements of ordinary operations, maintenance plans and commitments under the Concession Agreement are met through the existing bond and subordinated loan from shareholders.

Commitments under the Concession Agreement include compliance with the solvency covenant referred to in article 3, paragraph 2, letter t, which refers to Appendix K to the Concession Agreement in force.

MOTORWAY BUSINESS

Below we provide the key figures relating to the motorway business accompanied, in the final part of this report, by other statistics with the related tables and charts.

Traffic

First of all, a few simple definitions.

“Actual vehicle count” is the total number of vehicles that entered the motorway, regardless of the number of kilometres travelled; “vehicles per km” is the number of vehicles that joined the motorway multiplied by the total kilometres travelled; “virtual vehicle count” is the number of vehicles that virtually travelled the entire length of the motorways under concession subject to payment of toll.

It should be noted that in the course of 2018 there were no changes in the infrastructure.

To clarify the presentation of data in the following sections, we list the motorways operated by the Company under concession: the stretch of the A4 motorway between Padova Est and the interconnection with the A57 motorway, at Dolo, together with the Mestre Bypass; the A57 “Tangenziale di Mestre” , the Mestre ring road, between the interconnection with the A4 motorway and the Venezia/Mestre toll barrier (in the closed system) as well as the additional stretch strictly speaking called the Mestre ring road, from the Venezia/Mestre toll barrier to the Terraglio junction (in the open system). The Company also operates the junction to Venice “Marco Polo” airport at Tessera in the open system.

Finally, please note that in the summary report below all figures are shown - as usual - with reference to traffic classified as “paying”. This is also for the purpose of more uniform comparison with the accounting data relating to toll revenue.

Traffic relating to the toll-free stretch that is therefore classified as “non-paying” is commented on separately where necessary.

Overall traffic figures

The first overall figure is vehicles per km (open system plus closed system), which in 2018 totalled 1,818,474,594 (2017: 1,800,329,089), an increase of +1.01%, higher than the +0.16% rise recorded in 2017.

Closed system

During 2018, in the entire closed system (partly in A4 and partly in A57), the actual vehicle count was 43,807,873, an increase of 647,045 units equal to +1.50% on the 2017 figure of 43,160,828.

The related vehicles per km totalled 1,141,461,615, an increase of +1.50% on the 2017 figure of 1,124,602,163. The virtual vehicle count was 24,746,599, an increase of +1.50% on the 2017 figure of 24,381,090.

An analysis on a daily level gives the following results: daily average actual vehicle count (VEMG) of 120,022 versus 118,249 in 2017 (+1.50%); daily average vehicles per km (VkmMG) equal to 3,127,292 versus 3,081,102 in 2017 (+1.50%); daily average virtual vehicle count (VTMG) of 67,799 versus 66,798 in 2017 (+1.50%).

For completeness of information, we also report that traffic recorded at a national level shows an estimated increase in vehicles per km of about +0.5% (source: report as of 30 September 2018 of AISCAT, the association of Italian motorway operators).

Open system

Traffic in the open system is traffic entering and leaving the motorway at the Venezia/Mestre toll barrier (at Marghera), at the Mira/Oriago and Mirano/Dolo toll gates on the A57 motorway operated by CAV, at the Venezia Nord toll gate (at Mogliano) on the A27 motorway operated by Autostrade per l'Italia and at the Venezia Est toll gate (at Quarto d'Altino) on the A4 motorway operated by Autovie Venete.

Transit through one of the above-mentioned gates represents passage from the open to the closed system or vice versa.

In 2018 transits totalled 30,723,043, an increase of +0.19% on 30,664,682 in 2017. Those transits generated a total of 677,012,978 vehicles per km, an increase of +0.19% on 675,726,932 in 2017.

The transit figures mentioned above do not include vehicles entering or leaving the motorway at Venezia/Mestre, Mira/Oriago and Mirano/Dolo with journeys starting/ending at those same gates, i.e. transactions referred to toll-free internal traffic, which is discussed further below.

Finally, it should also be noted that the above figures do not consider city traffic travelling on the Mestre ring road via the various spur roads (Miranese, Castellana and Terraglio) and on the airport junction that do not then enter the closed system (A57, A4, A27) through one of the above-mentioned toll gates.

Application of discounted rates for commuters

- Application of a frequent traveller discount scheme on the stretch Padova Est – Mirano/Dolo.

In 2018 the number of commuting residents of the municipalities of Mirano, Dolo, Mira, Spinea and Pianiga (in the province of Venice) who benefited from the frequent traveller discount scheme on the stretch Mirano/Dolo – Padova Est (class A; use of Telepass; 40% discount) was equal to 364 (+19% vs. 2017) for an annual total of 23,345 transits, with a reduction in toll revenue for CAV of about EUR 25,000 (including VAT).

The Ministry of Infrastructure has approved the extension of the scheme in the year 2019.

- Toll reduction for motorcycles

The scheme, started on 1 August 2017 and extended to 30 June 2019, provides for the application of a 30% discount on motorcycle tolls for customers using Telepass, provided that the device is associated with one licence plate only and that no other subsidies are applied to the same Telepass device.

For FY 2018 the reduction in toll revenue of CAV was equal to EUR 15,000 approximately. Upon request from the Ministry of Infrastructure and Transport the project is set to continue, still as a pilot scheme, until the end of June 2019.

- Law No. 41/1986, article 18

With regard to the provision of article 18 of Law No. 41/1986, we state that in **2018** no subsidies were applied to tolls.

Removal of tolls on traffic between the Venezia/Mestre, Mira/Oriago and Mirano/Dolo toll gates

In 2018 transits between the toll gates at Venezia/Mestre, Mira/Oriago and Mirano/Dolo (not subject to payment of toll) totalled 11,783,198, an increase of +3.02% on 2017 (11,437,526).

Classes of traffic and types of payment

Traffic is classified into five classes according to the axle-shape approach, as follows: class A (motorcycles and vehicles with 2 axles with front axle height of up to 1.30 m) which conventionally indicates light vehicles; class B (vehicles with 2 axles with front axle height exceeding 1.30 m); classes 3, 4 and 5 (vehicles with 3, 4 and 5 axles); classes B to 5 include heavy goods vehicles (HGVs).

The composition of traffic has been substantially stable over the years; vehicles considered light generated 74.12% of total vehicles per km (traffic paying toll both in the closed and in the open system) whereas HGVs generated 25.88%.

Below we provide some figures on the use of the various toll payment systems.

Transits with toll paid in cash accounted for 20.62% of the total (22.59% in 2017) and are detailed as follows: 3.70% as cash at manned gates (6.87% in 2017) and 16.92% as cash at automated toll booths (15.72 in 2017).

In this connection it should be noted that in the course of 2018 the manned toll booths at the Venezia/Mestre and Padova Est toll gates were gradually replaced with automated toll booths, which can also be manned at times of very heavy traffic (May to September); therefore, all gates on the motorways operated by the Company are fully automated.

The various automated payment systems accounted for 79.38% of paying transits (77.41% in 2017).

While the difference with the previous year was not marked, the year 2018 confirmed the declining use of cash payments while automated and/or deferred payment systems are becoming increasingly established; this applies in particular to free-flow tolling systems (Telepass) which in 2018 accounted for 68.33% of payments, versus 67.45% in 2017.

Toll revenue

In 2018 toll revenue (excluding VAT and the supplementary concession fee payable to ANAS) totalled EUR 139.8 million, versus EUR 136.9 million for FY 2017.

The final figure – which rose by around EUR 2.9 million, +2.16%, on the previous year – was determined both by the growth of traffic and by the rate increases approved by MIT/MEF: in this regard we make reference to the specific sections of the report on the motorway business.

A clarification is in order: the approved percentage increases are a nominal increase of the unit rates per kilometre, whereas the final toll amount actually paid by users includes VAT and the rates per kilometre relating to the supplementary concession fee payable to ANAS (the latter were not increased) and reflects final rounding up or down to the nearest 0.10 cents of euro, as established by Law Decree No. 10440/28/133 of 12 November 2001.

The toll revenue reported above comprises proceeds from tolls paid by vehicles travelling on the various motorway stretches operated by CAV, in detail: traffic on the Mestre Bypass (A4) and traffic on the Padova – Mirano/Dolo stretch (partly on A4 and partly on A57) in the closed system, as well as traffic in the open system (recorded at the Venezia/Mestre, Mira/Oriago and Mirano/Dolo toll gates operated by CAV on A57; at the Venezia Nord gate operated by Autostrade per l'Italia on A27 and at the Venezia Est gate operated by Autovie Venete on A4) where toll is applied for 6.200 km for the Mestre ring road and for 15.836 km (2017: 15.836 km) for the additional kilometres applied to finance construction of the Bypass.

The supplementary concession fee payable to ANAS was equal to EUR 14.4 million (FY 2017: EUR 14.1 million; +0.3%). The increase is related to the growth of traffic and its distribution among the five toll classes. For every kilometre travelled (starting from 1 January 2011) the toll for vehicle classes A e B is increased by 6 thousandths of a euro while the toll for classes 3, 4 and 5 is increased by 18 thousandths of a euro: the resulting monthly amounts (payments on account plus balance payments) were regularly paid to ANAS.

Toll rates

The toll for each journey is calculated as the number of kilometres assigned to a given stretch multiplied by the unit toll rate, class by class; the resulting amount is increased by any surcharges mandated by law (supplementary concession fee payable to ANAS) and by value added tax (VAT) as provided by the legislation in force.

With regard to the additional kilometres calculated at the Venezia/Mestre, Mirano/Dolo, Mira/Oriago, Venezia Nord and Venezia Est toll gates to finance construction of the Bypass, we confirm that these are determined and approved from year to year by MIT/DGVCA in relation to the provisions of Concession Agreement in force and to the accompanying Regulatory Financial Plan.

The rates applied in 2018 were illustrated at length in the report on operations accompanying the 2017 financial statements.

We therefore provide more recent information on the rates for 2019.

For the year 2019 the Minister of Infrastructure and Transport jointly with the Minister of the Economy and Finance issued an Inter-ministerial Decree dated 31 December 2018 by which they approved the application of new toll rates starting from 1 January 2019: the increase applicable to CAV is equal to +2.06% in consideration of the value of the "K" component (Investment) and the fact that the process to revise the new Business Plan is not yet complete.

By a note dated 31 December 2018, MIT/DGVCA confirmed for the year 2019 the additional kilometres payable to CAV applied at the Venezia/Mestre, Mira/Oriago and Mirano/Dolo toll gates operated by CAV on A57; at the Venezia Nord gate operated by Autostrade per l'Italia on A27 and at the Venezia Est gate operated by Autostrade Venete on A4 as 15.836 km (unchanged from 2018).

By another note dated 31 December 2018, MIT/DGVCA notified CAV that the pilot subsidy scheme (frequent traveller discount of 40%) on the stretch between Mirano/Dolo and Padova Est (that was expected to end on 31 December 2018) may be extended, also as a pilot scheme, for a further 12 months from 1 January 2019 to 31 December 2019.

Investment

In the course of 2018 the Company completed certain works included in the investment plan "Investment for operating requirements" appended to the Regulatory Financial Plan, in detail:

- Installation of crash cushions at the junctions between A57 and the Mestre ring road and between the Marco Polo airport junction and A4;
- Supply and installation of metal and reinforced concrete structures for accessing the base of gantries equipped with variable-message signs (VMSs) and cameras mounted on poles.

Moreover, preliminary study and/or design activities were started that are necessary for other investment scheduled in the RFP.

Also, the complementary and completion works of the Mestre Bypass included in the Company's Financial Plan are being completed by the Veneto Department of ANAS S.p.A.

Safety and environment

BS OHSAS 18001:2007 management system

In the course of 2018 we continued updating and supplementing the procedures of the integrated management system, with the review of the organization system in accordance with the ISO 9001:2015 standard, the workplace health and safety management system in accordance with the BS OHSAS 18001:2007 standard, and with the implementation of the environmental management system in accordance with the ISO 14001:2015 standard and the traffic safety management system in accordance with the ISO 39001:2016 standard. All business processes have been revised and integrated in accordance with these management systems. In the second half of 2018 CAV obtained certification of the integrated management system under the above standards, no instances of non-compliance having been identified.

The effective implementation of the management system made it possible to comply with the provisions of the Organisational, Management and Control Model adopted pursuant to Legislative Decree No. 231/01.

The goal to be pursued in 2019 is the consistent application of the system in order to have the certification confirmed, with the implementation of an optical/IT tool suitable to improve the system's application so as to render it an effective tool for meeting the binding obligation of supervision.

Environmental protection

In 2018 compliance with law requirements was verified for environmental aspects, and no instances of non-compliance by the Company were identified.

In order to monitor effectively the environmental aspects having an impact on the Company, mapping was started of rainwater flows and water discharge points within the relevant land reclamation consortia. In July 2018 action plans were adopted in accordance with Legislative Decree No. 194/2005 in relation to the motorway stretches operated by the Company. The action plans reflect the noise mitigation plans, highlighting the noise mitigation measures already in place and large-scale planning strategies.

Maintenance

In the course of 2018 all maintenance activities set out in the Financial Plan approved by the grantor and included in the budget were continued.

The activities related to the entire classification of maintenance works specified in Appendix E to the Concession Agreement for the motorways operated by the Company.

The constant commitment of staff of the Company's technical function made it possible to maintain optimal safety and comfort standards for the tens of thousands of people and vehicles travelling daily on CAV's motorway network.

The works scheduled and performed were:

- Renewal of road surfaces;
- Checks and inspections of road structures;
- Generic and specific activities connected with motorway infrastructure and corporate buildings;

- Repainting of road surface markings and replacement of damaged vertical signs;
- Upgrades to tolling systems and equipment;
- Prevention of ice formation and snowfall monitoring;
- Clearing of carriageways and grass cutting in green areas and verges;
- Implementation of the corporate IT network;
- Maintenance of lighting, monitoring and traffic supervision equipment.

In addition to the above works, which are part of ordinary annual maintenance, in the course of 2018 the following works were carried out:

- Upgrading of 4 exit lanes at the Venezia Mestre gate with conversion from type SB96 to Cronos, specifically, exits W24 and W39 and exits U30 to U81 in X40 and X50 with new TPS300 automated toll booths.
- Upgrading of the Padova Est toll gate with conversion of entry lane E86 to exit lane W36 with a TPS300 automated toll booth.
- Replacement of the M.C. T. system with the new M.C. R system with upgrade and virtualization of the main servers and fault monitoring (TMI).
- Supply of 32 pairs of new last-generation optical scanners for vehicle classification to be installed on the lanes of the toll gates at Spinea and Preganziol.
- Upgrading and extraordinary maintenance of the fire main system along the Mestre ring road.
- Installation of more than 400 led road lamps along the A57 – Mestre ring road
- Revamping of the Company's conference room and upgrading of the air conditioning system at the building housing the Company's general and administrative management function .
- Upgrading of the traffic monitoring system with the installation on the Mestre ring road of new high-resolution (4K) cameras using the IP protocol.
- Upgrading of the traffic monitoring system with the installation of new multi-lane traffic monitoring stations on the A57 – Mestre ring road, Marco Polo airport junction and software to break down traffic flows between A4 and A57 (origin - destination matrices)
- Replacement of printers with new, uniform models and introduction of a new software for optimised management of toner and paper consumption with follow-me print functionality, virtualization of the telefax system, authentication by password/pin/transponder on shared multi-function printers.
- Configuration of a new Citrix virtual environment for remote access management, MDM, resources sharing (test stage).
- Contracting, through an open tender procedure, of construction of an office network with planned replacement of equipment, introduction of a WiFi network and modification of security policies in line with the ISO27001 standard.
- Contracting, through an open tender procedure, of construction of a new data centre at Padova Est to support business continuity.
- Analysis of the Company's IT systems with the aim of introducing a new software platform serving all corporate functions so as to make all information flows uniform also by reducing the number of software applications in use and their technological development.
- Installation of special terminals on the safety barriers along the motorways under concession.

- Start of design activities for safety testing of motorway structures in accordance with the Technical Standards for Construction of 2018.

Management systems

One of the goals of Concessioni Autostradali Venete – CAV S.p.A. has been, since its incorporation, the implementation of management systems that ensure effective management as well as compliance with the laws and regulations governing its activities.

Accordingly, in 2013 the Company set up its own quality management system in accordance with the UNI EN ISO 9001:2008 standard and obtained its certification through an accredited certification body.

In 2015, as part of the continuous improvement of its control systems, CAV introduced and obtained certification of a workplace health and safety management system in accordance with British Standard OHSAS 18001:2007.

In the course of 2017, with a view to continuously improving its activities, CAV S.p.A. decided to start the integration and implementation of the systems in use and to introduce two new systems for which it would obtain certification (the environmental management system in accordance with the UNI EN ISO 14001:2015 standard and the traffic safety system in accordance with the UNI ISO 39001:2016 standard).

Therefore, work was started on a detailed review, updating, integration and implementation of all documentation relating to the management systems in order to achieve integrated certification, within September 2018, of all four management systems in accordance with the UNI EN ISO 9001:2015, UNI EN ISO 14001:2015, UNI ISO 39001:2016 and BS OHSAS 18001:2007 standards.

All corporate function were actively involved in this project.

The work carried out led to the implementation, updating and integration of all documentation relating to the above-mentioned management systems and, finally, allowed the Company to start the certification process of the integrated management system, which ended in September 2018 when integrated certification was issued by RINA Service S.p.A., a certification body accredited with ACCREDIA.

Finally, we note that during the inspections carried out by the certification body no instances of non-compliance were identified but only opportunities for improvement.

In the course of 2018, moreover, CAV continued reviewing the organisational and management models implemented by law, i.e. administrative liability of legal entities, personal data protection, prevention of corruption and transparency.

To maintain those long implemented models effective, CAV performs periodical reviews reflecting any changes in the organization and developments in legislation.

Consistently with these requirements, also through the commitment of the Supervisory Board (OdV) that carefully monitors compliance with the Model and its adequacy, in June 2018 CAV updated its Organisational, Management and Control Model adopted pursuant to Legislative Decree No. 231/01 and its Ethics Code. moreover, in the autumn a further review of the 231 Model was started to bring the procedural references therein in line with the integrated management system adopted by the Company and certified by RINA Services S.p.A..

The final revision of the Model is expected to be completed in early 2019.

In 2018 CAV, after a lengthy process, completed the review and updating of procedures for the application of Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data.

Among the key new elements of the updated privacy management system we note the appointment of a Data Protection Officer (DPO) pursuant to article 37 and ensuing articles of the Regulation.

Also the Model required by Law No. 190/2012, which reorganised the regulations concerning the prevention and repression of corruption and illegal acts in the public administration, connecting with Legislative Decree No. 33/2012 concerning the requirement of publicity and transparency and with Legislative Decree No. 39/2013 concerning the ineligibility for and incompatibility between appointments, has been constantly updated in compliance with law requirements on the prevention of corruption and transparency.

The system is managed by the Officer in charge of the Prevention of Corruption and Transparency ("RPCT") who, within the term prescribed by law, has prepared an Annual Report and a Three-year Plan for the Prevention of Corruption and Transparency.

Moreover, the Company continued the necessary information and training of personnel on the administrative liability of legal entities, the protection of personal data, the prevention of corruption and transparency.

Other operating information

Accidents and Roadside Assistance Service

In 2018 accidents on the closed and open system stretches of motorway operated by CAV totalled 270, an increase of 12.5% on 2017; of these, 169 involved light vehicles, an increase of 14.97% on 2017 and 101 involved HGVs, an increase of 8.60% on 2017.

To assess the accident performance properly and in context, the figure should be considered in relation to actual traffic volumes and expressed as an accident rate: the accident rate is the ratio of the number of accidents to kilometres travelled by vehicles (i.e. vehicles per km) in the period considered: the accident rate is conventionally expressed per 100 million vehicles per km.

If we compare 2018 with 2017 the accident rate for light vehicles (per 100 million kilometre travelled) rose to 12.54 (+14.70%), while that for HGVs rose to 21.46 (+5.14%); the overall accident rate rose to 14.85, an increase of 11.38%.

Below we provide some additional figures of interest.

In 2018 there were 126 accidents causing injuries (an increase of +18.86% on 2017); the accident rate per 100 million kilometre travelled rose to 6.93 (an increase of +17.68% on 2017); the average rate for Italy at 30 September 2018 was 7.10 (source: AISCAT).

The number of persons injured rose to 199 (+23.60% on 2017); the related rate rose to 10.94 (+22.37% on 2017); the average rate for Italy at 30 September 2018 was 12.06 (source: AISCAT).

The number of fatalities was 5, +66.67% on 2017: the related rate was 0.27 (+65.00% on 2017); the average rate for Italy at 30 September 2018 was 0.24 (source: AISCAT).

Also in 2018 the Company worked to improve quality standards, the most important of which are: information of users (through variable-message signs, a website with information and dedicated pages and traffic monitoring through cameras, continuously updated real-time reports on traffic events via national and local radios); activities of the operating centre through widespread monitoring; constant monitoring by the Company of critical points; performance of maintenance works with a particular focus on issues related to the setting up of worksites and safety (scheduling, night shifts, etc.).

Also, an app for PCs and mobile phones, INFOVIAGGIANDO, was developed by the operators of motorways in North-East Italy – CAV S.p.A., Autostrada Brescia Verona Vicenza Padova S.p.A. and Autovie Venete S.p.A. – which operate adjoining motorways, in order to manage in a uniform manner the service of provision of information to users, promoting the shared use of advanced management technologies and systems while pursuing the goals of effectiveness, efficiency and economy.

The information provided to users via the shared platform essentially comprises:

- Real-time traffic, road and weather information and forecasts;
- Existing worksites and works in progress;
- Toll payment systems;
- Destinations, useful services and relevant events including on stretches immediately adjacent to those for which the parties are responsible.

Users especially appreciate real-time information on emergencies via local radios with a large audience.

Also important was the deterrence and surveillance work carried out by the traffic police: their work, whose purpose is to control and oversee traffic, was performed on the basis of real and mutual cooperation with the Company's services. Traffic police service on the motorway stretches operated by the Company is regulated by a specific agreement that was recently reviewed and updated.

In connection with the above, we confirm one again CAV's commitment to ensure the highest possible level of safety along all stretches under concession to the Company, both in the open and in the closed system.

The Roadside Assistance service was provided by five recovery operators – all of which operate at a national level – that intervene on motorways on the basis of contractually defined callout procedures.

In 2018 there were a total of 4,628 callouts, an increase of 3.74% on 2017.

The callout rate per million kilometres travelled was equal to 2.54 (an increase of 2.71% on 2017).

Service Centres

Service Centres provide sundry assistance to travellers and offer a broad range of services including the sale and distribution of Telepass devices and Viacard prepaid cards, post-sales assistance (billing, licence plate replacement, lost & found, etc.), settlement of unpaid tolls, information on motorway tolls, issue of frequent traveller cards on the stretch Mirano/Dolo – Padova Est and other forms of discounts applied to customers, etc..

All transactions are made easier by the direct, personal relationship with our operators.

Overall, in the course of 2018 services provided to customers involved 57,305 transactions at the Service Centre at Padova Est (+36.63% on 2017) and 70,252 transactions at the Service Centre at Venezia/Mestre (+1.42% on 2017).

The growth of transactions at Padova Est was the consequence of the closure in June 2018 of the Service Centre at Padova Ovest operated by Autostrada Brescia Verona Vicenza Padova S.p.A...

The most significant transactions at the two Service Centres were as follows:

- 11,751 unpaid toll reports collected (+5.5%);
- 22,721 Telepass transactions (deliveries, returns, replacements) (+19.86%);
- 52,626 licence plate transactions (+19.70%);
- 10,549 prepaid cards sold (+13.85%).

In the course of 2018 the opening hours of the Service Centre at Venezia/Mestre were brought in line with those of the Service Centre at Padova Est: Monday to Friday, 8:30am-12:45 and 2:30-6:00pm..

Service stations and hotel

In 2018 the service stations located along the motorway (Arino Est and Arino Ovest on A4, in the closed system, close to the junction with the Mestre Bypass) and the Mestre ring road (Marghera Est and Marghera Ovest on A57 close to the roundabout, in the open system) sold 4,142,000 litres of petrol (-6.20%); 20,363,000 litres of diesel fuel (-0.97%); 2,221,000 litres of LPG (-11.30%); 897 kilograms of methane (+3.34); 4,820 kilograms of lube oils (-9.94%); forecourt retailing business totalled sales of EUR 178,000 (-17.59%).

Coffee shops and restaurants recorded total sales, excluding VAT, of EUR 7,067,000 (+2.29%); retail business at coffee shops and restaurants totalled EUR 3,408,000 (-0.93%); ancillary sales totalled EUR 5,581,000 (+6.55%).

The hotel at Marghera recorded total sales for restaurant services, sundry services and lodging of EUR 3,407,000 (- 5.70%).

On the above-mentioned activities and sales the oil companies, catering companies and the hotel paid the fees agreed in the related agreements, which in 2018 generated net income of EUR 4,263,000 (- 0.07%).

Operations Centre

The Operations Centre, open 24/7, is constantly in contact with the traffic officers patrolling the A4, A57 Mestre ring road and the junction with Venice 'Marco Polo' airport and uses hi-res cameras and monitoring and data recording systems to control the various stretches of motorway operated by CAV.

Depending on the circumstances, operators at the Centre, based on predefined procedures, alert the persons in charge of the relevant internal and external services to address emergencies or any issues arising.

The Operations Centre alerts the Roadside Assistance Service and provides traffic and road information to the information centres "CCISS – VIAGGIARE INFORMATI" that broadcast it to users via national radio channels.

The Operations Centre also keeps traffic and road information current on the Company's website.

Traffic officers

Assistance to users in difficulty on the motorway stretches operated by CAV is provided by the Company's traffic officers, specially trained employees who patrol the motorway, assist users and report accidents, congestion and any other traffic disruptions.

Moreover, traffic officers act in the case of accidents drawing up accident reports where there are no physical injuries (if any individual is injured the police must be alerted) and intervene to ensure traffic safety and smoothen traffic flows.

The current organisation structure provides for at least 4 traffic officers, each with a fully equipped van, to be constantly present, day and night, along the motorway stretches operated by the Company; on days when heavy traffic flows are expected, staff and vehicles of third party contractors are added.

Traffic officers are in constant contact with the Operations Centre to optimise the effectiveness of roadside action.

TRANSACTIONS WITH ANAS

With reference to Legislative Decree No. 173/2008 implementing Directive 2006/46/EC and the consequent statutory effects, we disclose information relating to transactions with related parties (article 2427 of the Civil Code, item 22bis).

Related parties refers to ANAS SpA, with which the Company entered into significant transactions carried out at arm's length.

Administrative-accounting relationship between CAV and ANAS

The Company's administrative-accounting relationship with ANAS in relation to the obligations originating from the Compensation Agreement ("Convenzione Ricognitiva") is illustrated below.

Because the Mestre Bypass was built by ANAS, CAV is required to ensure financing of the costs of the Bypass and – as mentioned previously – to repay ANAS for the funds disbursed within the limits of the amounts set out in the financing plan; the costs are considered net of government grants.

The agreement obviously also establishes the sources of funds that CAV may use to meet the above-mentioned commitments, in detail: toll revenue from the Bypass; toll revenue from motorway stretches operated since 1 December 2009 after taking over from the previous concession operator; toll revenue relating to the additional kilometres travelled applied at gates between the closed and the open system around the Mestre area; revenue from sub-licences at service stations.

Payables to and receivables from ANAS are analysed below with the balance of each item; the balance of payables and receivables as of 31 December 2018 gives a net amount receivable by CAV from ANAS equal to EUR 4,221,508.

Receivables by CAV totalled EUR 14,984,561 as of 31 December 2018, whereof EUR 14,107,500 relating to the grant referred to in article 1, paragraph 78, letters c) e i) of Law No. 266/2005, and EUR 877,061 relating to other receivables (included in receivables from interconnected motorway operators).

Payables by CAV totalled EUR 10,763,053 as of 31 December 2018 and are detailed as follows: EUR 4,911,865 for the subordinated loan from shareholders; EUR 4,991,676 relating to repayment of the costs actually incurred by ANAS for construction of the Bypass and of the complementary and completion works not yet billed); EUR 858,137 in interest not yet paid on the subordinated loan from shareholders; and EUR 1,375 in other payables (included in trade payables).

In addition to the above, as of 31 December 2018 the amount payable to ANAS for the concession fee (pursuant to article 10 of Law No.537/1993 and article 1, paragraph 1020, of Law No.296/2006) was equal to EUR 705,140 and the amount payable for the supplementary concession fee in respect of FY 2018 (pursuant to article 19, paragraph 9/bis, of Law No.102/2009 and article 15, paragraph 4, of Law No.122/2010) was equal to EUR 195,002.

it should be noted that in the course of 2018 ANAS settled the amount receivable by CAV and amounting to EUR 57,231,130 comprising VAT on bills issued for the government grant awarded pursuant to article 1, paragraph 1045, of Law No. 296/2006, the government grant awarded pursuant to article 1, paragraph 78, of Law No. 266/2005, and the government grant awarded pursuant to CIPE Resolution No. 92 of 31 October

2002. Those bills were issued following receipt on 14 March 2017 of a reply from the Revenue Agency to a tax query submitted by the Company.

Also in the course of 2018 CAV settled the amount receivable by ANAS and amounting to EUR 18,039,979 comprising essentially VAT on bills for complementary and completion works of the Mestre Bypass received in previous years and already paid for the taxable amount.

TRANSACTIONS WITH THE REGION VENETO

The Region Veneto is a shareholder of Concessioni Autostradali Venete S.p.A. with 50% of share capital. CAV's Financial Plan, in addition to taking over operation of the motorway and assuming the costs of the Bypass, provides for investment of around 240 million to complete the Bypass, consisting in works designed to integrate the new motorway with the existing roads in the territory and with the environment. CAV does not build the works directly, construction is carried out by ANAS. CAV provides the funds for the works. In past years and also in 2018, CAV made available the resources generated from its cash flows, allowing the actual construction of the investment on completion of the Bypass and enhancement of the territory. It should be noted that, in accordance with the instructions from the Region Veneto, the notes to the financial statements (section "Additional disclosures") provide details of receivables from and payables to the regional administration as of 31 December 2018. Since 2016, the year when the Project Bond was issued, an arrangement with the Region Veneto known as "Region Agreement" has been in place. Under the terms of the arrangement the Region Veneto, in its capacity as a shareholder of the Company, has undertaken in favour of the secured creditors to guarantee that the Company's shares it owns shall not be sold, transferred or encumbered. Finally, we state that there are no other transactions or cooperation activities in place with the Region Veneto.

Application of and compliance with the directives set out in Resolutions of the Veneto Regional Government No. 3966/2007, 1075/2011, 2790/2012 and 2101/2014

The report on operations and notes to the financial statements provide information on the activities carried out by CAV and obviously also comply with the requirements of Resolution No. 2101/2014 of the Veneto regional government titled "Amendments and supplements to the directives to investees set out in Resolution of the regional government ("DGR") No. 258/2013", also in light of the entry into force of Legislative Decree No. 175/2016.

Ad abundantiam, we note the following:

- Directives concerning tenders for works, supplies and services

CAV S.p.A. holds a concession as a motorway operator. In accordance with its Articles of Association and its contractual commitments, when tendering for works, supplies and services in 2018 CAV applied the regulations set out in Legislative Decree No. 50 of 18 April 2016, amended by Legislative Decree No. 56 of 19 April 2017 (known as "Correttivo 2017", which it currently applies). We confirm that the Company tendered for low-value works, supplies and services in the year 2018, and that the Board of Directors of CAV, at its meeting of 28 November 2016, adopted a regulation for managing the open list of bidders for works, supplies and services and a regulation for managing the open list of bidders for engineering and architectural services.

- Directives concerning personnel

By a decision taken by the Board of Directors on 16 July 2010, CAV adopted guidelines identifying criteria and methods for personnel recruitment. With reference to assignments, so far it has not been considered necessary to adopt a specific guideline, which will be adopted on a timely basis where necessary. Changes in headcount and related personnel costs are detailed in Appendix H.

- Directives concerning communications to the Region

By the prescribed deadlines CAV shall submit updated information on the membership of the corporate boards of direct and indirect subsidiaries and related remuneration, a report on the achievement of the objectives included in corporate plans in the previous year, the current year's budget, preliminary figures for the previous year, the latest approved actual figures, the disclosures required by Legislative Decree No. 33/2013 necessary for the Region Veneto to comply with transparency requirements, a report on activities performed in the second half of the previous year, and a report outlining activities planned for the first half of the current year. There are no agreements or service contracts with the Region Veneto to be reported on.

- Directives concerning the reduction of miscellaneous expenditure

Because CAV S.p.A. is not listed among the entities included in the consolidated income statement of the public administration as identified by ISTAT pursuant to paragraph 3, article 1, of Law No. 96 of 31 December 2009, it is not subject to the application of the regulations set out in Law Decree No. 78/2010, article 6, paragraphs 7, 8, 9, 11 and 20; however it carries out careful management of financial resources in light of the commitments made with the Financial Plan appended to the Concession Agreement with the grantor, the Ministry of Infrastructure and Transport.

- Directives concerning the membership of and remuneration of corporate boards

Resolutions on the remuneration of the members of the Board of Directors and governance bodies were adopted in compliance with the law.

- Directives concerning indirect subsidiaries

CAV S.p.A. does not own any subsidiaries.

- Directives concerning the requirements for the appointment of administrative bodies of companies in which the Region has a direct or indirect investment

Members of the boards of directors of investees of CAV S.p.A. possess the requirements established by law and by the respective articles of association, as well as proven professional competence, experience and independence in relation to their assignments.

- Directives concerning the reduction and streamlining of public expenditure of the Region

CAV S.p.A. is not subject to guidelines "C" established by DGR 2101/2014.

In any case, all vehicles owned by CAV S.p.A. are used in motorway operations as required by the Concession Agreement to carry out monitoring, surveillance, assistance and other activities necessary to ensure the safety of users, as well as to carry out ordinary office activities.

At any rate, we note that on its website CAV S.p.A. publishes a summary table of company cars and the costs incurred for expense refunds, with a separate indication of those disbursed to members of corporate boards and to employees. This notwithstanding, the Board of Directors di CAV S.p.A. has approved a specific "Company car management" procedure.

- Directives concerning transparency and publicity pursuant to Legislative Decree No. 33/2013 and regional Law No. 39/2013 for updating the models referred to in article 6 of Legislative Decree No. 231/2001

CAV S.p.A. publishes all the information required by article 11, paragraph 1, of Regional Law No. 39/2013, as well as the information more generally required by Legislative Decree No. 33/2013 on its website. Also published on CAV's website is the Organisational, Management and Control Model adopted pursuant to Legislative Decree No. 231/2001 and subsequent amendments.

INVESTEES

The Company has only a share in a consortium called Consorzio Autostrade Italiane Energia.

Consorzio Autostrade Italiane Energia

Consorzio Autostrade Italiane Energia was set up on 29 February 2000 by eleven motorway operators, with shares in proportion to the electricity requirements of each member, also for the purposes of Legislative Decree No. 79 of 16 March 1999 (Deregulation of the electricity market) and to coordinate members' activities in order to improve their efficiency, development and rational energy management, acting as service entity. In the following years other motorway operators, as well as ANAS S.p.A., became members of the consortium, which CAV SpA joined on 22 December 2010. The consortium fund totals EUR 113,949 and the share of CAV SpA is 0.9%, corresponding to EUR 1,058. During 2019 a new management board and board of auditors shall be appointed. The consortium is a non-profit-making body and cannot distribute any form of dividend to members. However, it calls tenders under private- or public-sector regulations on behalf of its members; specifically, with regard to public-sector tenders, the consortium takes the role of central contractor, making a framework agreement with the bidder that is awarded the tender that is then finalised, through specific agreements, by each interested member. The term of the consortium ends on 31 December 2020.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

BALANCE SHEET

INCOME STATEMENT

CASH FLOW STATEMENT

BALANCE SHEET

A S S E T S	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
A) SUBSCRIBED CAPITAL UNPAID	0	0
B) FIXED ASSETS		
I. Intangible assets		
4) Concessions, licences, trademarks and similar rights	60,422	32,519
6) Assets under construction and payments on account	577,113	576,343
7) Other intangible assets	627,190,677	671,593,485
	<u>627,828,212</u>	<u>672,202,347</u>
II. Tangible assets		
1) Land and buildings	8,710	12,194
2) Plant and machinery	17,989	36,282
3) Industrial and commercial equipment	23,377	30,455
4) Other assets	1,228,807	883,658
	<u>1,278,883</u>	<u>962,589</u>
III. Financial assets		
Equity investments in:		
d bis) Other companies	1,058	1,058
	<u>1,058</u>	<u>1,058</u>
Total Fixed assets	<u><u>629,108,153</u></u>	<u><u>673,165,994</u></u>
C) CURRENT ASSETS		
I. Inventories		
1) Raw materials and consumables	1,159,214	1,021,708
II. Receivables		
1) Trade receivables:		
- falling due within one year	2,344,761	2,423,882
- falling due after one year	434,811	595,986
5-bis) Tax receivables		
- falling due within one year	37,084,921	35,801,420
- falling due after one year	3,350,918	39,159,984
5-ter) Deferred tax assets	77,032	121,833
5-quater) Other receivables:		
- falling due within one year	48,345,263	123,255,470
- falling due after one year	74,310,133	59,038,790
	<u>165,947,839</u>	<u>260,397,365</u>
III. Short-term investments	0	0
IV. Cash and cash equivalents		
1) Bank and postal deposits	75,951,417	41,688,919
3) Cash in hand	97,694	80,007
	<u>76,049,111</u>	<u>41,768,926</u>
Total Current assets	<u><u>243,156,164</u></u>	<u><u>303,187,999</u></u>
D) ACCRUED INCOME AND PREPAYMENTS	566,081	361,001
TOTAL ASSETS	<u><u>872,830,398</u></u>	<u><u>976,714,994</u></u>

LIABILITIES	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
<i>A) SHAREHOLDERS' EQUITY</i>		
I. Share capital	2,000,000	2,000,000
IV. Legal reserve	400,000	400,000
VI. Other reserves:		
- Extraordinary reserve	98,368,137	81,087,215
- Non distributable reserve pursuant to article 2426 of the Civil Code	0	947
- Restricted reserve for infrastructure	9,776,227	9,776,227
- Restricted reserve for penalties	175,000	175,000
- Restricted reserve for differences on maintenance works	6,778,000	6,778,000
IX. Profit/(Loss) for the year	23,364,627	17,279,975
	<u>140,861,991</u>	<u>117,497,364</u>
<i>B) PROVISIONS FOR RISKS AND CHARGES</i>		
4) Other provisions:		
a) for risks	150,000	150,000
c) for cycle maintenance	19,116,166	19,938,267
	<u>19,266,166</u>	<u>20,088,267</u>
<i>C) PROVISION FOR POST-EMPLOYMENT BENEFITS (TFR)</i>		
	341,510	320,195
<i>D) PAYABLES</i>		
1) Bonds		
- falling due within one year	57,077,911	47,343,037
- falling due after one year	620,456,868	677,534,779
3) Loans from shareholders		
- falling due within one year	4,911,865	47,000,000
- falling due after one year	0	16,201,438
7) Trade payables	7,966,343	7,867,902
12) Tax payables	2,510,056	1,274,501
13) Social security payables	1,281,488	1,429,986
14) Other payables	17,792,087	39,800,124
	<u>711,996,618</u>	<u>838,451,767</u>
<i>E) ACCRUED EXPENSES AND DEFERRED INCOME</i>		
	364,113	357,401
TOTAL LIABILITIES	<u><u>872,830,398</u></u>	<u><u>976,714,994</u></u>

INCOME STATEMENT

	FY 2018	FY 2017
<i>A) VALUE OF PRODUCTION</i>		
1) Revenue from sales and services	161,420,651	157,898,373
5) Other income		
• Other	1,324,448	770,319
• Grants	176,718	275,870
	162,921,817	158,944,562
<i>B) COST OF PRODUCTION</i>		
6) Raw materials, consumables and goods	975,733	1,205,356
7) Services	25,397,164	21,426,834
8) Leases and rentals	294,172	539,018
9) Personnel:		
a) Wages and salaries	13,355,690	13,691,417
b) Social charges	4,343,799	4,461,244
c) Provision for post-employment benefits (TFR)	977,861	1,001,252
e) Other personnel costs	567,130	548,841
	19,244,480	19,702,754
10) Amortisation, depreciation and write-downs		
a) Amortisation of intangible assets	44,873,856	44,706,842
b) Depreciation of property, plant and equipment	375,220	258,913
d) Write-downs of receivables included in current assets	239,391	0
	45,488,467	44,965,755
11) Change in stocks of raw materials, consumables and goods	-137,506	29,559
13) Other accruals		
b) Charges to provision for cycle maintenance	13,046,857	12,364,598
c) Utilisation of provision for cycle maintenance	-13,868,958	-10,958,694
14) Other operating costs	18,641,188	18,365,983
	109,081,597	107,641,163
 <i>DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION</i>	 53,840,220	 51,303,399

	FY 2018	FY 2017
<i>C) FINANCIAL INCOME AND CHARGES</i>		
16) Other financial income:		
d) financial income other than the above	13,836	10,939
17) Interest and other financial charges	20,800,357	26,182,487
	<u>-20,786,521</u>	<u>-26,171,548</u>
 <i>D) ADJUSTMENTS TO THE VALUES OF FINANCIAL ASSETS AND LIABILITIES</i>		
18) Revaluations:		
a) di equity investments	0	0
19) Write-downs:		
a) di equity investments	0	4,019
	<u>0</u>	<u>-4,019</u>
 <i>PROFIT(LOSS) BEFORE TAX</i>	 33,053,699	 25,127,832
20) Income tax for the year		
a) Current income taxes	9,644,271	7,715,749
b) Deferred tax liabilities	0	0
c) Deferred tax assets	44,801	132,108
	<u>-9,689,072</u>	<u>-7,847,857</u>
21) Profit/(Loss) for the year	23,364,627	17,279,975

CASH FLOW STATEMENT

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
A. Cash flow from operating activities (indirect method)		
Net profit for the period	23,364,627	17,279,975
Income taxes	9,689,072	7,847,857
Interest expense/(income)	20,786,521	26,171,548
1. Profit/(Loss) for the year before income taxes, interest, dividends, and gains/losses on disposals	53,840,220	51,299,380
<i>Adjustments for non-cash items with no impact on net working capital</i>		
Charges to provisions for risks and charges	13,046,857	12,364,598
Utilisation of provisions for risks and charges	-13,868,958	-10,958,694
Charge to Provision for post-employment benefits (TFR)	977,861	1,001,252
Amortisation of intangible assets	44,873,856	44,706,842
Depreciation of property, plant and equipment	375,220	258,913
Adjustments to the values of financial assets and liabilities	0	4,019
<i>Total adjustments for non-cash items</i>	<i>45,404,836</i>	<i>47,376,930</i>
2. Cash flow before changes in net working capital	99,245,056	98,676,310
<i>Changes in net working capital</i>		
(Increase)/Decrease in inventories	-137,506	29,559
(Increase)/Decrease in trade receivables	240,296	563,837
(Increase)/Decrease in tax receivables	34,525,565	24,816,102
(Increase)/Decrease in other receivables	59,638,864	5,428,038
(Increase)/Decrease in accrued income and prepayments	-205,080	-107,639
(Decrease)/Increase in trade payables	98,441	1,877,496
(Decrease)/Increase in social security payables	-148,498	28,953
(Decrease)/Increase in other payables		
(excluding amounts already included in other items)	-22,866,174	-1,062,089
(Decrease)/Increase in accrued expenses and deferred income	6,712	-25,585
<i>Total changes in net working capital</i>	<i>71,152,620</i>	<i>31,548,672</i>
3. Cash flow after changes in net working capital	170,397,676	130,224,982
<i>Other adjustments</i>		
Interest received/(paid)	-17,604,221	-20,588,807
(Income taxes paid)	-8,408,716	-7,628,905
(Utilisation of provisions)	-956,546	-979,485
<i>Total other adjustments</i>	<i>-26,969,483</i>	<i>-29,197,197</i>
Cash generated from (used in) operating activities (A.)	143,428,193	101,027,785
B. Cash flow from investing activities		
<i>Investing activities</i>		
(Increase) in intangible assets	-499,721	-3,344,939
Decrease in property, plant and equipment	0	0
(Increase) in property, plant and equipment	-691,514	-887,501
Decrease in financial assets	0	274,888
Cash generated from (used in) investing activities (B.)	-1,191,235	-3,957,552
C. Cash flow from financing activities		
Repayment of bonds	-49,667,200	-53,186,400
Repayment of loan from shareholders	-58,289,573	-38,658,948
Cash generated from (used in) financing activities (C.)	-107,956,773	-91,845,348
Increase/(Decrease) in cash and cash equivalents	34,280,185	5,224,885
Cash and cash equivalents at beginning of period	41,768,926	36,544,041
Cash and cash equivalents at end of period	76,049,111	41,768,926

NOTES TO THE FINANCIAL STATEMENTS

Presentation and content of the financial statements

The annual financial statements as of 31 December 2018 have been prepared in accordance with the provisions of the Civil Code laid out in article 2423 and following articles, interpreted and supplemented by the accounting standards issued by OIC, the Italian accounting standards setter.

The layout of the balance sheet and income statement comply with the provisions of articles 2423 ter, 2424, 2424 bis, 2425 and 2425 bis of the Civil Code, which established mandatory layouts.

The financial statements are prepared in units of euro, without decimals, are required by article 2423, paragraph 6, of the Civil Code.

The notes to the financial statements, prepared in accordance with the provisions of articles 2427 and 2427 bis of the Civil Code, include the most significant accounting policies applied and comments on the individual financial statements line items, illustrating their composition and the reasons for the most significant variances from the comparative period.

Items were measured considering the Company as a going concern. The principles of prudence and the accrual basis of accounting were followed, and account was taken of the substance of the transaction or contract. Accordingly, only profits actually realised at the balance sheet date were recognised.

The financial statements include a cash flow statement as required by article 2425 ter of the Civil Code.

Accounting policies

As required by article 2427 of the Civil Code, below we set out the policies applied in the measurement of financial statements line items, taking into account the new provisions introduced by article 2426 of the Civil Code as a result of Legislative Decree No. 139/2016, and the revised OIC national accounting standards in force since December 2016 and subsequent amendments:

Concessions, licences, trademarks and similar rights

Concessions, licences, trademarks and similar rights are measured at cost less accumulated amortisation calculated systematically on a straight-line basis over a period not exceeding five years.

Intangible assets

Intangible assets, comprising application software, are measured at cost less accumulated amortisation calculated systematically on a straight-line basis over a period of two years.

Other intangible assets

Other intangible assets – comprising the cost of construction of the Mestre Bypass to be refunded to ANAS, the indemnity paid to Società delle Autostrade di Venezia e Padova S.p.A., other works built on the motorway stretches under concession, complementary and completion works of the Mestre Bypass, financing costs resulting from taking over the concession (safety works on provincial road SP81 and San Giuliano interchange

at Mestre), the cost of renovation of the traffic police barracks, costs for the roundabout on entry to the Marco Polo–SS14 junction, and the cost of a feasibility study on service stations – are measured at cost, increased by capitalised financial charges, less grants, and reduced by accumulated amortisation calculated on a straight-line basis over the term of the concession ending on 31 December 2032.

Tangible assets

Tangible assets comprise land and buildings, plant and machinery, industrial and commercial equipment and other assets (furniture and ordinary office machines; electronic office machines, computers and telephone installations; cars; other vehicles) and are recognised at costs less depreciation calculated systematically on a straight-line basis over their useful lives.

Depreciation is calculated at the following annual rates that are considered appropriate in relation to the assets' remaining useful lives: plant and machinery 20%; industrial and commercial equipment 12%; furniture and ordinary office machines 12%; electronic office machines, computers and telephone installations 20%; cars 25%; other vehicles 20%.

Equity investments

Equity investments in subsidiaries are measured, pursuant to article 2426, item 4, of the Civil Code, in accordance with the equity method, i.e. each investment is recognised at a value equal to the proportional share held by the company in the investee's equity resulting from the latest available financial statements.

Equity investments in other companies are measured at cost. Purchase cost is increased following subscribed and paid-in capital increases of the investee and new purchases of shares from third parties. The carrying amount is reduced to reflect any impairment losses.

Equity investments are recognised in financial assets or in current assets depending on whether the company intends to hold them in the long term.

Inventories

Inventories, comprising consumables and goods for use in maintenance works on the motorways, are measured at the lower of cost, considered as the weighted average purchase cost of the year, and estimated realisable value derived from the market at the closing date.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits, deposits on postal accounts and other items equivalent to cash. They are carried at estimated realisable value corresponding to nominal value; cash is measured at its face value. Restricted cash items are classified in receivables.

Receivables and payables

Receivables and payables are carried at amortised cost, having regard to the time value of money and, with reference to receivables, estimated realisable value. Restricted cash items are classified in receivables. The Company used the option allowed by Legislative Decree No. 139/2016 not to consider the time value of money in the measurement of transactions recorded before 1 January 2016.

Prepayments, accruals and deferrals

Prepayments, accruals and deferrals represent time-based apportionments of income and expenditure items that relate to more than one accounting period.

Shareholders' equity

Equity is the difference between total assets and total liabilities determined on the basis set out above and shows the value of the entity's own funds, i.e. internal sources of funds.

Provision for post-employment benefits (TFR)

The provision for post-employment benefits (*Trattamento di Fine Rapporto di lavoro subordinato*, TFR) is calculated in accordance with article 2120 of the Civil Code and the labour contracts and legislation in force.

Provision for cycle maintenance

The provision for cycle maintenance is increased during each period to provide for the renewal costs of assets that comprise the stretches of motorway under concession. Renewal costs refer to restoration or replacement as well as maintenance, repairs, upgrades and transformation. The charge for the year is estimated by the Company in an amount suitable to maintain the motorway in good condition and efficient. The provision is utilised for the actual renewal costs incurred during each period.

Provision for taxes

The provision for taxes comprises tax liabilities that are probable, the amounts or timing of which cannot be determined accurately at the year end, and deferred tax liabilities arising from temporary differences between net profit per the financial statements and taxable income.

Provisions for risks and charges

Provisions for risks and charges, included within liabilities, are made for contingent liabilities, based on realistic estimates of the amount to be settled. Provisions are made only for specific losses or liabilities that are certain or probable, the amounts or timing of which cannot be determined accurately at the year end. Risks where the occurrence of a liability is probable are illustrated in the notes to the financial statements and a provision is posted for an appropriate amount. Risks where the occurrence of a liability is merely possible are disclosed in the notes to the financial statements but no provision is posted, in accordance with the applicable financial reporting standards.

Deferred tax assets and liabilities

Deferred tax assets and liabilities originate from temporary differences that will reverse in subsequent years between the carrying amounts of assets and liabilities and the corresponding fiscal values.

The rates applied in the calculation of deferred tax assets and liabilities are 3.90% for the purpose of IRAP, regional trade income tax, and 24.00% for the purpose of IRES, corporation tax.

Revenues and costs

They are recognised in accordance with the principle of prudence and the accrual basis of accounting.

Balance sheet information: Assets

FIXED ASSETS

Intangible assets

Intangible assets show a net decrease of EUR 44,374,135. Movements in the year may be analysed as follows:

	Balance as of 31 Dec. 2017	Increase	Decrease	Account transfer	Balance as of 31 Dec. 2018
Concessions, licences, trademarks and similar rights	32,519	120,844	92,941	0	60,422
Assets under construction and payments on account	576,343	378,877	0	-378,107	577,113
Other intangible assets	671,593,485	0	44,780,915	378,107	627,190,677
Total	672,202,347	499,721	44,873,856	0	627,828,212

'Concessions, licences, trademarks and similar rights' comprises the net book value of costs incurred to acquire application software. Amortisation is calculated on a straight-line basis over a period of two years.

'Assets under construction and payments on account' comprises: a) the costs incurred for construction of complementary and completion works of the Mestre Bypass; assets that went into operation during the year have been transferred to 'Other intangible assets'; b) the costs incurred for construction of other works on the motorways under concession that were not completed at the balance sheet date; c) costs referred to service stations (feasibility study).

With reference to the complementary and completion works we note the transfer from the account 'Assets under construction and payments on account' to 'Other intangible assets' of EUR 142,521.

Movements in assets under construction during the year may be analysed as follows:

	Balance as of 31 Dec. 2017	Increase	Decrease	Account transfer	Balance as of 31 Dec. 2018
Complementary and completion works on the Mestre Bypass	0	142,521	0	-142,521	0
Other works on the motorways under concession	527,543	236,356	0	-235,586	528,313
Service stations	48,800	0	0	0	48,800
Total	576,343	378,877	0	-378,107	577,113

'Other intangible assets' comprises the net book value of the costs of the Mestre Bypass, complementary and completion works of the Mestre Bypass, the indemnity paid to Società delle Autostrade di Venezia e Padova S.p.A., other works on the motorways under concession, safety works on provincial road SP81 between the Mira/Oriago toll gate and the roundabout on state road SS319 at Malcontenta, works on the San Giuliano interchange at Mestre, the renovation of the traffic police barracks, and the roundabout on entry to the Marco Polo-SS14 junction.

Amortisation is calculated on a straight-line basis over the entire term of the concession.

Movements in other intangible assets during the year may be analysed as follows:

Other intangible assets	Historical cost			Accumulated amortisation				Net book value	
	Balance as of 31 Dec. 2017	Additions and account transfers	Decreases	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017	Amortisation charge	Decreases	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2018
Mestre Bypass	705,199,639	0	0	705,199,639	274,312,304	28,725,822	0	303,038,126	402,161,513
Complementary and completion works	221,523,265	142,521	0	221,665,786	43,741,847	11,852,122	0	55,593,969	166,071,817
Indemnity paid to Società delle Autostrade di Venezia e Padova	74,689,185	0	0	74,689,185	26,158,057	3,235,409	0	29,393,466	45,295,719
Other works on the motorways	5,905,812	235,586	0	6,141,398	1,430,911	306,315	0	1,737,226	4,404,172
Safety works on provincial road SP81	5,384,004	0	0	5,384,004	1,635,162	249,923	0	1,885,085	3,498,919
San Giuliano interchange at Mestre	7,746,853	0	0	7,746,853	2,466,223	352,042	0	2,818,265	4,928,588
Renovation of traffic police barracks	300,000	0	0	300,000	55,835	16,278	0	72,113	227,887
Roundabout on entry to the Marco Polo-SS14 junction	800,000	0	0	800,000	154,934	43,004	0	197,938	602,062
Total	1,021,548,758	378,107	0	1,021,926,865	349,955,273	44,780,915	0	394,736,188	627,190,677

The historical costs reported in the table above are illustrated as follows.

The costs of construction of the 'Mestre Bypass', amounting to EUR 705,199,639, which the Company refunded to ANAS in accordance with article 2, paragraph 290, of Law No.244/2007 and article 6.2 of the Concession Agreement, comprise costs actually incurred of EUR 986,400,000, financial charges capitalised up to the date of inauguration of the Bypass of EUR 20,828,985, less government grants (pursuant to CIPE Resolution No. 92 of 31 October 2002) of EUR 113,116,500 already collected by ANAS S.p.A., government grants (referred to in article 1 paragraph 78, letters c) and i), of Law No.266/2005) of EUR 70,537,502 deducted directly from the cost of the Mestre Bypass in 2011, government grants (referred to in article 1, paragraph 1045, of Law No.296/2006) of EUR 100,000,000 deducted directly from the cost of the Mestre Bypass in 2013, as well as net revenues relating to the additional kilometres travelled preceding the opening of the Bypass, classified as government grants, of EUR 18,375,345. The costs of construction of the Bypass also include EUR 35,297,480 relating to steel price increases as well as the related provision referred to in article 135, paragraph 4, of Legislative Decree No. 163/2006; the amount of the provision has already been collected by ANAS as a grant from the Ministry, therefore the account has been closed and does not generate any impact on the Company's income statement or cash flows.

'Complementary and completion works' in operation comprise: Bypass landscaping ("Passante Verde"), environmental impact mitigation, sundry roads leading to the Mestre Bypass (Campocroce variant, junction between motorway A4 and provincial road SP64 in the territory of Mogliano Veneto, junction between provincial road SP27 and Via Dante in the territory of Mirano, Marcon motorway junction), complementary works to the

main tender (Robegano variant, removal of Roncade toll gate in the territory of Mogliano Veneto), the Martellago-Scorzè toll gate and the norther ring road of Mogliano Veneto.

The indemnity that the Company is required to pay pursuant to article 6.3 of the Concession Agreement relates to the cost of works not yet amortised by Società delle Autostrade di Venezia e Padova S.p.A. at the date of the transfer of the concession for the operation of the motorway, which took place on 1 December 2009. The amount of the indemnity was set by ANAS S.p.A. which notified the Company on 8 March 2010.

‘Other works on the motorways’ comprises new signage for EUR 391,752; the supply and installation of storm drain grids on the Mestre Bypass for EUR 223,170; chloride storage plants for EUR 169,153; automation of toll payment equipment for EUR 2,071,854; upgrading of remote traffic management systems for EUR 443,073; remote access at Preganziol and Spinea toll gates for EUR 39,491; miscellaneous works for EUR 2,802,905.

The costs incurred for safety works on provincial road SP81 (in operation since 2011) between the Mira/Oriago toll gate and the roundabout on state road SS319 at Malcontenta, the reorganisation of the San Giuliano interchange at Mestre (in operation since 2011) and for the roundabout on entry to the Marco Polo–SS14 junction (in operation since 2015) are part of the contractual commitments resulting from the concession of Società delle Autostrade di Venezia e Padova S.p.A. that CAV assumed on taking over the concession. The expenditure relates to the construction of works that will remain the property of, and will be maintained by, third parties.

The costs relating to renovation of the traffic police barracks went into operation in 2015.

‘Motorways under concession’ comprises the stretches of motorway under concession, i.e.: the Mestre Bypass (in A4 – closed system) with conventional length of 32.326 km; the Padua - Venice motorway (partly in A4 and partly in A57, in the closed system) with conventional length of 23.310 km; the motorway stretch in the open system (A57) relating to the Mestre western ring road (9.100 km) and the junction to Venice ‘Marco Polo’ airport at Tessera (9.400 km). The total length of motorway operated under concession is 74.126 km. The Company operates seven toll gates: Venezia/Mestre, Mira/Oriago, Mirano/Dolo and Padova Est (on the old motorway); Spinea, Martellago/Scorzè and Preganziol (on the Bypass).

Tangible assets

Tangible assets are shown at the net book value after accumulated depreciation.

	Balance as of 31 Dec. 2017	Increase	Decrease	Balance as of 31 Dec. 2018
Land and buildings	12,194	0	3,484	8,710
Plant and machinery	36,282	8,387	26,680	17,989
Industrial and commercial equipment	30,455	0	7,078	23,377
Other assets	883,658	693,418	348,269	1,228,807
Total tangible assets	962,589	701,805	385,511	1,278,883

Movements in the year may be analysed as follows:

Tangible assets	Historical cost			Accumulated depreciation				Net book value	
	Balance as of 31 Dec. 2017	Purchases	Sales	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017	Depreciation charge	Sales	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2018
Land and buildings	34,838	0	0	34,838	22,644	3,484	0	26,128	8,710
Plant and machinery	700,831	8,387	0	709,218	664,549	26,680	0	691,229	17,989
Industrial and commercial equipment	80,366	0	0	80,366	49,911	7,078	0	56,989	23,377
Other assets	1,867,306	693,418	12,096	2,548,628	983,648	337,978	1,805	1,319,821	1,228,807
Total	2,683,341	701,805	12,096	3,373,050	1,720,752	375,220	1,805	2,094,167	1,278,883

'Land and buildings' comprises light constructions.

'Plant and machinery' comprises snow ploughs and salt spreaders for EUR 649,967 and other plant for EUR 59,251.

'Industrial and commercial equipment' comprises miscellaneous small items.

'Other assets' comprises furniture and ordinary office machines, electronic office machines, computers, telephone installations, cars and other vehicles.

Increases in tangible assets of EUR 701,805 relate for EUR 619,202 to cars and service vans, for EUR 32,486 to computers and IT equipment, for EUR 2,850 to furniture and fixtures, for EUR 38,880 to industrial and commercial equipment, for EUR 8,387 to other plant.

Decreases relate to the depreciation charges for the period and the sale of certain assets. Depreciation is calculated at the rates mentioned above that are considered to reflect the assets' estimated useful lives.

Financial assets

'Financial assets' comprises equity investments.

	Balance as of 31 Dec. 2017	Increase	Decrease	Balance as of 31 Dec. 2018
Other companies:				
• Consorzio Autostrade Italiane Energia	1,058	0	0	1,058
Total	1058	0	0	1,058

Information on the investee is as follows:

	Registered office	Capital	Equity	Profit for the year	% held
Other companies:					
• Consorzio Autostrade Italiane Energia (*)	Roma	113,949	113,339	-533	0.93

(*) Figures from the draft financial statements as of 31 December 2018, approved by the board of directors on 25 January 2019.

CURRENT ASSETS

Inventories

The balance increased by EUR 137,506 and may be analysed as follows:

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Consumables	110,681	115,556
Assets for use in maintenance	1,048,533	906,152
Total	1,159,214	1,021,708

Receivables

'Receivables' totalled EUR 165,947,839 as of 31 December 2018, a decrease of EUR 94,449,526 compared with the previous year.

There are no receivables falling due after five years.

The balance may be analysed as follows:

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Trade receivables:		
• falling due within one year	2,344,761	2,423,882
• falling due after one year	434,811	595,986
Tax receivables		
• falling due within one year	37,084,921	35,801,420
• falling due after one year	3,350,918	39,159,984
Deferred tax assets	77,032	121,833
Other receivables:		
• falling due within one year	48,345,263	123,255,470
• falling due after one year	74,310,133	59,038,790
Total	165,947,839	260,397,365

'Trade receivables' decreased by EUR 240,296 and may be analysed as follows:

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Trade accounts receivable	96,053	188,291
Invoices to be issued	2,683,519	2,831,577
Total	2,779,572	3,019,868

'Invoices to be issued' comprises EUR 478,202 for crossing fees (whereof EUR 434,811 is expected to be collected after one year), EUR 2,132,363 for royalties from service stations and EUR 72,954 in other income.

The amounts reported are net of the provision posted in 2018 for certain doubtful debts, equal to EUR 239,390 (whereof EUR 42,802 against trade accounts receivable, EUR 14,042 against invoices to be issued falling due within one year and EUR 182,546 against invoices to be issued falling due after one year).

Trade receivables falling due after one year relate to crossing fees and their collection is considered certain based on the negotiations in progress. These accounts originated before 1 January 2016 and do not earn interest, however, they are not discounted to present value because, as allowed by article 2423, paragraph 4, of the Civil Code “it is not necessary to comply with recognition, measurement, presentation and disclosure requirements when compliance has a negligible effect on a true and fair presentation”.

‘Tax receivables’ decreased by EUR 34,525,565 compared with the previous year:

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
VAT receivable		
• falling due within one year	36,761,796	35,478,167
• falling due after one year	3,350,918	39,159,984
Amount receivable pursuant to article 2, paragraph 1-quater, Law Decree No. 201/2011	321,219	321,219
Amount receivable pursuant to article 11 of Law Decree No. 66/2014	0	2,034
IRAP (regional trade income tax) receivable	1,906	0
Total	40,435,839	74,961,404

VAT receivable relates to invoices received from ANAS S.p.A. recharging the costs of the Mestre Bypass and of complementary and completion works. The balance decreases as a result of offsetting, pursuant to article 19, D.P.R. 633/1972, against VAT payable for the period. The portion falling due within one year was estimated taking into account the VAT receivable that is expected to be offset in the course of 2019 against VAT payable arising from the difference between planned sales and purchases. The portion falling due after one year is VAT receivable that is expected to be offset in the course of 2020.

With regard to the portion falling due after one year of VAT receivable we note that it does not earn interest. With regard to the application of discounting to reflect the time value of money, Italian accounting standard OIC 15 makes explicit reference to trade and financial receivables, without mentioning the treatment applicable to tax receivables; it is therefore not possible to identify in the standard any specific indications for the accounting treatment of VAT receivable. On the other hand, International Financial Reporting Standards specifically exclude the discounting of tax assets and liabilities. Moreover, the nature of the receivable leads us to conclude that it is not possible to determine the time value of money, because the cash flows to be discounted cannot be determined. Finally, there is not a market interest rate that can be used for comparison for the purpose of discounting. For these reasons we decided not to discount this receivable.

The amount receivable pursuant to article 2, paragraph 1-quater, of Law Decree No. 201/2011 relates to the IRES (Corporation tax) claimed for refund in connection with a failure to deduct IRAP on personnel costs.

‘Deferred tax assets’ decreased by EUR 44,801 compared with the previous year and refers to the following:

	Balance as of 31 Dec. 2018		Balance as of 31 Dec. 2017	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Maintenance on tangible assets	56,299	13,512	0	0
Late payment interest	28	7	0	0
Directors' remuneration	5,018	1,204	4,088	981
Write-downs of receivables	229,431	55,063	3,938	945
Taxes	30,192	7,246	11,038	2,649
Legal disputes	0	0	488,575	117,258
Total	320,968	77,032	507,639	121,833

The tax rate applied for 2018 is 24.00%

'Other receivables' decreased by EUR 59,638,864 and may be analysed as follows:

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Receivables from interconnected motorway operators	37,581,206	37,467,873
Receivables from ANAS S.p.A. Government grant pursuant to article 1, paragraph 78, of Law No. 266/2005:		
• falling due within one year	4,702,500	4,702,500
• falling due after one year	9,405,000	14,107,500
VAT on the billing of government grants	0	57,231,130
Restricted cash		
• falling due within one year	4,939,465	22,889,134
• falling due after one year	64,884,791	44,910,948
Other		
• falling due within one year	1,122,092	964,833
• falling due after one year	20,342	20,342
Total	122,655,396	182,294,260

'Receivables from interconnected motorway operators' relates to the settlement of transactions arising from the interconnection of motorways.

'Receivables from ANAS S.p.A.', equal to EUR 14,107,500, comprises the portion of the government grant of EUR 70,537,502 awarded pursuant to article 1, paragraph 78, of Law No. 266/2005 (which will be collected by ANAS in the manner and timeframe set out in Inter-ministerial Decree No. 2428 of 5 March 2008, registered by the Court of Auditors on 7 May 2008, and will be transferred to CAV pursuant to article 7 of the Concession Agreement) whereof one tranche of EUR 4,702,500 is included in receivables falling due within one year (year 2018) and two tranches totalling EUR 9,405,000 are included in receivables falling due after one year (years 2020 and 2021). In the course of 2018 the Company collected one tranche equal to EUR 4,702,500. The receivable was first recognised in 2009 and does not bear interest. The portion falling due after one year has not

been discounted to present value because the Company has used the option allowed by Legislative Decree No. 139/2016 not to consider the time value of money in the measurement of transactions recorded before 1 January 2016. During the year the Company collected EUR 57,231,130 from ANAS comprising VAT on bills issued for the government grant awarded pursuant to article 1, paragraph 1045, of Law No. 296/2006; the government grant awarded pursuant to article 1, paragraph 78, of Law No. 266/2005; and the government grant awarded pursuant to CIPE Resolution No. 92 of 31 October 2002. Those bills were issued following receipt on 14 March 2017 of a reply from the Revenue Agency to a tax query submitted by the Company. For details, we make reference to the report on operations.

'Restricted cash' comprises deposits that are restricted as a result of the contractual obligations assumed by the Company in connection with the Project Bond. Italian accounting standard OIC 14, item 9, provides that "restricted cash items are recognised as receivables in current or fixed assets depending on the characteristics of the restriction". The balance comprises: a) a 'capex reserve account' of EUR 27,079,815 (whereof EUR 22,140,350 falling due after one year); b) a 'maintenance reserve account' of EUR 4,273,901 (entirely falling due after one year); c) a 'debt service reserve account' of EUR 38,470,540 (entirely falling due after one year). We note that the portion falling due after one year is not discounted because the rate at which cash and cash equivalents earn interest does not differ from the market interest rate. The restriction will apply up to 31 December 2030 and coincides with the term of the Project Bond, except for the capex reserve account whose amount is reduced as investments are built.

'Other' comprises receivables recognised after a provision for doubtful debts of EUR 184,592. The provision comprises EUR 180,653 posted for 100% of a receivable from a company that was declared bankrupt in 2013, and EUR 3,939 posted in 2016 for 100% of a doubtful receivable.

Cash and cash equivalents

The balance increased by EUR 34,280,185 and may be analysed as follows:

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Bank and postal deposits	75,951,417	41,688,919
Cash in hand	97,694	80,007
Total	76,049,111	41,768,926

Bank and postal deposits comprises: a) postal deposits of EUR 37,161; b) bank deposits of EUR 74,679,815; c) toll payments not yet credited to the Company's current accounts of EUR 1,234,441.

Accrued income and prepayments

The balance increased by EUR 205,080 compared with the previous year.

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Prepayments	566,081	361,001

'Prepayments' comprises long-term services that are billed in advance (EUR 326,205 for insurance services,; EUR 147,707 for vehicle maintenance and management; EUR 22,941 for administrative services; EUR 62,632 for maintenance; EUR 6,407 for rentals; EUR 189 for other services).

Balance sheet information: Liabilities

Shareholders' equity

Shareholders' equity increased by EUR 23,364,627 compared with the previous year and is analysed as follows:

	Balance as of 31 Dec. 2017	Increase	Decrease	Balance as of 31 Dec. 2018
I. Share capital	2,000,000	0	0	2,000,000
IV. Legal reserve	400,000	0	0	400,000
VII. Other reserves:				
- Extraordinary reserve	81,087,215	17,280,922	0	98,368,137
- Restricted reserve for road infrastructure	9,776,227	0	0	9,776,227
- Non-distributable reserve pursuant to article 2426 of the Civil Code	947	0	947	0
- Restricted reserve for fines and penalties	175,000	0	0	175,000
- Restricted reserve for difference on maintenance works	6,778,000	0	0	6,778,000
IX. Profit/(Loss) for the year	17,279,975	23,364,627	17,279,975	23,364,627
Total	117,497,364	40,645,549	17,280,922	140,861,991

Share capital comprises 2,000,000 ordinary shares of nominal EUR 1.00 each.

At the annual general meeting of 2 May 2018 the shareholders resolved to appropriate the profit for the year 2017 of EUR 17,279,975 to the extraordinary reserve and to transfer to the extraordinary reserve the part of the non-distributable reserve pursuant to article 2426 of the Civil Code having become available, equal to EUR 947. The restricted reserve for road infrastructure was set up in 2014 pursuant to article 2.1 of the Articles of association, to fund the additional investments in road infrastructure required by the CIPE Resolution of 26 January 2007.

The restricted reserve for fines and penalties was set up as a consequence of two files levied by the grantor: the first, amounting to EUR 150,000, notified on 9 April 2010 and the second, amounting to EUR 25,000, notified on 5 March 2012.

The restricted reserve for difference on maintenance works was set up following a specific request of the grantor. The amount is the difference between the maintenance work actually performed and the work schedules in the Business Plan appended to the Concession Agreement.

The following tables analyse shareholders' equity referred to the last two financial years, showing the origin, possible use and distributable amount, of each item and whether they were actually utilised.

Nature / Description	Amount	Possible use	Available amount	Summary of uses in the previous three years	
				Loss coverage	Other uses
Capital					
Share capital	2,000,000				
Reserves from profits					
Legal reserve	400,000	B	0	-	-
Extraordinary reserve	98,368,137	A, B, C	98,368,137		
Restricted reserve	9,776,227	B, C	0		
Restricted reserve	175,000	B	0		
Restricted reserve	6,778,000	B	0		
Total	117,497,364		98,368,137		
Non-distributable amount			0		
Distributable amount			98,368,137		

Legend

A: Capital increase

B: Loss coverage

C: Dividend distribution

	Share capital	Legal reserve	Extraordinary reserve	Restricted reserve for road infrastructure	Restricted reserve for fines and penalties	Restricted reserve for difference on maintenance works	Non-distributable reserve pursuant to article 2426	Profit/ (Loss) for the year	Total
As of 1 Jan. 2017	2,000,000	400,000	70,006,527	9,776,227	175,000	3,696,908	20,759	14,141,968	100,217,389
Appropriation to extraordinary reserve			11,080,688						11,080,688
Appropriation to restricted reserve						3,081,092			3,081,092
Appropriation to non-distributable reserve pursuant to article 2426							-19,812		-19,812
Utilisation of profit for 2016								-14,141,968	-14,141,968
Profit/(Loss) for 2016								17,279,975	17,279,975
As of 31 Dec. 2017	2,000,000	400,000	81,087,215	9,776,227	175,000	6,778,000	947	17,279,975	117,497,364
Appropriation to extraordinary reserve			17,280,922						17,280,922
Appropriation to non-distributable reserve pursuant to article 2426							-947		-947
Utilisation of profit for 2017								-17,279,975	-17,279,975
Profit/(Loss) for 2018								23,364,627	23,364,627
As of 31 Dec. 2018	2,000,000	400,000	98,368,137	9,776,227	175,000	6,778,000	0	23,364,627	140,861,991

Provision for risks and charges

The balance decreased by EUR 822,101. Movements in the year may be analysed as follows:

	Balance as of 31 Dec. 2017	Increase	Decrease	Balance as of 31 Dec. 2018
Provision for risks	150,000	0	0	150,000
Provision for cycle maintenance	19,938,267	13,046,857	13,868,958	19,116,166
Total	20,088,267	13,046,857	13,868,958	19,266,166

'Provision for risks' relates to a penalty of EUR 150,000 notified by the Ministry of Infrastructure – Board for Supervision of Motorway Concession Operators (now Directorate General for Supervision of Motorway Operators). The Company has appealed against this decision before the Council of State.

Changes in the 'Provision for cycle maintenance' refer to the accrual and utilisation in the year. For a description of the nature of the item we make reference to the section on accounting policies.

Provision for post-employment benefits (TFR)

The provision increased by EUR 21,315. Movements in the year may be analysed as follows:

	Balance as of 31 Dec. 2017	Increase	Decrease	Balance as of 31 Dec. 2018
Provision for post-employment benefits (TFR)	320,195	977,861	956,546	341,510

The increase relates to the accrual for the year; the decrease comprises EUR 360,088 for advances and severance indemnities paid out; *Fondo di garanzia TFR*, a fund securing payment of TFR and salaries in the event of insolvency of employers; ASTRI, a pension fund for motorway, road, transport, infrastructure and rental industry workers; other supplementary pension funds, and other items for EUR 596,458.

Payables

Payables totalled EUR 711,996,618 as of 31 December 2018, having decreased by EUR 126,455,149. The balance falling due after five years was EUR 381,691,405 and corresponds to the outstanding portion of the Project Bond maturing on 31 December 2023, calculated under the amortised cost method.

The heading is analysed below:

A) Bonds

The balance as of 31 December 2018 was EUR 677,534,779. Movements in the year may be analysed as follows:

	Balance as of 31 Dec. 2017	Increase	Decrease	Balance as of 31 Dec. 2018
Bonds	724,877,816	17,737,263	65,080,300	677,534,779
Total	724,877,816	17,737,263	65,080,300	677,534,779

On 12 April 2016 the Project Bond was issued for a nominal value of EUR 830,000,000. During the year the Company repaid EUR 49,667,200. With regard to the ancillary costs of the bond the amortised cost method – as prescribed by article 2426, paragraph 1, item 8, amended by Legislative Decree No. 139/2015, article 6, paragraph 8, letter g, and reflected in the revised Italian accounting standard OIC 19 – requires the recognition of the net amount of the debt after deduction of those costs (EUR 20,956,882) and the value of the debt to be increased by the portion of the ancillary costs attributable to the period (EUR 2,324,163 for 2018).

The nominal interest rate on the Project Bond is 2.115%, the effective rate (calculated under the amortised cost method) was equal to 2.504%.

With regard to the fairness of the contractual interest rate when compared with rates available in the market, on 23 February 2016 a leading international consulting firm issued a report to CAV on this matter which contains a comparison between bank loans and other corporate bond issues comparable to the Project Bond in amount and nature. The report concluded that *“our findings indicate that the interest rate at which the bond will be issued is in line with the market interest rates applied to other project bond issues related to comparable transactions.”* Because the interest rate on the Project Bond is in line with the market, according to OIC 19 discounting is not necessary.

The amount of EUR 677,534,779 comprises EUR 57,077,911 falling due within one year and EUR 620,456,868 falling due after one year (whereof EUR 381,691,405 falling due after five years).

The nominal debt (debt on issuance less principal repayments) as of 31 December 2018 was equal to EUR 691,821,600.

The Company has given the following guarantees to subscribers of the Project Bond and to the EIB: a) a privileged lien on all present and future movable property; b) a general lien on all present and future movable property; c) a pledge as collateral of receivables arising, inter alia, from project contracts and insurance policies; d) a pledge on bank current accounts; e) a pledge as collateral of the receivables arising from the concession held by the Company; f) a pledge on receivables from ANAS in connection with VAT.

Subscribers of the Project Bond are also covered by the EIB through a letter of credit (“PBCE Agreement”) for 20% of the amount of the bond.

The securities relating to the Project Bond are listed on the non-regulated market operated by Bourse de Luxembourg, in Luxembourg (the “Euro MTF” market).

B) Loans from shareholders

The balance as of 31 December 2018 was EUR 4,911,865. Movements in the year may be analysed as follows:

	Balance as of 31 Dec. 2017	Increase	Decrease	Balance as of 31 Dec. 2018
Loan from shareholders	63,201,438	0	58,289,573	4,911,865
Total	63,201,438	0	58,289,573	4,911,865

'Loan from shareholders' is a subordinated loan from the shareholder ANAS originally disbursed on 12 April 2016 for an amount of EUR 136,534,955 and repaid in 2018 for an amount of EUR 58,289,573.

The balance of EUR 4,911,865 is entirely due within one year.

The loan has no maturity date because it is subordinated to the Project Bond and thus is related to the cash flows that CAV will generate in future. The loan is expected to be repaid in full within 2019. The loan agreement provides for payment to ANAS SpA of interest at 8.75%; the fairness of the interest rate was the subject of a report by a leading international consulting firm that issued an opinion dated 23 February 2016 stating that "there is no reason to believe that the interest rate on the subordinated loan, equal to 8.75%, is not financially appropriate for CAV S.p.A.". The loan did not generate any transaction costs, therefore, in accordance with OIC 19, it is not necessary to apply the amortised cost method in its measurement; with regard to accounting for the time value of money, the above-mentioned opinion states that the contractually agreed interest rate is in line with the rates available in the market, having regard to the nature of the loan and the issuer's ability to pay, and consequently the loan may be recognised at nominal value.

C) Trade payables

The balance increased by EUR 98,441 compared with the previous year. In detail:

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Trade accounts payable	2,149,445	3,666,145
Invoices to be issued	5,723,748	4,121,351
Contractual guarantee deposits	93,150	80,406
Total	7,966,343	7,867,902

D) Tax payables

The balance increased by EUR 1,235,555 and is detailed as follows:

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
IRPEF, personal income tax, on the remuneration of employees and freelancers	551,014	518,444
IRES, corporation tax	1,928,849	709,634
IRAP, regional trade income tax	0	35,384
TOSAP, tax on the occupation of public areas	30,193	11,039
Total	2,510,056	1,274,501

E) Social security payables

The balance decreased by EUR 148,498 compared with the previous year.

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Social security payables	1,281,488	1,429,986

F) Other payables

The balance decreased by EUR 22,008,037 compared with the previous year and may be analysed as follows:

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Payables to interconnected motorway operators	6,782,065	8,147,002
Payables to the State		
• Concession fee (MIT)	2,652,670	2,595,357
• Concession fee (ANAS)	705,140	689,905
• Supplementary concession fee pursuant to Law No. 102/2009 (ANAS)	195,002	244,562
• Sub-concession fee (MIT)	15,021	25,782
Payables to personnel	1,210,309	1,249,959
Payables to ANAS		
• Refund of the costs of construction of the Mestre Bypass and related complementary and completion works	4,991,676	22,889,134
• Interest on the subordinated loan from shareholder	858,137	3,123,585
Legal claim	0	488,405
Other	382,067	346,433
Total	17,792,087	39,800,124

‘Payables to interconnected motorway operators’ relates to the settlement of interconnection transactions.

‘Payables to the State’, totalling EUR 3,567,833, comprises the concession fee pursuant to article 1, paragraph 1020, of Law No. 296/2006 payable to the State (79%) and to ANAS (21%); the sub-concession fee payable to the Ministry of Infrastructure – DGVCA pursuant to article 13 of the Concession Agreement; the supplementary concession fee payable to ANAS pursuant to Law No. 102/2009.

‘Payables to personnel’ comprises the 14th month salaries, holidays and leaves not taken.

‘Payables to ANAS’, totalling EUR 5,849,813, comprises a) the costs of construction of the Mestre Bypass and related complementary and completion works not yet billed for EUR 4,991,676; b) unpaid interest on the subordinated loan from shareholder of EUR 858,137. In the course of 2018 the Company paid the complementary and completion works of the Mestre Bypass already billed for an amount of EUR 18,039,979.

The item ‘Legal claim’ was equal to zero as of 31 December 2018, having decreased by EUR 488,405 which is the amount that was posted following a first-degree ruling that ordered the Company to pay a refund of EUR 488,405. The Court of Appeals, by a ruling published on 30 January 2018, upheld CAV’s arguments and rejected all claims by the claimant. For details we make reference to the section “Litigation and disputes” of the report on operations.

Accrued expenses and deferred income

The heading shows an increase of EUR 6,712 compared with the previous year.

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Deferred income	364,113	357,401

'Deferred income' relates to the portion attributable to future years of crossing fees already billed at the balance sheet date.

Memorandum accounts

Memorandum accounts are analysed as follows:

	Balance as of 31 Dec. 2018	Balance as of 31 Dec. 2017
Third party assets on consignment	95,500	112,575

'Third party assets on consignment' relates to the Viacard prepaid cards sold by the Service Centre on behalf of Autostrade per l'Italia S.p.A..

As concerns guarantees in favour of subscribers of the Project Bond we make reference to the comments to the relevant item in the notes to the financial statements.

Income statement information

Value of production

Value of production totalled EUR 162,921,817, an increase of EUR 3,977,255, equal to 2.5%, compared with the previous year.

The balance may be analysed as follows:

A) Revenue from sales and services

'Revenue from sales and services' is analysed as follows:

	FY 2018	FY 2017
Toll revenue:		
• Toll revenue	139,908,730	136,885,926
• Supplementary concession fee pursuant to Law No. 102/09 and Law No. 122/2010	14,395,889	14,143,467
Other motorway income		
• Income from service stations	4,263,023	4,265,991
• Share of toll collection costs paid by interconnected motorway operators	2,124,968	1,863,649
• Recharges of costs of abnormal load movements and unpaid tolls	728,041	739,340
Total	161,420,651	157,898,373

'Toll revenue' comprises proceeds from tolls paid by vehicles travelling on the various motorway stretches operated by the Company, specifically by traffic on the Mestre Bypass (A4) and the Padova – Mirano/Dolo stretch(on A4, in the closed system; the Mirano/Dolo – Venezia/Mestre stretch on A57 is in the open system and is toll-free) and traffic through the toll gates at Venezia/Mestre, Mira/Oriago and Mirano/Dolo (on A57, operated by CAV), Venezia Nord (on A27, operated by Autostrade per l'Italia) and Venezia Est (on A4, operated by Autovie Venete) where toll is applied for 6.200 km for the Mestre ring road and for 15.836 km (2017: 15.836 km) for the additional kilometres applied to finance construction of the Bypass.

In 2018 toll revenue (after deducting the supplementary fee payable to ANAS) increased by EUR 3,022,804, +2.21%. The figure is directly related to the growth of traffic and to changes in rates. For a detailed description of factors affecting toll revenue we make reference to the section of the report on operation titled "Toll revenue". The amount of the supplementary concession fee payable to ANAS was calculated in application of article 15, paragraph 4, of Law Decree No. 78/2010, converted into Law No. 122/2010: in 2018 (as in the previous years) on each kilometre travelled the toll was increased by 6 thousandths of a euro for vehicle classes A e B and by 18 thousandths of a euro for classes 3, 4 and 5. As a consequence of the growth of traffic and of the composition of the classes in which traffic is distributed the supplementary concession fee increased by EUR 252,422 (+1.78%).

Income from service stations comprises royalties paid by oil companies and by restaurants and hotels on sales at the service stations.

There are four service stations: two in the closed system, i.e. Arino Ovest and Arino Est (located close to entry to the Mestre Bypass) and two in the open system, i.e. Marghera Ovest and Marghera Est (on the roundabout at Marghera); a hotel operates at the Marghera Est service station.

Income from service stations decreased by EUR 2,968 (-0.07%).

The share of toll collection costs paid by interconnected motorway operators rose by 14.02%. This item of income arises from the application of article 17 of the interconnection agreement between all Italian motorway operators as well as a specific bilateral agreement with Società Autostrada Brescia Verona Vicenza Padova S.p.A. relating to the Padova Est toll gate.

All revenues are generated by activities located on the motorways under concession.

For additional information on traffic and rates we make reference to the section titled "Motorway business" of the report on operations.

B) Other income		
	FY 2018	FY 2017
Other	1,324,448	770,319
Grants	176,718	275,870
Total	1,501,166	1,046,189

'Other income' comprises: sub-concession fees of EUR 116,143; refunds of damage caused by motorway users to structures for EUR 353,580; contract work for EUR 94,073; refunds of lighting costs on the A57/A27 junction for EUR 74,070; indemnities for failure to execute tenders and recovery of contract stamps for EUR 41,589; gains and non-recurring income of EUR 595,151 (whereof EUR 488,408 following the reversal of a provision after the favourable outcome of a legal dispute illustrated in detail in the report on operations); grants of EUR 176,718, whereof EUR 152,898 in grants disbursed by the European Union for the projects titled "C-ROADS ITALY" (implementation of C-ITS management system inclusive of software platform, new optical fibre network and management of data connectivity on the ETSI 802.11 p ITSG5 protocol) and "MED TIS Fase I" (implementation of 3 new CCTVs and a new optical fibre network between Padova Est and the A57 motorway; implementation of 6 new VMSs and control equipment, 6 new CCTVs, equipment for the supervision software and optical fibre network at the new station at Martellago Scorzè); a grant of EUR 17,100 towards personnel training as a result of the Company joining Fondimpresa, a fund set up by the employers' association and the largest trade unions that finances training; a grant of EUR 6,720 disbursed by the Metropolitan city of Venice - Regional Fund for employment of disabled persons - incentives to recruitment pursuant to Law No. 68/99 year 2016 of 11 November 2017 for a new hire from the protected categories list; and other items of income for EUR 49,842.

Cost of production

Cost of production totalled EUR 109,081,597, an increase compared with the previous year by EUR 1,440,434 equal to +1.34%.

It may be analysed as follows:

A) Raw materials, consumables and goods

'Raw materials, consumables and goods' decreased compared with the previous year by EUR 229,623 (-19.05%) and may be analysed as follows:

	FY 2018	FY 2017
Purchases of items for maintenance	512,960	693,061
Purchases of other assets	462,773	512,295
Total	975,733	1,205,356

B) Services

The cost of services may be analysed as follows:

	FY 2018	FY 2017
Maintenance and renewal works		
• Annual maintenance	9,339,535	7,870,866
• Scheduled maintenance	4,688,247	2,935,055
Contract work	94,073	21,062
Operating services		
• Share of toll collection costs	4,737,953	4,583,364
• Processing of traffic and proceeds data	681,466	640,237
• Electricity	1,700,481	1,621,000
• Other	987,554	855,318
Administrative services:		
• Administrative professional services	789,400	717,038
• Technical professional services	536,375	261,998
• Insurance	878,832	765,507
• Telephone	88,248	92,084
• Meal vouchers	294,473	300,935
• Tender evaluation committee members	132,549	296,981
• Other	124,438	145,699
Directors' remuneration	184,718	177,330
Statutory auditor's remuneration	81,842	84,241
Supervisory Board remuneration	56,980	58,119
Total	25,397,164	21,426,834

The cost of services increased compared with the previous year by EUR 3,970,330, equal to +18.53%.

'Maintenance' totalled EUR 14,027,782 (EUR 10,805,921 in the previous year), an increase of EUR 3,221,861 equal to +29.82%.

'Operating services' totalled EUR 8,107,454 (EUR 7,699,919 in the previous year), an increase of EUR 407,535 equal to +5.29%.

'Administrative services' totalled EUR 2,844,315 (EUR 2,580,242 in the previous year), an increase of EUR 264,073 equal to +10.23%.

'Directors' remuneration' comprises emoluments (EUR 129,600), social charges (EUR 23,972) and expense refunds (EUR 31,146).

'Statutory auditor's remuneration' comprises emoluments (EUR 70,000), social charges (EUR 4,052) and expense refunds (EUR 7,790).

'Supervisory Board remuneration' comprises emoluments (EUR 50,000), social charges (EUR 3,239) and expense refunds (EUR 3,741).

C) Leases and rentals

	FY 2018	FY 2017
Leases and rentals	294,172	539,018

'Leases and rentals' decreased compared with the previous year by EUR 244,846; it relates to car rentals (EUR 224,113) and other rentals (EUR 70,059).

D) Personnel

The cost of 'Personnel' is analysed as follows:

	FY 2018	FY 2017
Wages and salaries	13,355,690	13,691,417
Social charges	4,343,799	4,461,244
Provision for post-employment benefits (TFR)	977,861	1,001,252
Other personnel costs	567,130	548,841
Total	19,244,480	19,702,754

Personnel costs decreased compared with the previous year by a total of EUR 458,274, equal to -2.33%.

The average headcount during the year was 229,391 (244,715 in the previous year), therefore the average cost per employee was equal to EUR 83,894 (EUR 80,513 in the previous year).

Movements in headcount during the year are analysed, by category, in the following table.

	As of 31 Dec. 2018	As of 31 Dec. 2017	Average in the year
Executives	4	4	4
Middle managers	4	6	4,742
Clerical staff	134	139	136,142
• full time	118	119	
• part time	16	20	
• on term contracts	0	0	
Toll collectors			
• full time	68	82	77,249 (*)
• part time	50	53	
• on term contracts	18	22	
Workers	0	7	
• full time	8	6	7,258
• part time	7	5	
	1	1	
Total	218	237	229,391

(*) The average headcount for toll collectors is calculated considering also staff on term contracts, which numbered 26 in the year under consideration.

E) Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs increased compared with the previous year by EUR 522,712 and may be analysed as follows:

	FY 2018	FY 2017
Amortisation of intangible assets	44,873,856	44,706,842
Depreciation of tangible assets	375,220	258,913
Write-downs of receivables included in current assets	239,391	0
Total	45,488,467	44,965,755

Amortisation of intangible assets comprises: a) amortisation of software for EUR 92,941, and b) amortisation of other intangible assets for EUR 44,780,915, which is analysed in detail in these notes to the financial statements in the comments on movements in intangible assets. Depreciation of tangible assets is analysed in detail in these notes to the financial statements in the comments on movements in tangible assets.

In 2018 a provision was posted for certain doubtful debts for an amount of EUR 239,391. Details are provided in the comment on 'Trade receivables'.

F) Change in inventories

	FY 2018	FY 2017
Change in inventories	-137,506	29,559

'Change in inventories' is the difference between opening inventories as of 1 January 2018, equal to EUR 1,021,708, and closing inventories as of 31 December 2018, equal to EUR 1,159,214.

G) Other accruals

	FY 2018	FY 2017
Charges to provision for cycle maintenance	13,046,857	12,364,598
Utilisation of provision for cycle maintenance	-13,868,958	-10,958,694
Total	-822,101	1,405,904

Charges to the provision for cycle maintenance are made on the basis of future plans for scheduled maintenance and renewal works.

H) Other operating costs

Other operating costs increased compared with the previous year by EUR 275,205, +1.50%, and may be analysed as follows:

	FY 2018	FY 2017
Taxes and duties	298,532	293,419
Supplementary concession fee pursuant to article 19, paragraph 9 bis, of Law No. 102/09 and Law No. 122/2010	14,395,889	14,143,467
Concession fee pursuant to article 10 L. 537/93 e article 1, paragraph 1020, of Law No. 296/2006	3,357,810	3,285,262
Sub-concession fee pursuant to article 13 of the Concession Agreement	87,583	87,470
Other costs	501,374	556,365
Total	18,641,188	18,365,983

The supplementary concession fee is owed to ANAS, as established, lastly, by article 15, paragraph 4 of Law No. 122/2010. It is applied to each kilometre travelled and is equal to 6 thousandths of a euro per km for vehicle classes A and B, and 18 thousandths of a euro per km for classes 3, 4 and 5.

The concession fee, as established by article 1, paragraph 1020, of Law No.296/2006 and also article 12 of the Concession Agreement, is equal to 2.4% of net toll revenue: 21% is paid to ANAS and the remaining 79% is paid to the State.

The sub-concession fee payable to the Ministry of Infrastructure – Directorate General for Supervision of Motorway Operators is established by article 13 of the Concession Agreement and is equal to 2% of the income from retailing activities.

Financial income and charges

The heading is analysed as follows:

	FY 2018	FY 2017
Financial income:		
• Financial income other than the above	13,836	10,939
Interest and other financial charges	20,800,357	26,182,487
Total	-20,786,521	-26,171,548

‘Financial income’ comprises EUR 8,453 in interest income on banks and postal accounts, and EUR 5,383 in other interest income.

‘Interest and other financial charges’ comprises: a) interest expense on the loan from shareholders payable to ANAS for EUR 2,973,080 (interest rate: 8.75%); b) interest expense calculated under the amortised cost method – as prescribed by article 2426, paragraph 1, item 8, amended by Legislative Decree No. 139/2016, article 6, paragraph 8, letter g, and reflected in the revised OIC 19 – on the Project Bond for EUR 17,737,263 (whereof EUR 15,413,100 disbursed at the interest rate of 2.115%, and EUR 2,324,163 that is the portion of the ancillary cost of issuance of the Project Bond attributable to the year under consideration); c) interest expense of EUR 89,966 owed to banks; f) other interest expense of EUR 48.

Adjustments to the values of financial assets

This heading is analysed as follows:

	FY 2018	FY 2017
Revaluation		
• of equity investment	0	0
Write-down		
• of equity investment	0	4,019
Total	0	-4,019

Income taxes

Income taxes are analysed as follows:

	FY 2018	FY 2017
Income taxes		
• IRES, corporation tax	7,534,307	5,603,879
• IRAP, regional trade income tax	2,109,964	2,111,870
• Deferred tax expense	0	0
• Deferred tax income	44,801	132,108
Total	9,689,072	7,847,857

Additional disclosures

Remuneration of corporate boards

Pursuant to item 16 of article 2427 of the Civil Code, we disclose the remuneration payable to the corporate boards for the functions discharged in the year under consideration.

The remuneration of members of the Board of Directors comprises emoluments (EUR 129,600), social charges (EUR 23,972) and expense refunds (EUR 31,146).

The remuneration of members of the Board of Statutory Auditors comprises emoluments (EUR 70,000), social charges (EUR 4,052) and expense refunds (EUR 7,790).

The remuneration of members of the Supervisory Board comprises emoluments (EUR 50,000), social charges (EUR 3,239) and expense refunds (EUR 3,741).

Independent auditor's fees

Pursuant to item 16 bis of article 2427 of the Civil Code, we report that on 2 May 2018 the company in general meeting awarded the external auditor fees for the three-year period 2018-2020 equal to EUR 143,700 (EUR 47,900 per annum) for the audit of the annual financial statements.

Repurchase agreements

During the year the Company did not enter into any repurchase agreements.

Dividend-right shares, convertible bonds, other securities

The Company has not issued any dividend-right shares or convertible bonds.

The Company has not issued any security falling into the scope of article 2427, item 18, of the Civil Code.

Other financial instruments issued

The Company has not issued any other financial instruments referred to in item 19 of the first paragraph of article 2427 of the Civil Code.

Equity reserves or borrowings appropriated for specific purposes

At the closing date there were no equity reserves or borrowings appropriated for specific purposes as defined in items 20 e 21 of the first paragraph of article 2427 of the Civil Code.

Monetary revaluations

Pursuant to article 10 of Law No. 72 of 19 March 1983 and subsequent legislation, we state that no monetary revaluations were applied to existing tangible or intangible assets.

Finance leases

Italian law provides for finance leases to be recognised as operating leases, with the lease payments recognised as operating costs under leases and rentals. We state that as of 31 December 2018 there were no finance leases in place.

Disclosure of transactions with related parties

In accordance with the provisions of article 2427, item 22 bis, of the Civil Code, we state that during the year the Company did not carry out significant transactions with related parties other than at arm's length. For details of transactions with shareholders we make reference to the report on operations.

Direction and co-ordination

Pursuant to article 2497-bis of the Civil Code, we state that the Company is not subject to direction and co-ordination by another entity.

Off-balance sheet transactions

During the year there were no off-balance sheet transactions.

Fair value of financial instruments

The Company does not hold any financial instruments.

Transactions with the Region Veneto

Payables to/receivables from the Region Veneto

In accordance with the instructions given by the Region Veneto in its letter Ref. 38855 dated 29 January 2019, we disclose details of payables to and receivables from the Region as of 31 December 2018.

Cash flows

The Company's receivables from the Region Veneto as of 31 December 2018 comprised deposits for an amount of EUR 1,146 (whereof a guarantee deposit of EUR 566 relating to a water concession, file W08_001281, referred to Unità Organizzativa Genio Civile Venezia, falling due on 31 December 2032; and a guarantee deposit of EUR 580 relating to a water concession, file DD133 n.1367/C, referred to Unità Organizzativa Genio Civile Padova, falling due on 31 December 2032).

As of 31 December 2018 there were no payables by the Company to the Region Veneto (not even by way of advances against loans from the Region Veneto to the Company), nor bonds subscribed by the Region Veneto .

Guarantees given

As of 31 December 2018 there were no sureties issued by the Region in favour of the Company nor letters of 'strong' patronage in favour of the Company, nor other forms of guarantees issued by the Region in favour of the Company. In this connection it is necessary to mention the arrangement with the Region Veneto known as "Region Agreement" reflected in the Project Bond issue. While the Region Agreement does not constitute any form of guarantee or fall back guarantee or letter of patronage, through it the Region Veneto has undertaken, in favour of the secured creditors, that the Company's shares it owns shall not be sold, transferred or encumbered.

Public-sector grants - pursuant to article 1, paragraphs 125-126, L 124/2017

Type of grant	Grantor	Amount
Grants towards the projects titled "C-ROADS ITALY" (implementation of C-ITS management system inclusive of software platform, new optical fibre network and management of data connectivity on the ETSI 802.11 p ITSG5 protocol) and "MED TIS Fase I" (implementation of 3 new CCTVs and a new optical fibre network between Padova Est and the A57 motorway; implementation of 6 new VMSs and control equipment, 6 new CCTVs, equipment for the supervision software and optical fibre network at the new station at Martellago Scorzè)	European Union	152,898
Grant towards personnel training	Fondimpresa	17,100
Grant from Regional Fund for employment of disabled persons - incentives to recruitment pursuant to Law No. 68/99 year 2016 of 11 November 2017 – for hiring one employee from the protected categories list)	Metropolitan city of Venice	6,720
Tranche referred to FY 2018 of the government grant of EUR 70,537,502 awarded pursuant to article 1, paragraph 78, of Law No. 266/2005 (which will be collected by ANAS in the manner and timeframe set out in Inter-ministerial Decree No. 2428 of 5 March 2008, registered by the Court of Auditors on 7 May 2008, and will be transferred to CAV pursuant to article 7 of the Concession Agreement).	ANAS	4,702,500

Annexes

Enclosed with the financial statements is the table detailing investments in assets under concession required by the Motorway Concession Inspectorate (now Directorate General for Supervision of Motorway Operators) with a letter under Protocol No. 14986 of 3 February 2009.

Also enclosed is the table required by the Region Veneto referred to in Appendix A to DGR 2101 of 10 November 2014.

Significant events subsequent to the balance sheet date

Significant events subsequent to the end of FY 2018 are illustrated below.

On 31 December 2018 the Minister of Infrastructure jointly with the Minister of the Economy and Finance issued an inter-ministerial decree granting the Company a rate increase of 2.06% applicable from 1 January 2019.

On 11 February 2019 the Ministry of Infrastructure and Transport, ANAS SpA and the Region Veneto signed an agreement known as the "CAV Protocol". The purpose of the document is to establish the criteria for identifying the funds present in the financial statements of CAV and generated from the motorway business that can be used for road infrastructure work in the territory of the Region Veneto.

On 11 February 2019 the Ministry of Infrastructure and Transport and the Region Veneto signed a Memorandum of Understanding (known as the "Works Protocol") to identify the infrastructure works required in the regional territory.

On 18 February 2019 the Company in general meeting appointed a new Board of Directors for a term of three years 2019-2021. The new directors are: Mr. Ugo Dibennardo, Mr. Renzo Ceron, Mr. Alessandro Maggioni, Ms. Federica Ribechi and Ms. Luisa Serato. The shareholders also appointed director Luisa Serato as Chair of the Board of Directors.

On 27 February 2019 the Board of Directors appointed director Ugo Dibennardo as CEO of the Company.

Proposed appropriation of profit for the year

Dear Sirs,

We thank our shareholders for their trust and the support given to the Company, and at the same time we express our heartfelt appreciation for management and all our employees who, working professionally and committedly, contributed to the results that we have illustrated to you.

The financial statements as presented, and illustrated to you in terms of individual items, were prepared in compliance with current regulations.

The Board of Directors therefore invites you to:

- Discuss and approve the report on operations and the financial statements as of 31 December 2018, comprising the balance sheet, income statement, cash flow statement and the notes to the financial statements; and
- Appropriate the profit for the year 2018, equal to EUR 23,364,627, to the extraordinary reserve.

Venice, 27 February 2019

Signed on behalf of the Board of Directors

THE CHAIR

Luisa Serato

ANNEXES

SUMMARY OF INVESTMENT IN ASSETS UNDER CONCESSION (Table 1)

Amounts in thousands of Euro

Ref. Art. 2 Concession Agreement	Ref. Appendix H	Ref. Appendix D		Engineering and contractual figures		Contractually agreed amounts		Expenditure up to 31 Dec. 2017				Expenditure in FY 2018				Total expenditure as of 31 Dec. 2018								
				Total gross approved expenditure	Total net expenditure per contract	Gross approved expenditure completed	Net expenditure per contract completed	Works	Available funds	Financial charges	Total	Works	Available funds	Financial charges	Total	Works	Available funds	Financial charges	Total	Note				
2.1.a	-	-	Mestre Bypass									968,025								968,025	1)			
2.1.a	-	-	Grants									-283,654								-283,654	1)			
2.1.a	-	-	Capitalised financial charges									20,829	20,829							20,829	20,829	1)		
2.1.b	-	-	Indemnity paid to previous concession holder									74,689								74,689	2)			
2.1.c	H.1	a.	New signage					196				196	196							392	392	3)		
2.1.c	H.1	b.	Supply and installation of storm drain grids on the Mestre Bypass					223				223								223	223	3)		
2.1.c	H.1	c.	Chloride storage plants					170	7			177								170	7	177	3)	
2.1.c	H.1	d.	Automation of toll payment equipment					2,302	101			2,403	5							5	2,307	101	2,408	3)
2.1.c	H.1	e.	Upgrading of remote traffic management systems					443				443								443	443	3)		
2.1.c	H.1	f.	Remote access at Preganziol and Spinea toll gates					39				39								39	39	3)		
2.1.c	H.1	g.	Miscellaneous					2,842	96			2,938	22							22	2,864	96	2,960	3)
2.1.c	H.3	h.	Renovation of traffic police barracks at Mestre									300										300	4)	
2.1.c	H.3	i.	Sundry road connections: safety works on provincial road SP81 between SS309 and the Mira-Oriago toll gate									5,384										5,384	4)	
2.1.c	H.3	j.	Reorganisation of San Giuliano interchange with regional road SR14									7,747										7,747	4)	
2.1.c	H.3	k.	Roundabout on entry to the Marco Polo-SS14 junction									800										800	4)	
2.1.c	H.2	l.	Planiga and Martellago toll gates and junctions					39,958	30,605			70,563		143						143	39,958	30,748	70,706	5)
2.1.c	H.2	m.	Bypass landscaping					12,401	7,946			20,347								12,401	7,946	20,347	5)	
2.1.c	H.2	n.	Service stations					-	49			49								0	-	49	49	
2.1.c	H.2	o.	Environmental impact mitigation					5,767	423			6,190								5,767	423	6,190	5)	
2.1.c	H.2	p.	Slip road to Mestre Bypass					42,660	43,576			91,236								0	42,660	43,576	91,236	5), 6)
2.1.c	H.2	q.	Complementary works to main tender and cost revisions					11,722	21,465			33,187								11,722	21,465	33,187	5)	
				0	0			118,723	104,268			20,829	1,022,111	223	143	0	170	118,946	104,411	20,829	1,022,477			

The above table shows a summary of investment in assets held under concession. CAV, as holder of a concession only for the operation of the motorway, has not built and will not build any works directly, but, in accordance with the concession agreement, either refunds the costs incurred by the constructor or disburses grants to third parties. We present the table in any case.

1) = The algebraic sum of these amounts is the cost of the Mestre Bypass that CAV is required to pay to ANAS. Because these costs are a refund for works built by ANAS, we do not provide a breakdown between Works, Available funds and Financial charges, except for the amount relating to Capitalised financial charges.

2) = This is an indemnity paid to the previous holder of the concession for the motorway indicated. For this reason we do not provide a breakdown between Works, Available funds and Financial charges.

3) = 'Other works on the motorway under concession', reported partly in 'Intangible assets in progress', partly in 'Other intangible assets'.

4) = These are commitments made under the terms of the concession agreement that may be classified as grants to third parties. For this reason we do not provide a breakdown between Works, Available funds and Financial charges.

5) = In the notes to the financial statements these investments are referred to collectively as 'Complementary and completion works on the Bypass', reported partly in 'Intangible assets in progress', partly in 'Other intangible assets'.

6) = The 'Total' differs from the algebraic sum of 'Works' and 'Available funds' due to the inclusion of the grant towards the construction of the Mogliano Veneto northern ring road, amounting to €5,000 thousand, which cannot be classified in either category.

MIT table: investment

Table required by Region Veneto

					TABLE REGION VENETO				
Compliance with Regional Directive DGR 2101/2014, letter H									
	ENTITY	Concessioni Autostradali Venete - CAV S.p.A.							
A - I	During 2018 did the company procure works, supplies and services from third parties?		During 2018 did the company apply the provisions of Legislative Decree No.163/2006, amended during the year by Legislative Decree No. 50/2016, as required by the directive?			Notes			
	YES		YES			CAV S.p.A. holds a concession as a motorway operator. In accordance with its Articles of association and contractual obligations, when procuring works, supplies and services CAV applies the provisions of Legislative Decree No. 50 of 18 April 2016 as amended by Legislative Decree No. 56 of 19 April 2017 (the "2017 Amendment", which it currently applies).			
C - I	During 2018 did the company hire any employees on permanent contracts?		Did the company obtain approval from the Regional government as required by article 8 of Regional Law No. 39/2013 ?			Indicate any approvals issued by the regional government, hiring dates and number of hires.			
	NO					CAV S.p.A. is not subject to guidelines "C" established by DGR 2951/2010, DGR 25/2013 and currently DGR 2101/2014			
C - I	No. of employees on permanent contracts as of 1 January 2017	No. of employees on permanent contracts as of 1 January 2018	No. of employees on permanent contracts as of 31 December 2018	Notes					
	236	228	218	CAV S.p.A. is not subject to guidelines "C" established by DGR 2951/2010, DGR 25/2013 and currently DGR 2101/2014					
C - I	Cost of employees on permanent contracts in 2017	Cost of employees on permanent contracts terminated in 2017	Cost of employees on permanent contracts in 2018	Cost of employees on permanent contracts hired in 2018	Notes				

	18,983,156.81	483,568.63	18,846,536.23	0.00	CAV S.p.A. is not subject to guidelines "C" established by DGR 2951/2010, DGR 25/2013 and currently DGR 2101/2014
C - I	During 2018 did the company hire any staff on term contracts, freelancers on contracts known as co.co.co. or on temporary projects?		Did the company obtain approval from the Regional government as required by article 8 of Regional Law No. 39/2013 ??		Indicate any approvals issued by the regional government, hiring dates and number of hires.
	YES		NO		CAV S.p.A. is not subject to guidelines "C" established by DGR 2951/2010, DGR 25/2013 and currently DGR 2101/2014
C - I	Cost of staff on term contracts, freelancers on contracts known as co.co.co. or on temporary projects in 2009		Cost of staff on term contracts, freelancers on contracts known as co.co.co. or on temporary projects in 2018		Notes
	329,078.00		438,254.09		CAV S.p.A. is not subject to guidelines "C" established by DGR 2951/2010, DGR 25/2013 and currently DGR 2101/2014
C - II	Has the company adopted a regulation for hiring personnel and assigning management positions that reflects the principles established in paragraph 3 of article 35 del Legislative Decree No.165/2001?	Date of approval of regulation: 16 July 2010	Has the company adopted a regulation for assigning sundry executive positions that is compliant with the directive?	Date of approval of regulation	Notes
	YES		NO		On 16 July 2010 CAV S.p.A. adopted guidelines identifying the criteria and method of recruitment of personnel. With regard to executive positions, so far it has not been necessary to adopt a specific regulation, which will be adopted if necessary.

C-III	Does the company believe it has excess staff?	Number and category of excess staff			If yes, indicate whether the company has included the excess staff in the lists present in the unified IT system, as required by the Ministerial Decree dated 9 November 2017
	NO				
E - I	In 2013 did the company comply with the thresholds established by DGR 258/2013 for the costs of consulting engagements (50% of similar costs incurred in the year 2009)?	In 2013 did the company comply with the thresholds established by DGR 258/2013 for the costs for PR, conventions, exhibitions, advertising and entertaining expenses (20% of similar costs incurred in the year 2009) ?			Notes
					CAV S.p.A. is not subject to application of the provisions of Law Decree No. 78/2010, article 6, paragraphs 7. 8. 9. 11 and 20
E - I	Cost of consulting engagements in the year 2009	Cost of consulting a engagements in the year 2018	Cost for PR, conventions, exhibitions advertising and entertaining expenses in the year 2009	Cost for PR, conventions, exhibitions advertising and entertaining expenses in the year 2018	Notes
	166,677.00	490,552.69	118,013.00	12,293.72	CAV S.p.A. is not subject to application of the provisions of Law Decree No. 78/2010, article 6, paragraphs 7. 8. 9. 11 and 20
E - I	Any reasons why the threshold for the cost of consulting engagements was exceeded in the year 2018	Any reasons why the threshold for the cost for PR, conventions, exhibitions advertising and entertaining expenses was exceeded in the year 2018	Estimated cost of consulting engagements in the year 2019 (proposed cost refund)	Estimated cost for PR, conventions, exhibitions advertising and entertaining expenses in the year 2019 (proposed cost refund)	Notes
					CAV S.p.A. is not subject to the provisions of Law Decree No. 78/2010, article 6, paragraphs 7. 8. 9. 11 and 20

E - I	Did the company incur sponsorship costs in 2018?	Amount of any sponsorship costs incurred in 2018	Notes
	NO	0.00	CAV S.p.A. is not subject to the provisions of Law Decree No. 78/2010, article 6, paragraphs 7. 8. 9. 11 and 20.
E - III	Did the company distribute dividends to shareholders in compliance with the directive?	Notes	
	NO	Article 24 of the Articles of association provides that "The net profits resulting from the approved financial statements shall be used, subject to maintaining the legal reserve, in compliance with the CIPE resolution of 26 January 2007"	
F - II	Are the caps to remuneration of corporate boards established by article 7 of Regional Law No. 39/2013 complied with?	Notes	
	YES	CAV S.p.A. is not controlled by the Region Veneto and therefore it is not subject to article 7 of Regional Law No. 39/2013	
F - III	Is the company the beneficiary of a direct loan from the Region Veneto for an amount greater than 80% of value of production ?	Did the company close the preceding three financial years with a loss?	Should the company meet the two preceding conditions, indicate whether it has already reduced the remuneration of the Board of Directors by 30%
	NO	NO	
F - IV	Are expense refunds to members of corporate boards paid in compliance with the directive?	Notes	
	NO	CAV S.p.A. is not controlled by the Region Veneto and therefore it is not subject to the provision of the directive	
G - I	Has the company given directives to its subsidiaries?	Has the company implemented a system of controls over compliance with the directives by its subsidiaries?	Any instances of non-compliance with the directives by subsidiaries
			CAV S.p.A. does not control any other entity

L	Indicate the entities in which the company exercised powers of appointment in 2018	Was directive L - III on double engagements complied with for appointments made in 2018?	Was directive L - IV on requirements complied with for appointments made in 2018?	Notes	
	None				
M - I	Are there any employees whose remuneration exceeds that of the first president of the Court of Cassation?	List any appointment and the excess amount	Are there any employees whose remuneration in 2018 exceeded that earned in 2015 ?	List any appointment and the excess amount	Notes
	NO		YES		CAV S.p.A. is not controlled by the Region Veneto and therefore it is not subject to article 7 of Regional Law No. 39/2013
M - III	Did the company comply with the spending thresholds for car purchases, maintenance, rental and operation, as well as taxi vouchers?		Report any departures in connection with long-term contracts in place		Notes
					CAV S.p.A. does not fall into the scope of application of item M III) of Appendix A to DGR 2101/2014. Car maintenance and rental costs are referred to vehicles used in motorway operations.
M - III	Costs of car purchases, maintenance, rental and operation, and taxi vouchers, incurred in 2018		Costs of car purchases, maintenance, rental and operation, and taxi vouchers, incurred in 2011		Notes
	818,574.08		357,998.00		CAV S.p.A. does not fall into the scope of application of item M III) of Appendix A to DGR 2101/2014. Car maintenance and rental costs are referred to vehicles used in motorway operations.

M-IV	Has information on service cars used in 2018 been submitted to the regional government?	Has information on service cars used and missions performed using private cars been published on the company's website?	Notes
	YES	YES	CAV S.p.A. shall submit and publish the list referred to in DGR 2101/2014, Appendix A) letter M-IV) by the prescribed deadline
M-V	Has the company monitored application of paragraphs 471 to 475 of article 1 of Law No. 147/2013 ?	Have there been any instances where the caps referred to in paragraphs 471 ff of article 1 of Law No. 147/2013 have been exceeded?	Notes
	YES	NO	
N	Is the information required by Legislative Decree No. 33/2013 present on the company's website?	Have the organisation models pursuant to article 6 l Legislative Decree No. 231/2001 been updated following the developments introduced by Law No. 190/2012?	Notes
	YES	YES	
	Name of the officer in charge of the prevention of corruption and transparency and date of appointment	Names of the members of the Supervisory Board and dates of appointment	If not appointed, specify the reasons
	Chief Financial Officer of CAV S.p.A., Mr. Giovanni Bordignon (appointed by the CEO, prot. CAV 1628 of 29/01/2015)	President: Mr. Antonio Matera; members; Mr. Michele Peloso and Mr. Giorgio Zavadini (appointed by the Board of Directors on 29/01/2018)	
	Name of the company's legal representative or delegated person	Signature	Place, date
	CHIEF EXECUTIVE OFFICER Ugo Dibennardo		Venice, 27 February 2019

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2018, PREPARED PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE CIVIL CODE

To the shareholders of CAV SpA

In the course of the year ended 31 December 2018 the Board of Statutory Auditors discharged the functions referred to in article 403 ff of the Civil Code, whereas the functions referred to in article 2409 bis ff of the Civil Code (as replaced by article 37 of Legislative Decree No. 39 of 27 January 2010) were discharged by the audit firm PricewaterhouseCoopers SpA.

Supervision activity pursuant to article 2403 ff of the Civil Code

Based on the information obtained by us on the Company, we report the following:

- The Company's core business did not change during the year under consideration and is consistent with the business purpose;
- In the course of 2018 there were no significant changes in the Company's organisation structure;
- The human resources making up the Company's workforce are substantially unchanged.

This report summarises the activities relating to disclosures required by article 2429, paragraph 2, of the Civil Code, specifically:

- The result of operations
- Activities carried out in fulfilment of the duties provided for by the regulation;
- Comment and proposals on the financial statements, with particular reference to the possible use by the Board of Directors of the departure allowed by article 2423, paragraph 4, of the Civil Code;
- Any complaints from shareholders under article 2408 of the Civil Code

During the year, starting from the inauguration meeting, we held regular meetings in accordance with article 2404 of the Civil Code, minutes of which were drawn up and signed for approval by all members of the Board.

Work performed

During our periodical visits, we were informed of developments in the Company's business, and we paid special attention to any contingent and/or extraordinary issues, in order to identify their financial impact on the result of operations and on the Company's equity structure, as well as to any risks.

Therefore, periodically we assessed the adequacy of the Company's organisation structure, and any changes, compared with the minimum requirements of operating activities.

Relations with the Company's management, employees and external consultants were characterised by mutual cooperation, while respecting the roles and responsibilities of each.

As far as we could ascertain in the course of our activities during the year, we believe that:

- the decisions taken by the shareholders and by the Board of Directors were in compliance with the law and the Company's Articles of association and were not evidently imprudent or such as to threaten the existence of corporate assets;
- sufficient information was obtained regarding the general performance of operations and the future outlook, as well as the most significant transactions, by size or nature, carried out by the Company

- transactions carried out were also in compliance with the law and the Company's Articles of association and were not potentially in contrast with the resolutions taken by the shareholders I general meeting, or such as to threaten the existence of corporate assets;
- in detail, with regard to the sourcing of funds through a project bond, we note that during the year 2018 the Company duly complied with the obligations arising from the financing agreements, inter alia, through the payment (in both principal and interest) of the two half-yearly instalments due; with reference to the subordinated loan from ANAS (related to the project bond) also in this case the Company complied with its contractual obligations;
- we have no specific comments on the adequacy of the administrative-accounting system, or on its ability to present fairly the Company's transactions, also considering the findings from the assessments performed by the Supervisory Board (OdV), reported by the latter in its annual report;
- it was not necessary for us to intervene as a result of omission of the Board of Directors pursuant to article 2406 of the Civil Code;
- no complaints were received pursuant to article 2408 of the Civil Code;
- no complaints were made pursuant to article 2409, paragraph 7, of the Civil Code;
- during the year we did not issue any opinions as envisaged by law.

Annual financial statements

We confirm that the statutory audit of the accounts was performed by PricewaterhouseCoopers SpA and that the latter, in their Independent auditor's report on the financial statements as of 31 December 2018, issued on 7 March 2019 pursuant to article 14 of Legislative Decree No. 39/2010, did not include any qualifications or emphasis of matters paragraphs, but stated that "the financial statements as of 31 December 2018 give a true and fair view of the financial position of the Company as of as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation".

The board of statutory auditors, who is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process, accordingly oversaw the general set up of the financial statements, its general compliance with law requirements in terms of formation and structure, and has nothing to report in this connection.

Therefore, given that:

- the draft financial statements as of 31 December 2018, comprising the balance sheet, income statement, cash flow statement and notes thereto, were approved by the Board of Directors at its meeting on 6 March 2019;
- the Board of Directors also prepared the report on operations required by article 2428 of the Civil Code;
- the above documents were delivered to the Board of Statutory Auditors in time for being filed at the company's registered office, accompanied by this report, regardless of the term set in article 2429, paragraph 1, of the Civil Code;

the board of statutory auditors examined the draft financial statements in question, for which the following additional information was provided:

- The accounting policies applied to the measurement of assets and liabilities, in a going concern perspective, were adjusted to reflect the provision of Legislative Decree No. 139/2015;

- We paid attention to the structure of the draft financial statements, its general compliance with the law in terms of preparation and structure, and we have nothing to report in this respect;
- We verified compliance with law requirements concerning the preparation of the report on operations, and we have nothing to report in this respect;
- In the preparation of the financial statements the Board of Directors did not apply any departures as allowed by article 2423, paragraph 4, of the Civil Code;
- We checked that the financial statements correspond to the events and information that we became aware of as a result of discharging our obligations as Board of Statutory Auditors, and we have nothing to report in this respect;
- The financial statements do not include any costs referred to in article 2426, paragraph 1, item 5), of the Civil Code, or goodwill referred to in article 2426, paragraph 1, item 6), of the Civil Code;
- We obtained information from by the Supervisory board and read the annual report prepared on activities performed in 2018 which, inter alia, reports the result of follow-ups (on the safety management system, with specific reference to road safety, and to tenders for works, supplies and services, with regard to road maintenance) and the recommendations made in relation to key findings.

Finally, with regard to the appropriation of the net result of operations proposed by the Board of Directors, as set out in the notes to the draft financial statements, we have no comments to report, in any case the relevant decision is to be taken by the shareholders in general meeting.

Conclusion

Based on the above, and the information brought to the of the Board of Statutory Auditors and the findings from the periodical controls carried out, also considering the findings from the work carried out by the independent auditor engaged to perform the statutory audit, we report unanimously, that there is no reason preventing you from approving the draft financial statements as of 31 December 2018, as prepared by the Board of Directors.

Marghera, 12 March 2019

The Board of Statutory Auditors

Giovanni Diana – President

Claudio Girardi – Acting auditor

Incoronata Palmieri – Acting auditor

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of
Concessioni Autostradali Venete – CAV SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Concessioni Autostradali Venete – CAV SpA (the Company), which comprise the balance sheet as of 31 December 2018, the income statement and statement of cash flows for the year then ended and related notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

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 this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Aspects

The financial statements of Concessioni Autostradali Venete – CAV SpA for the year ended 31 December 2017 were audited by other auditors, who issued an unqualified report thereon dated 26 March 2018.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by 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.

PricewaterhouseCoopers SpA

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The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we 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 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 evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the 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 modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;



- We 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 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 identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Concessioni Autostradali Venete – CAV SpA are responsible for preparing a report on operations of Concessioni Autostradali Venete – CAV SpA as of 31 December 2018, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Concessioni Autostradali Venete – CAV SpA as of 31 December 2018 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Concessioni Autostradali Venete – CAV SpA as of 31 December 2018 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Udine, 7 March 2019

PricewaterhouseCoopers SpA

Signed by

Maria Cristina Landro
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

STATISTICS

PAYING VEHICLES PER KM, YEARS 2016 - 2017 - 2018

(article 19, para. 9/bis, of Law Decree No. 78/2009, converted into Law No. 102/2009, and article 15, para. 4, of Law Decree No. 78/2010, converted into Law No. 122/2010)

YEAR 2016

Month	Vehicle class					Total
	A	B	3	4	5	
January	95,277,057	11,330,777	1,800,277	1,461,110	15,439,967	125,309,189
February	93,139,849	12,538,892	2,004,797	1,746,588	17,878,799	127,308,926
March	107,133,139	14,542,193	2,285,414	1,863,746	19,023,948	144,848,439
April	106,577,707	14,826,031	2,389,574	1,834,427	18,330,014	143,957,753
May	114,601,181	16,125,508	2,653,569	1,914,753	19,275,954	154,570,966
June	117,070,723	15,948,818	2,640,623	1,847,396	18,808,549	156,316,109
July	141,759,493	17,207,534	3,179,266	1,859,972	18,859,397	182,865,662
August	137,932,497	14,987,074	2,725,000	1,398,490	14,337,144	171,380,206
September	122,446,856	16,315,958	2,736,373	1,851,565	19,109,394	162,460,146
October	112,764,225	15,248,852	2,363,599	1,831,948	18,788,214	150,996,838
November	100,646,109	13,979,016	2,191,341	1,819,276	19,374,143	138,009,884
December	105,309,571	13,412,379	2,126,428	1,669,076	16,958,438	139,475,892
Total	1,354,658,407	176,463,033	29,096,262	21,098,346	216,183,960	1,797,500,010

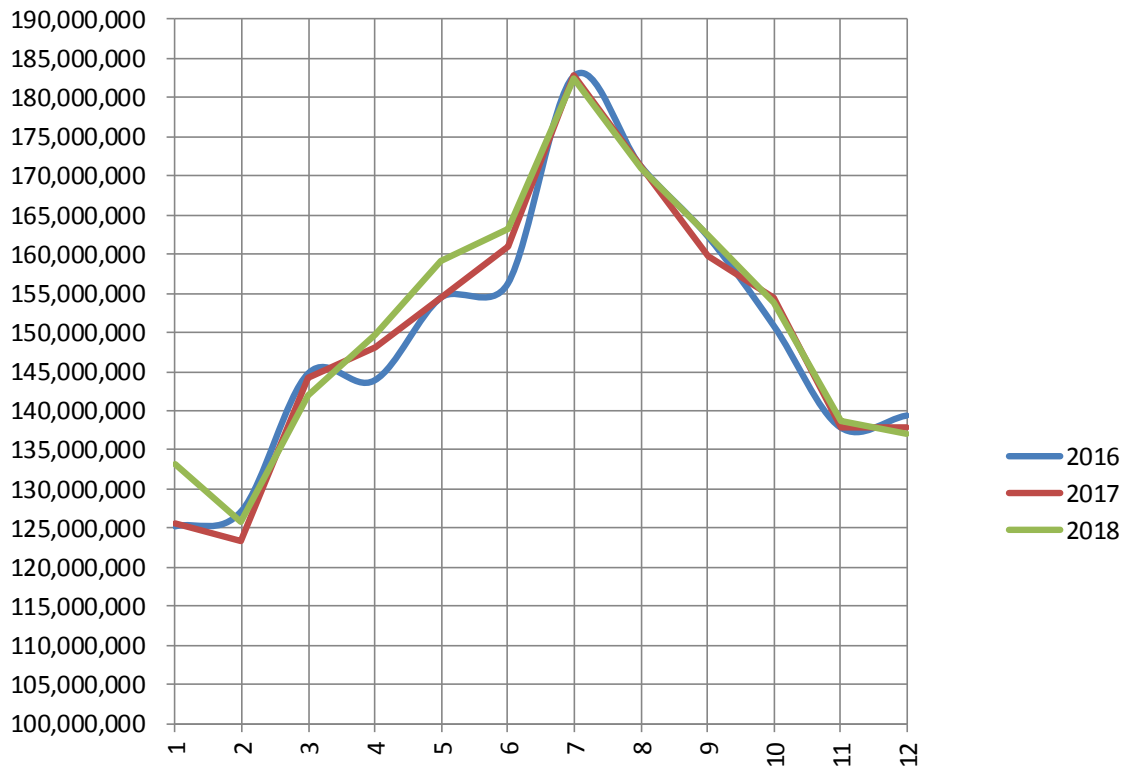
YEAR 2017

Month	Vehicle class					Total
	A	B	3	4	5	
January	94,361,471	11,417,474	1,845,794	1,529,872	16,405,108	125,559,719
February	89,670,624	12,137,243	1,972,141	1,696,603	17,878,135	123,354,746
March	103,909,659	14,913,022	2,419,309	1,997,641	20,873,824	144,113,455
April	112,113,184	14,733,531	2,328,938	1,694,104	17,160,421	148,030,179
May	112,215,692	16,556,263	2,684,889	1,992,782	21,002,477	154,452,102
June	119,734,967	16,438,444	2,863,207	1,923,372	20,005,964	160,965,955
July	140,247,496	17,148,799	3,232,720	1,945,470	20,196,147	182,770,632
August	136,402,014	14,927,360	2,746,311	1,484,327	15,543,697	171,103,710
September	119,316,204	16,140,252	2,786,439	1,884,677	19,708,298	159,835,870
October	113,348,298	15,764,489	2,525,886	1,937,063	20,778,771	154,354,506
November	99,269,445	13,985,362	2,259,900	1,932,145	20,515,431	137,962,284
December	104,101,545	13,018,571	2,083,597	1,687,417	16,934,801	137,825,931
Total	1,344,690,601	177,180,811	29,749,131	21,705,473	227,003,073	1,800,329,089

YEAR 2018

Month	Vehicle class					Total
	A	B	3	4	5	
January	98,138,166	12,348,914	1,982,833	1,717,994	18,930,864	133,118,771
February	90,576,738	12,494,655	2,050,355	1,798,501	18,940,541	125,860,791
March	101,487,476	14,862,714	2,424,691	2,013,436	21,082,382	141,870,699
April	111,668,806	15,013,414	2,376,549	1,780,262	18,883,114	149,722,145
May	115,436,167	16,908,005	2,822,543	2,071,894	21,834,974	159,073,583
June	121,231,128	16,762,428	2,825,113	1,959,350	20,530,810	163,308,829
July	138,205,363	17,663,839	3,206,565	2,046,556	21,333,244	182,455,567
August	135,747,504	15,084,334	2,714,731	1,506,917	16,014,160	171,067,647
September	121,676,530	16,104,769	2,735,595	1,908,825	20,015,037	162,440,756
October	110,505,299	16,029,338	2,676,705	2,154,721	22,508,497	153,874,559
November	99,563,887	14,158,978	2,268,606	1,998,916	20,716,235	138,706,621
December	103,576,541	12,809,464	2,014,229	1,699,312	16,875,078	136,974,625
Total	1,347,813,605	180,240,851	30,098,517	22,656,686	237,664,936	1,818,474,594

PAYING VEHICLES PER KM, FLUCTUATIONS IN MONTHLY TOTALS



PAYING VEHICLES PER KM BROKEN DOWN BY MOTORWAY STRETCH IN THE CLOSED SYSTEM AND BY TOLL GATE IN THE OPEN SYSTEM

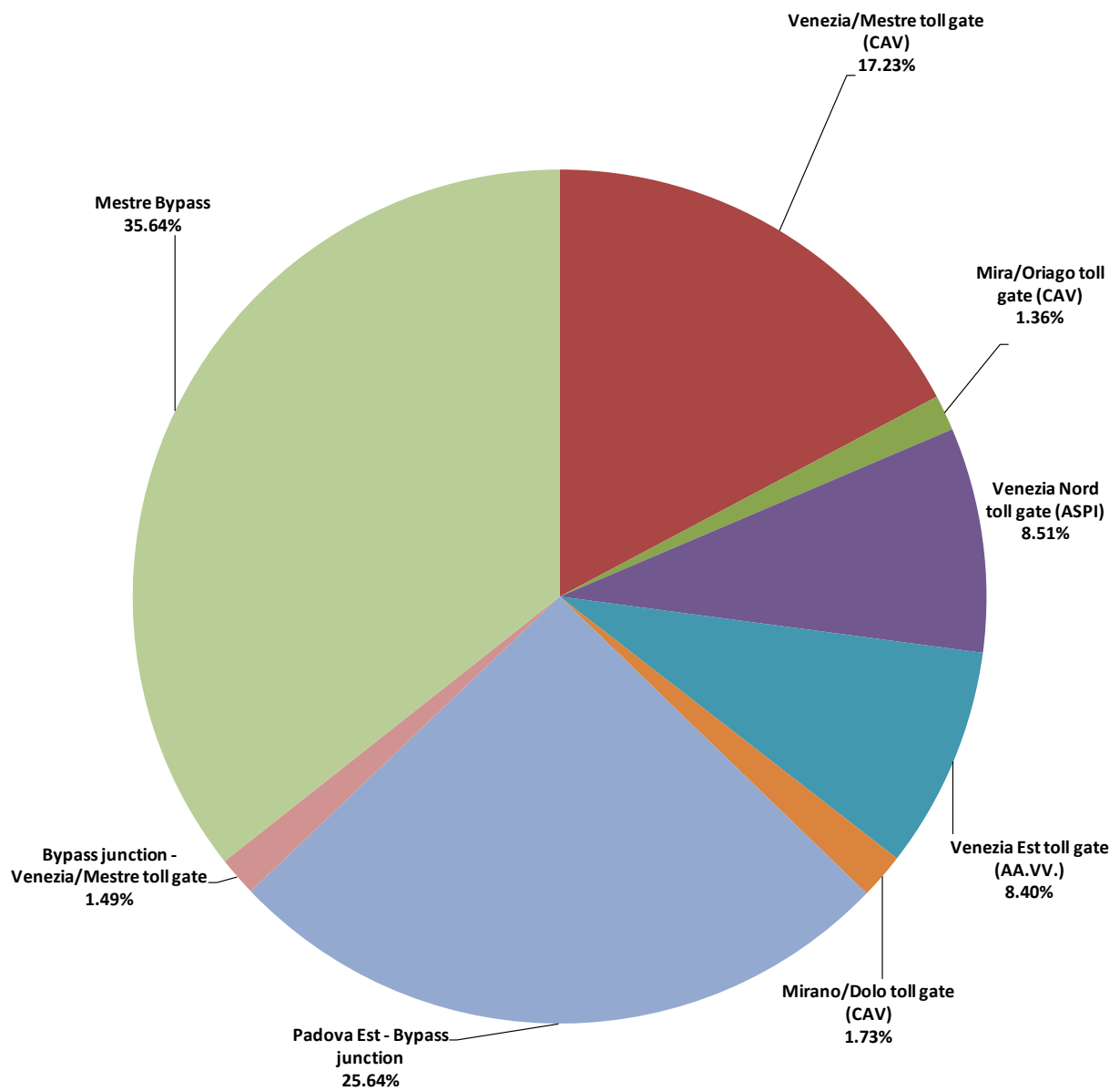
YEAR 2018

Closed system	Vehicles per km
A) Padova Est - A4/A57 junction (entry to the Mestre Bypass)	466,246,860
B) A4/A57 junction (entry to the Mestre Bypass) - Venezia/Mestre toll gate	27,112,341
A + B	493,359,202
C) Mestre Bypass	648,102,413
Total (A + B + C)	1,141,461,615

Open system	Transits at toll gates	Vehicles per km x 6.200 km	Vehicles per km x 15.836 km	Total vehicles per km
A) Venezia/Mestre toll gate (A57 - CAV)	14,222,536	88,179,723	225,228,081	313,407,804
B) Mira/Oriago toll gate (A57 - CAV)	1,122,629	6,960,298	17,777,947	24,738,245
C) Mirano/Dolo toll gate (A57 - CAV)	1,426,754	8,845,875	22,594,077	31,439,952
D) Venezia Nord toll gate (A27 - Autostrade per l'Italia, ASPI)	7,022,790	43,541,296	111,212,897	154,754,193
E) Venezia Est toll gate (A4 - Autovie Venete, AA.VV.)	6,928,335	42,955,675	109,717,109	152,672,784
Total (A + B + C + D + E)	30,723,043	190,482,867	486,530,111	677,012,978

	Year 2016	Year 2017	Year 2018	% change 2017-2018
Total V/km (open system + closed system):	1,797,500,010	1,800,329,095	1,818,474,594	1.01

VEHICLES PER KM BY MOTORWAY STRETCH



TRAFFIC BREAKDOWN BY VEHICLE CLASS

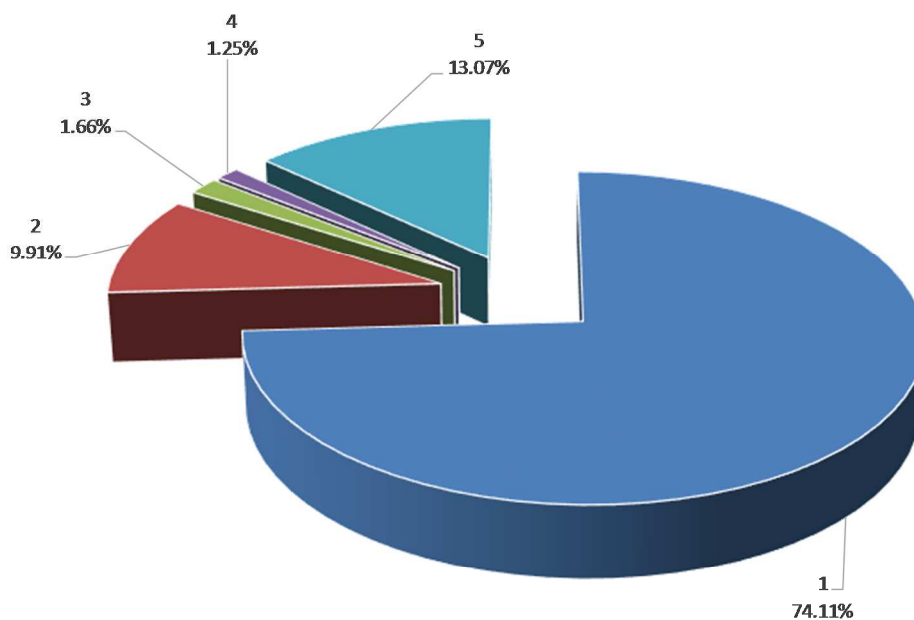
(Total paying vehicles per km)

Closed system + open system

YEAR 2018

	Class	Vehicles pr km	%
Light vehicles	A	1,347,813,605	74.12
	B	180,240,851	9.91
HGVs	3	30,098,517	1.66
	4	22,656,686	1.25
	5	237,664,936	13.07
Total		1,818,474,594	100

VEHICLE CLASSES AS PERCENTAGE OF TOTAL



**ACTUAL VEHICLE COUNT - VEHICLES PER KM - VIRTUAL VEHICLE COUNT
PAYING TRAFFIC
YEARS 2017 AND 2018**

CLOSED SYSTEM	Year 2017	Year 2018	% change
Annual actual vehicle count	43,160,828	43,807,873	1.50
Daily average actual vehicle count	118,249	120,022	1.50
Annual vehicles per kilometre	1,124,602,163	1,141,461,615	1.50
Daily average vehicles per kilometre	3,081,102	3,127,292	1.50
Annual virtual vehicle count	24,381,090	24,746,599	1.50
Daily average virtual vehicle count	66,798	67,799	1.50

OPEN SYSTEM Venezia/Mestre, Mira/Oriago, Mirano/Dolo, Venezia Nord and Venezia Est toll gates	Year 2017	Year 2018	% change
Annual vehicle count	30,664,682	30,723,043	0.19
Daily average vehicle count	84,013	84,173	0.19
Annual vehicles per kilometre: for 6.200km	190,121,028	190,482,867	0.19
for 15.836km in 2017 and for 15.836km in 2018	485,605,904	486,530,111	0.19
Total vehicles/km	675,726,932	677,012,978	0.19
Daily average vehicles per kilometre	1,851,307	1,854,830	0.19

CLOSED SYSTEM + OPEN SYSTEM	Year 2017	Year 2018	% change
Annual vehicles per kilometre	1,800,329,095	1,818,474,593	1.01

**TRAFFIC THROUGH TOLL GATES OPERATED BY CAV BROKEN DOWN BY ORIGIN AND DESTINATION
YEAR 2018**

ENTRY	EXIT							TOTAL
	PREGANZIOL	MARTELLAGO SCORZE'	SPINEA	VENEZIA MESTRE	MIRANO DOLO	MIRA ORIAGO	PADOVA EST	
PREGANZIOL	-	54,202	52,621	1,443	3,301	318	131,368	243,253
MARTELLAGO-SCORZE'	56,336	-	41,107	9,654	5,671	2,779	135,726	251,273
SPINEA	55,766	35,547	-	22,578	4,608	1,315	336,977	456,791
VENEZIA MESTRE	922	9,259	9,824	-	3,212,272	2,715,337	2,130,768	8,078,382
MIRANO DOLO	7,322	10,815	4,445	3,045,585	-	173,604	197,738	3,439,509
MIRA ORIAGO	308	2,968	826	2,487,842	148,558	-	141,837	2,782,339
PADOVA EST	166,460	161,013	347,978	2,191,653	213,093	170,582	-	3,250,779
ASPI (A23/A27)	462,525	192,841	158,227	2,858	11,086	1,419	619,124	1,448,080
AUTOVIE VENETE	258,140	344,525	145,238	4,667	11,565	1,726	593,012	1,358,873
BRENNERO	22,839	22,835	21,034	346,094	21,266	29,334	178,042	641,444
MILANO SERRAVALLE	5,693	3,719	3,462	49,277	3,269	2,326	26,560	94,306
BRESCIA PADOVA	206,162	212,516	237,923	2,477,899	239,809	234,037	2,121,460	5,729,806
CENTRO PADANE	5,210	5,293	3,641	50,966	3,355	4,827	34,060	107,352
ASPI (TRONCO MI-BS)	44,581	35,899	29,597	455,252	28,881	29,051	217,478	840,739
BREBEMI	7,513	8,169	5,246	61,068	4,974	5,405	41,448	133,823
T.E. SPA	294	262	173	2,676	268	174	2,667	6,514
ASPI (OTHER MOTORWAYS)	139,118	178,998	190,148	1,401,999	160,867	130,892	618,655	2,820,677
OTHER MOTORWAYS	8,010	6,817	5,650	92,193	5,534	5,362	33,247	156,813
TOTAL	1,447,199	1,285,678	1,257,140	12,703,704	4,078,377	3,508,488	7,560,167	31,840,753

EXIT	ENTRY							TOTAL
	PREGANZIOL	MARTELLAGO SCORZE'	SPINEA	VENEZIA MESTRE	MIRANO DOLO	MIRA ORIAGO	PADOVA EST	
PREGANZIOL	-	56,336	55,766	922	7,322	308	166,460	287,114
MARTELLAGO-SCORZE'	54,202	-	35,547	9,259	10,815	2,968	161,013	273,804
SPINEA	52,621	41,107	-	9,824	4,445	826	347,978	456,801
VENEZIA MESTRE	1,443	9,654	22,578	-	3,045,585	2,487,842	2,191,653	7,758,755
MIRANO DOLO	3,301	5,671	4,608	3,212,272	-	148,558	213,093	3,587,503
MIRA ORIAGO	318	2,779	1,315	2,715,337	173,604	-	170,582	3,063,935
PADOVA EST	131,368	135,726	336,977	2,130,768	197,738	141,837	-	3,074,414
ASPI (A23/A27)	345,593	183,585	137,135	2,501	15,082	782	668,087	1,352,765
AUTOVIE VENETE	248,244	323,415	134,938	2,582	22,271	780	719,886	1,452,116
BRENNERO	19,000	21,865	21,442	347,746	22,485	25,171	160,573	618,282
MILANO SERRAVALLE	4,386	3,704	3,279	50,116	3,210	1,787	22,466	88,948
BRESCIA PADOVA	166,024	186,929	239,261	2,483,681	245,519	185,310	1,842,995	5,349,719
CENTRO PADANE	4,047	4,716	3,380	63,712	3,630	5,835	29,973	115,293
ASPI (TRONCO MI-BS)	33,672	38,628	26,168	456,410	26,505	30,297	175,717	787,397
BREBEMI	5,539	7,386	4,445	51,952	4,189	3,897	30,222	107,630
T.E. SPA	243	410	184	3,150	208	182	2,205	6,582
ASPI (OTHER MOTORWAYS)	115,596	173,466	193,607	1,585,778	163,903	113,193	607,175	2,952,718
OTHER MOTORWAYS	5,879	7,300	4,669	97,658	4,894	5,542	25,671	151,613
TOTAL	1,191,476	1,202,677	1,225,299	13,223,668	3,951,405	3,155,115	7,535,749	31,485,389

INTERNAL TRAFFIC BETWEEN VENEZIA/MESTRE, MIRA/ORIAGO AND MIRANO/DOLO TOLL GATES
(non-paying)
YEAR 2018

Stretch travelled		Transits	% change 2018 vs. 2017	Vehicles per km in the closed system		Vehicles per km in the open system	
Entry	Exit			km 9.800	km 2.000	km 6.200	km 15.836
Venezia/Mestre Mira/Oriago	Mira/Oriago	2,715,337	3.97				
	Venezia/Mestre	2,487,842	3.77				
Subtotal		5,203,179	3.87		10,406,358	32,259,710	82,397,543
Venezia/Mestre Mirano/Dolo	Mirano/Dolo	3,212,272	2.78				
	Venezia/Mestre	3,045,585	2.23				
Subtotal		6,257,857	2.51	61,326,999		38,798,713	99,099,423
Mirano/Dolo Mira/Oriago	Mira/Oriago	173,604	0.72				
	Mirano/Dolo	148,558	-1.93				
Subtotal		322,162	-0.52	3,157,188		1,997,404	5,101,757
General total		11,783,198	3.02	64,484,187	10,406,358	73,055,827	186,598,723

74,890,545	259,654,550
Total vehicles/km in the closed system	Total vehicles/km in the open system

Total vehicles/km	334,545,095
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**Total outgoing traffic with origin/destination between
Venezia/Mestre, Mira/Oriago and Mirano/Dolo toll gates**

Toll gate	2016	2017	2018	% change 2018 vs. 2017
Venezia/Mestre	5,167,880	5,376,612	5,533,427	2.92
Mira/Oriago	2,658,079	2,784,009	2,888,941	3.77
Mirano/Dolo	3,120,174	3,276,905	3,360,830	2.56
Total	10,946,133	11,437,526	11,783,198	3.02

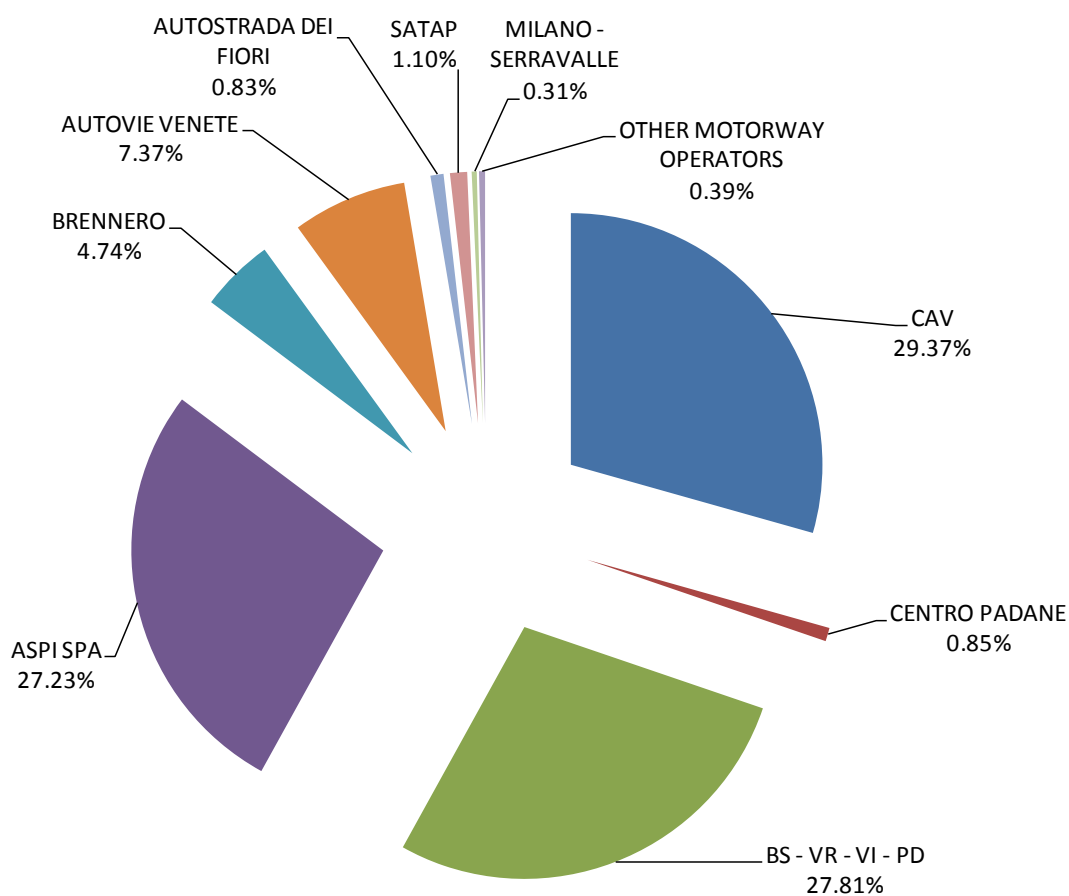
**TOLL REVENUE
TRANSACTIONS BETWEEN INTERCONNECTED MOTORWAY OPERATORS
YEAR 2018**

(Gross amounts expressed in thousands of euro)

Motorway operator	Concurrent toll payments collected by CAV attributable to CAV	Concurrent toll payments collected by CAV attributable to interconnected operators	Concurrent toll payments collected by interconnected operators attributable to CAV	Deferred toll payments attributable to CAV billed by ASPI SpA
CAV	11,834			
ASPI SPA (deferred payments)				136,430
ASPI SPA (concurrent payments)		10,972	17,107	
BS - VR - VI - PD		11,208	5,761	
BRENNERO		1,911	1,283	
AUTOVIE VENETE		2,970	14,220	
CENTRO PADANE/AUTOVIA PADANA		341	293	
AUTOSTRADA DEI FIORI		335	385	
SATAP A21		445	287	
MILANO - SERRAVALLE		123	274	
OTHER MOTORWAY OPERATORS		157	378	
TOTAL	11,834	28,462	39,988	136,430

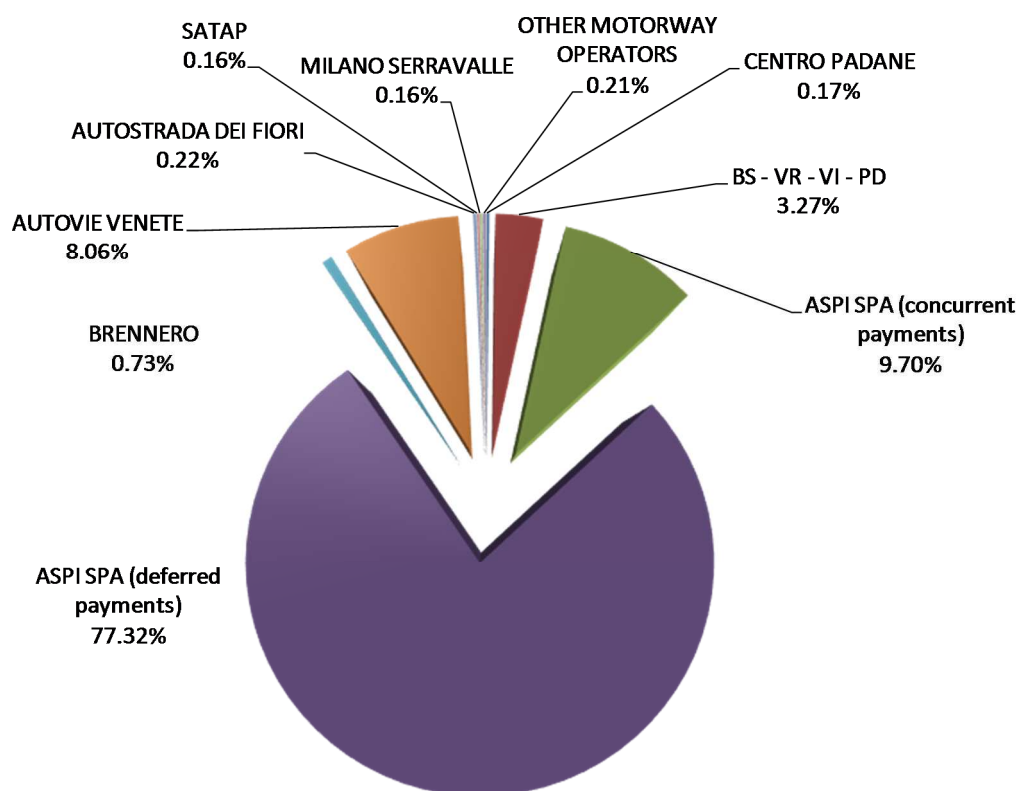
**CONCURRENT TOLL PAYMENTS COLLECTED AT AT TOLL GATES OPERATED BY CAV
BROKEN DOWN BY OPERATOR TO WHICH THEY ARE ATTRIBUTABLE
YEAR 2018**

OPERATOR	EUR'000	as % of total
CAV	11,834	29.37
CENTRO PADANE	341	0.85
BS - VR - VI - PD	11,208	27.81
ASPI SPA	10,972	27.23
BRENNERO	1,911	4.74
AUTOVIE VENETE	2,970	7.37
AUTOSTRADA DEI FIORI	335	0.83
SATAP	445	1.1
MILANO - SERRAVALLE	123	0.31
OTHER MOTORWAY OPERATORS	157	0.39
TOTAL	40,296	100



TOLL PAYMENTS ATTRIBUTED TO CAV BY INTERCONNECTED OPERATORS YEAR 2018

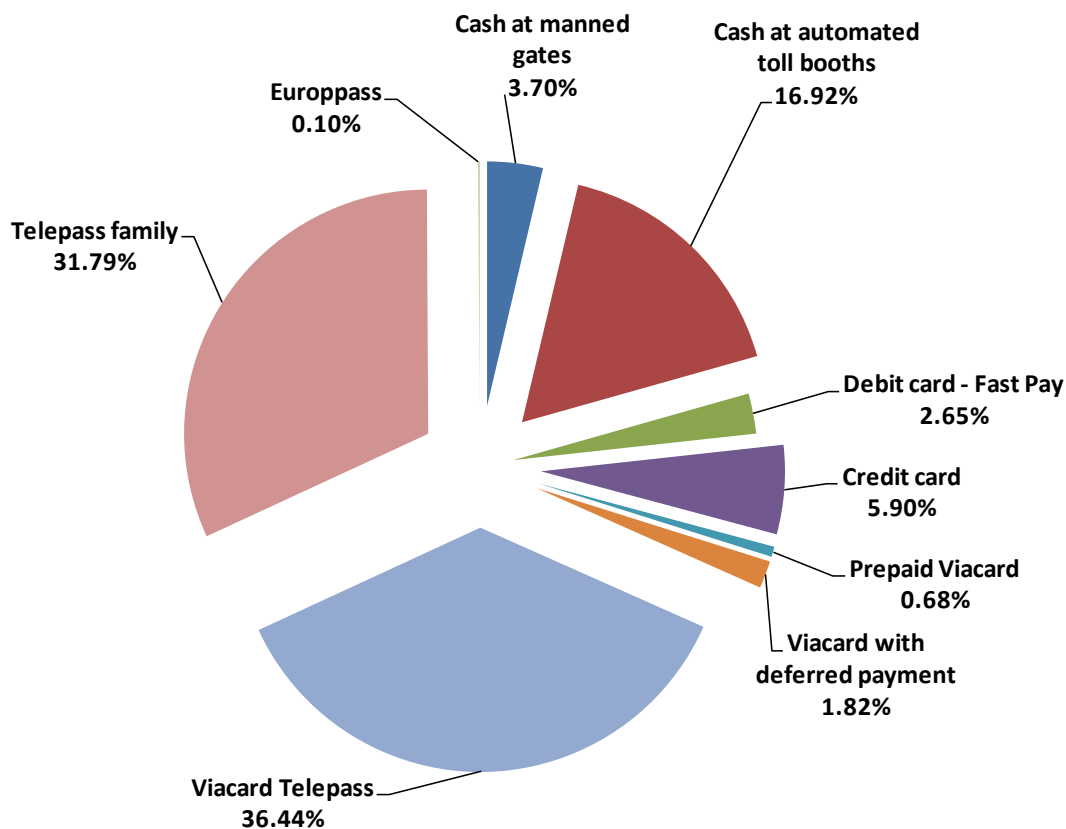
OPERATOR	EUR'000	as % of total
CENTRO PADANE	293	0.17
BS - VR - VI - PD	5,761	3.27
ASPI SPA (concurrent payments)	17,107	9.7
ASPI SPA (deferred payments)	136,430	77.33
BRENNERO	1,283	0.73
AUTOVIE VENETE	14,220	8.06
AUTOSTRADA DEI FIORI	385	0.22
SATAP	287	0.16
MILANO - SERRAVALLE	274	0.16
OTHER MOTORWAY OPERATORS	378	0.21
TOTAL	176,418	100



METHOD OF PAYMENT ON EXIT AT TOLL GATES OPERATED BY CAV
(as percentage of total)
YEARS 2015, 2016, 2017 and 2018

Method of payment	2015	2016	2017	2018
Cash at manned gates	10.22	9.19	6.87	3.70
Cash at automated toll booths	13.45	13.96	15.72	16.92
Total cash	23.67	23.15	22.59	20.62
Debit card - Fast Pay	3.26	3.01	2.73	2.65
Credit card	4.06	4.67	5.21	5.90
Prepaid Viacard	0.78	0.71	0.66	0.68
Viacard with deferred payment	1.32	1.35	1.36	1.82
Total automted payment - non-free-flow transit	9.42	9.74	9.96	11.05
Viacard Telepass	36.05	35.75	35.86	36.44
Telepass Family	30.73	31.24	31.48	31.79
Europpass	0.13	0.12	0.11	0.1
Total automted payment - free-flow transit	66.91	67.11	67.45	68.33
Total	100	100	100	100

YEAR 2018



**ACCIDENTS
YEARS 2017 AND 2018
ENTIRE MOTORWAY SYSTEM A4 + A57 (CLOSED + OPEN SYSTEM)**

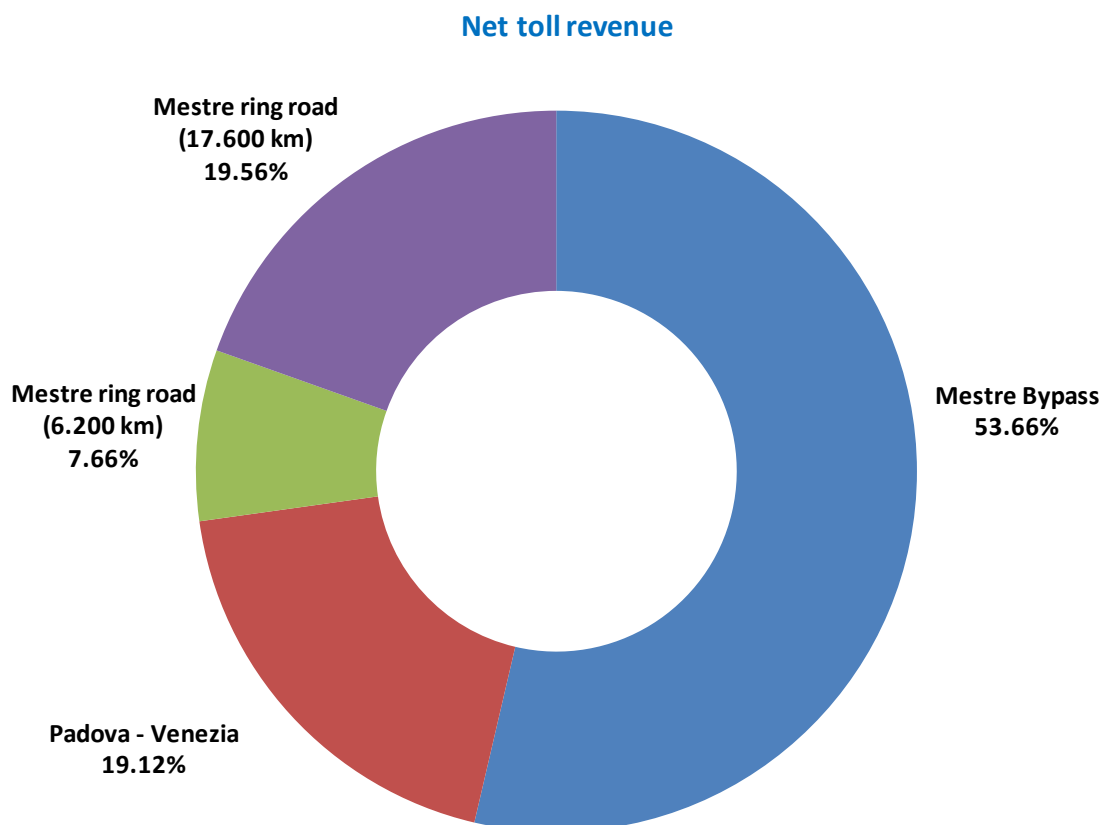
	Accidents causing injuries or fatalities		Accident rate per 100 million vehicles/km		% change in rate	National accident rate as of 30 Sept. 2018
	2017	2018	2017	2018		
Light vehicles	72	85	5.35	6.31	17.78	
Heavy vehicles	34	41	7.46	8.71	16.74	
Total	106	126	5.89	6.93	17.68	7.10
No. of injured persons	161	199	10.94	8.94	22.37	12.06
No. of deaths	3	5	0.27	0.17	65.00	0.24

	Accidents causing injuries or fatalities		Accident rate per 100 million vehicles/km		% change in rate
	2017	2018	2017	2018	
Light vehicles	75	84	5.58	6.23	11.74
Heavy vehicles	59	60	12.95	12.75	-1.55
Total	134	144	7.44	7.92	6.4

	Total accidents		Accident rate per 100 million vehicles/km		% change in rate
	2017	2018	2017	2018	
Light vehicles	147	169	10.93	12.54	14,70
Heavy vehicles	93	101	20.41	21.46	5,14
Total	240	270	13.33	14.85	11.38

**TOLL REVENUE (after VAT and the supplementary concession fee payable to ANAS)
BROKEN DOWN BY MOTORWAY STRETCH
YEAR 2018**

Motorway stretch	Revenue (EUR/m)	%
Closed system: A4/A57		
Mestre Bypass	75.0	53.66
Padova - Venezia	26.8	19.12
Subtotal	101.8	72.78
Open system: Mestre ring road A57		
6.200 km	10.7	7.66
15.836 km	27.4	19.56
Subtotal	38.1	27.22
General total	139.9	100.00



SERVICE STATIONS - FUEL AND LUBRICANT SALES

Petrol - (litres sold)			
STATION	2017	2018	% change
Marghera Ovest	1,351,000	1,226,000	-9.25
Marghera Est	368,000	381,000	3.53
Arino Ovest	1,558,000	1,380,000	-11.42
Arino Est	1,139,000	1,155,000	1.40
Total	4,416,000	4,142,000	-6.20

Diesel fuel - (litres sold)			
STATION	2017	2018	% change
Marghera Ovest	5,233,000	5,049,000	-3.52
Marghera Est	2,486,000	2,750,000	10.62
Arino Ovest	6,994,000	6,274,000	-10.29
Arino Est	5,849,000	6,290,000	7.54
Total	20,562,000	20,363,000	-0.97

LPG - (litres sold)			
STATION	2017	2018	% change
Marghera Ovest	-	-	-
Marghera Est	-	-	-
Arino Ovest	1,398,000	1,248,000	-10.73
Arino Est	1,106,000	973,000	-12.03
Total	2,504,000	2,221,000	-11.30

Methane gas - (kg sold)			
STATION	2017	2018	% change
Marghera Ovest	-	-	-
Marghera Est	-	-	-
Arino Ovest	452	472	4.42
Arino Est	416	425	2.16
Total	868	897	3.34

Lubricants - (kg sold)			
STATION	2017	2018	% change
Marghera Ovest	1,100	1,011	-8.09
Marghera Est	423	370	-12.59
Arino Ovest	2,509	1,609	-35.87
Arino Est	1,320	1,830	38.64
Total	5,352	4,820	-9.94

SERVICE STATIONS - FORECOURT RETAILING

(forecourt stores and convenience stores at caées and restaurants)
(sales excluding VAT - EUR'000)

STATION	2017	2018	Var. %
Marghera Ovest	13	13	0.00
Marghera Est	1	1	0.00
Arino Ovest	104	80	-23.08
Arino Est	98	84	-14.29
Total	216	178	-17.59

SERVICE STATIONS - FOOD AND BEVERAGE - CAFES AND RESTAURANTS

(sales excluding VAT - EUR'000)

STATION	2017	2018	Var. %
Marghera Ovest	355	355	0.00
Marghera Est	273	309	13.19
Arino Ovest	3,877	3,942	1.68
Arino Est	2,404	2,461	2.37
Total	6,909	7,067	2.29

SERVICE STATIONS - RETAIL BUSINESS

(convenience stores at cafés and restaurants)

(sales excluding VAT - EUR'000)

STATION	2017	2018	% change
Marghera Ovest	108	103	-4.63
Marghera Est	72	80	11.11
Arino Ovest	1,864	1,868	0.21
Arino Est	1,396	1,357	-2.79
Total	3,440	3,408	-0.93

SERVICE STATIONS - ANCILLARY SALES

(at cafés and restaurants)

(sales excluding VAT - EUR'000)

STATION	2017	2018	% change
Marghera Ovest	1,350	1,390	2.96
Marghera Est	1,145	1,268	10.74
Arino Ovest	1,546	1,684	8.93
Arino Est	1,197	1,239	3.51
Total	5,238	5,581	6.55

HOTEL - MARGHERA

(sales excluding VAT - EUR'000)

Business	2017	2018	% change
Café, services and lodging	3,613	3,407	-5.70

ROYALTIES PAID TO CAV

(excluding VAT - EUR'000)

Business	2017	2018	% change
Fuel	1,597	1,557	-2.50
Lubricants	1	1	0.00
Forecourt retailing	31	42	35.48
Food and beverage	1,614	1,648	2.11
Retail business (convenience stores at cafés and restaurants)	510	492	-3.53
Ancillary sales	55	58	5.45
Hotel (café, services and lodging)	45	43	-4.44
Land concession	413	422	2.18
Total	4,266	4,263	-0.07