



14 May 2010

Overview of the Adoption of IFRIC 12



First Time Application of IFRIC 12

This document is solely intended to provide a general overview of the principal effects on Atlantia's consolidated financial statements from the adoption of IFRIC 12, it does not replace any previous formal reporting

- With effect from the interim report for the three months ended 31 March 2010, the Group is publishing its accounts applying IFRIC 12, the International Accounting Standards Board interpretation governing the method of accounting for and measuring service concession arrangements
- IFRIC 12 establishes that the operator shall not recognise the infrastructure, which will be relinquished, as a tangible asset because the contractual service arrangement does not convey the right to “control” the infrastructure, but only the right to use it to provide the public service in accordance with the terms specified in the contract with the grantor
- This right may be classified as a financial asset or as an intangible asset, depending on whether there is an unconditional contractual right to receive a consideration regardless of effective use of the infrastructure (e.g. in the case of “availability payments” or guaranteed minimum revenues), or a right to charge for the use of the public service (e.g. the cases of “direct tolling” or “shadow tolls”)
- As a result, the operator has the role of providing services of a dual nature:
 - construction or upgrade of infrastructure;
 - operation, maintenance and use of the infrastructure to provide a public service

Accounting Methods for the Group

Concessionaire	Accounting Method			Starting Date		
	Intangible Asset	Financial Asset	Mixed ⁽¹⁾	Concession Start Date	Business Combination	Transition ⁽²⁾
Fully Consolidated						
Autostrade per l'Italia	x				2003 ⁽³⁾	
Traforo Monte Bianco	x					2009
RAV	x					2009
Autostrada Torino-Savona	x				2003 ⁽³⁾	
Strada dei Parchi	x					2009
Autostrada Tirrenica	x				2003 ⁽³⁾	
Tangenziale di Napoli	x					2009
Autostrade Meridionali			x			2009
Stalexport Malopolska	x			1998		
Los Lagos			x	1998		
Equity Method						
Costanera Norte			x		2006	
Vespucio Sur	x			2002		
Red Vial Litoral Central		x		2001		
Nororient			x	2008		
Triangulo do Sol	x			1998		
Pune Solapur	x			2009		

(1) Concessions with minimum guaranteed income or terminal value

(2) In consideration of the regulatory changes introduced with the new concession agreement

(3) As of the contribution of the motorway assets from Autostrade (now Atlantia) to Autostrade per l'Italia

Classification of Assets to Be Relinquished

- Given that the consideration received or receivable under the Atlantia Group's construction or upgrade service concessions is generally represented by the right to charge users of the public service, the principal impacts on the Balance Sheet are as follows:
 - classification of the right as an intangible asset (as a concession), rather than as a tangible asset to be relinquished, with amortisation of the right over the concession term
 - recognition of the present value of future commitments regarding the construction of infrastructure without a specific compensation (e.g. investments relating to the concession of 1997, such as the Variante di Valico) as a right in intangible assets and a corresponding liability via provisions for works to be carried out, to be released through the income statement to cover the construction costs incurred

Principal Effects

EBITDA

- Positive effect essentially due to inclusion of the income generated by the tariff components linked to construction works in net toll revenues

Net Profit

- Reduction in consolidated net profit in the initial years, mainly reflecting the increased financial expenses needed to adjust the provisions for works to be carried out to the present value of commitments for the construction of infrastructure without specific compensation

Net Debt

- Reduction of Net Debt due to the recognition among financial assets of:
 - part of the terminal value of Autostrade Meridionali related to the works already completed
 - the present value of the minimum guaranteed income of Los Lagos
 - the portion of Government grants accrued in respect of investments already completed

Restatement of FY2009 P&L

Main Changes	(€m)	Remarks
Toll revenues	21	<ul style="list-style-type: none"> Inclusion of the income generated by the tariff components linked to construction works (€25m for Autostrade per l'Italia) in toll revenues
Other revenues & costs	(7)	
EBITDA	14	<ul style="list-style-type: none"> Exclusion from toll revenues of the portion related to the minimum guaranteed income (€4m for Los Lagos) reclassified as financial income
Depreciation and amortisation	(38)	
Provisions for repair and replacement	55	<ul style="list-style-type: none"> Exclusion from other revenues of the financial income generated by government grants to be received reclassified as financial income (€2m for Los Lagos)
EBIT	31	
Net financial income/(expenses)	6	<ul style="list-style-type: none"> Net increase in D&A following the recognition of higher assets in the balance sheet which include the present value of future commitments for the construction of infrastructure without specific compensation
Capitalised financial expenses	(44)	
Financial expenses from adjustment to present value	(184)	<ul style="list-style-type: none"> Adjustment of the provisions for repair and replacement to the present value of the future commitments
Profit/(loss) from associates	6	
PBT	(185)	<ul style="list-style-type: none"> Financial charges related to the construction of infrastructure without specific compensation are no longer capitalised
Tax adjustments	64	
Net Income	(121)	<ul style="list-style-type: none"> Financial expenses include the adjustment of the present value of future commitments for construction, repair and replacement

Restatement of FY2009 Balance Sheet

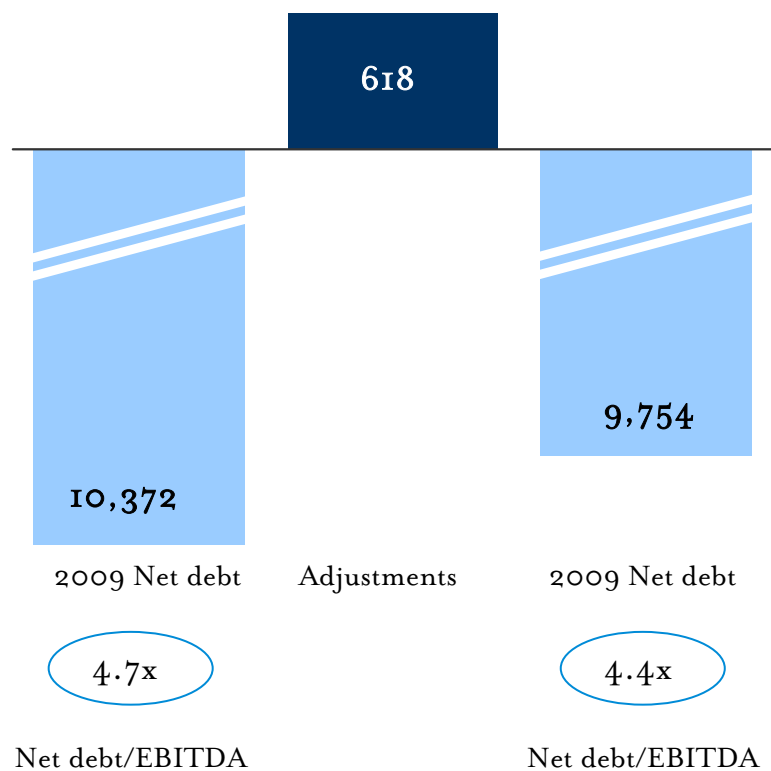
Main Changes	(€m)	Remarks
Intangible assets	12,184	<ul style="list-style-type: none"> • Classification of assets, which will be relinquished, as intangible assets rather than as tangible assets • Concession rights related to the construction of infrastructure without specific compensation (e.g. Autostrade per l'Italia's 1997 Investment Plan) include the present value of future commitments (net of Government grants) • Capitalised toll income generated by the tariff components linked to construction works are unwound • Provisions for works to be carried out are recognised in an amount equal to the present value of the cost of completion of infrastructure without specific compensation • Provisions for repair and replacement are adjusted to the present value of the future commitments
Fixed assets	(9,845)	
Deferred income	71	
Provisions for works to be carried out	(4,968)	
Provisions for repair and replacement	309	
Other adjustments & reclassifications	69	
Deferred tax assets	504	
Net Invested Capital	(1,676)	
Absorbed by:		
Net Debt	(618)	
Shareholders' equity	(1,058)	

2009 Change in Net Debt

Pre-IFRIC 12

Post-IFRIC 12

(€ m)



IFRIC 12 Adjustments	618
Increase in financial assets:	
Terminal value Autostrade Meridionali ⁽¹⁾	236
Present value minimum guaranteed income Los Lagos	79
Government grants ⁽²⁾	298
Minor reclassifications	5

(1) With respect to investment already completed but not subject to amortisation under the single concession agreement signed in 2009

(2) Portion of Government grants accrued in respect of investments already completed