MILIONE S.P.A.

2017 Consolidated Financial Statements

1st year
Milione S.p.A.
Via Galileo Galilei 30/1
30173 Venice (VE)

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Milione S.p.A. Group

Corporate Bodies

Board of Directors

Enrico Marchi
Chairman

Hamish Macphail Massie Mackenzie
Director

Athanasios Zoulovits
Director

Francesco Lorenzoni
Director

Walter Manara
Director

Romain Xavier Dechelette
Director

Fabio Battaggia
Director

De Chammard Gregoire Parrical
Director

Cristiano Menegus
Director

Board of Statutory Auditors

Standing auditors

Roberto Lonzar – *Chairman*

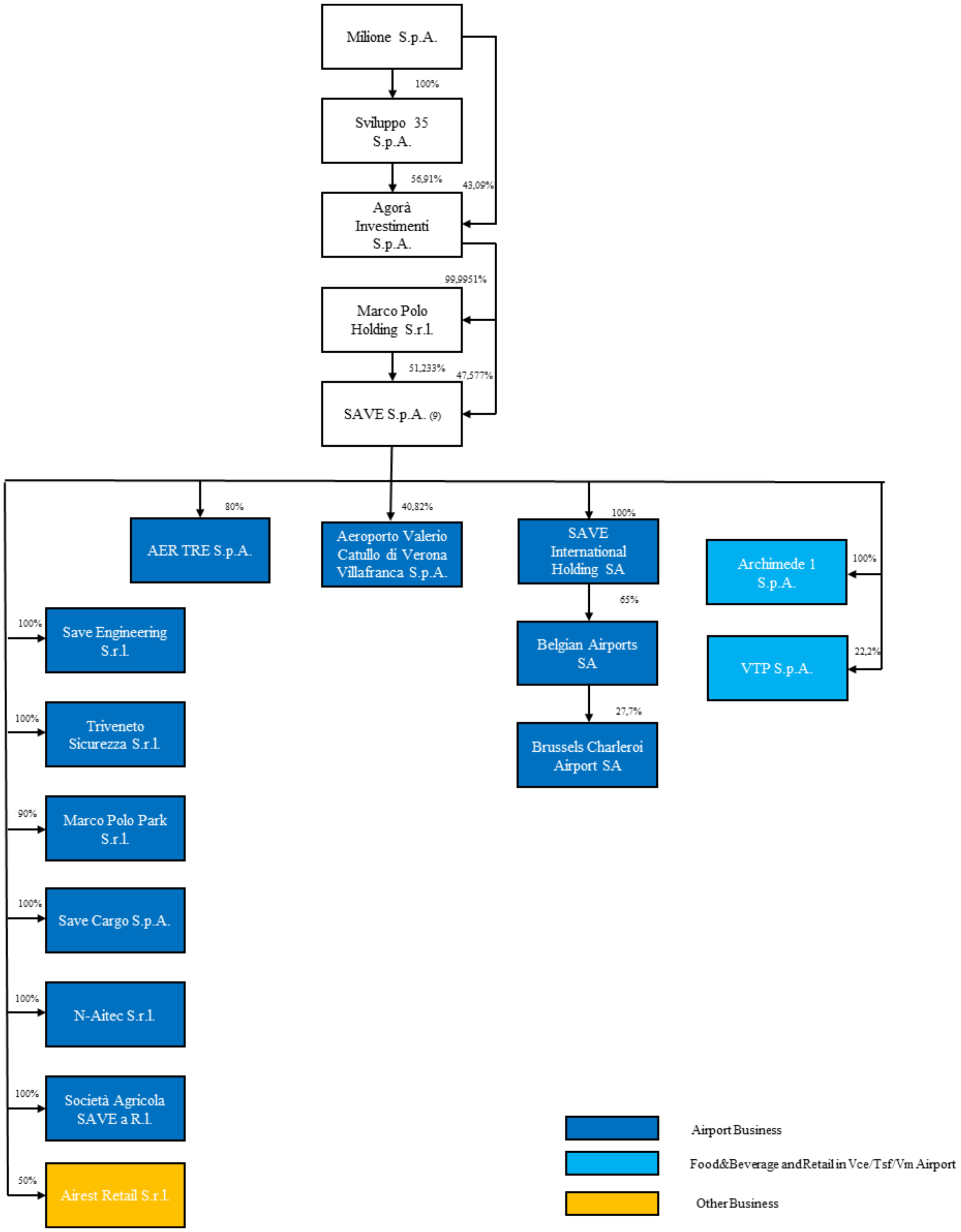
Nicola Pietro Lorenzo Broggi

Paolo Caprotti

Independent Auditors

Deloitte & Touche S.p.A.

Company organisational chart



Board of Directors’ Report on Operations

Economic environment[1]

The second half of 2017 appears to have confirmed solid economic growth in the main advanced and emerging economies. According to the forecasts circulated by the OECD in November, the growth in GDP of the global economy would be 3.6% in 2017, with slight growth predicted for 2018. All in spite of the fact that geopolitical risks have still not been assuaged: the political crisis in North Korea, the lack of post-Brexit clarity of relations between the UK and the EU, the effects of the US' stated policy of protectionism on the global economy are ever present factors and represent the biggest risk to future global growth.

Growth prospects improved further in the Euro Area in the latest forecast scenario prepared by the Eurosystem, which expects growth of 2.3% in 2018. Fears over a return of inflation resurfaced with a value of 1.4% in December. The Governing Council of the ECB recalibrated the monetary policy instruments, however, preserving highly expansionary monetary conditions also in a forward-looking perspective.

Italy closed 2017 with growing indicators, albeit always below the European average. Surveys indicate a return of business confidence to pre-recession levels.

In respect of this macroeconomic scenario, European air traffic, with growth of 8.5%, recorded its best result in 2017 since 2004, thanks to growth concerning both EU countries (+7.7%) and non-EU countries (+11.4%), which started to rise again following a -0.9% in 2016.

Demand for air travel now represents a consolidated trend which outperforms the economic trend in the different countries (passenger traffic in EU countries has increased by 30% since 2012) and which is now really putting European infrastructural capacity to the test, where many airports are reaching their maximum capacity, particularly during rush hour.

The airports system in the North-East (Venice, Treviso, Verona and Brescia) registered growth above the Italian traffic average in 2017 (+6.4%), exceeding 16.5 million passengers, with growth of 9.4% compared to 2016.

Activity performed and significant events in the year

Milione S.p.A. (below "the Company" or "Milione") was established on 26 April 2017 for the purpose of indirectly transferring to it the controlling stake in SAVE S.p.A. (also "SAVE"), the company managing the Marco Polo Airport of Venice, and the holding company of an integrated group actively providing traveller services mainly as a concession holder. With the acquisition of control of SAVE, Milione intends to ensure the continuity of management of SAVE to support the project for the development of the airport system in the North-East, which is headed up by the airport of Venice.

On 9 August 2017, with the acquisition of 43.09% of the share capital of Milione S.p.A. (formerly Agorà Investimenti S.p.A.) and the entire share capital of Sviluppo 35 S.p.A., a company that holds the equity investment in Milione S.p.A. (formerly Agorà Investimenti S.p.A.) for the remainder of share capital, the Company came to hold, indirectly, through the aforementioned equity investments, a total of 32,677,585 shares of SAVE S.p.A., equal to 59.05% of its share capital. Thus, on that date, the legal requirements for promoting a mandatory Takeover Bid on SAVE were met, for the purpose of acquiring 100% of the shares of that listed company. The Takeover Bid launched in September, at a price of € 21 per share, was completed on 13 October 2017, and allowed the Bidder Milione S.p.A. (formerly Agorà Investimenti S.p.A.) to achieve an equity investment of 97.56% in SAVE S.p.A., thus meeting the legal requirements to exercise the purchase of the residual shares still outstanding.

Following the Takeover Bid, effective as of 23 October 2017, the ordinary shares of SAVE S.p.A. were revoked from listing on the Italian Equities Market (MTA) managed and organised by Borsa Italiana S.p.A.. The entire transaction was financed by contributions from shareholders and support from the banking system which granted the Company and its subsidiary Milione S.p.A. (formerly Agorà Investimenti S.p.A.) the additional funds needed.

[1] Source: Bank of Italy Bulletin and ACI Europe Airport Traffic Report

On 1 February 2018, the Shareholders' Meeting approved the plan for the merger by incorporation of the Company, Marco Polo Holding S.r.l. and Sviluppo 35 S.p.A. in the company Agorà Investimenti S.p.A.. The relevant merger deed was stipulated on 5 March 2018 and recorded in the Register of Companies on 7 March 2018. On effectiveness of the above, the merging company's name was changed from Agorà Investimenti S.p.A. to Milione S.p.A. and the registered offices were transferred to Venice. Following the above, the Company was struck off the Register of Companies effective from 7 March 2018.

Analysis of the results of the Milione Group

Illustrated below are the reclassified consolidated income statement and key capital and financial indicators for 2017, taken from the consolidated financial statements of the Company and of the Group, drafted in accordance with the international accounting standards (IAS/IFRS), with the most significant data and information. It should be specified that, as 30 June 2017 was the date of the first consolidation of SAVE S.p.A., as better described below in the section "Business combinations", the income statement for the first half of 2017 of SAVE and the other companies controlled by Milione S.p.A is not included in the consolidated income statement. Also note that, given it is the first year of activity of the Parent Company and of the Milione Group, the balances are only stated for the year ended 31 December 2017.

CONSOLIDATED RECLASSIFIED INCOME STATEMENT

(Euro/000)

	2017
Operating revenue and other income	**107,576**
Raw and ancillary materials, consumables and goods	1,311
Services	34,673
Lease and rental costs	5,684
Personell costs	26,874
Other charges	2,653
Provisions for risks	505
Total operating costs	**71,700**
EBITDA (*)	**35,876**
Amortisation and write-downs of intangible fixed assets	36,503
Amortisation and write-downs of tangible fixed assets	4,866
Replacement provision	1,533
Write-down of current assets	690
Total amortisation, depreciation and write-downs	**43,592**
EBIT	**(7,716)**
Financial income (expenses)	(13,775)
Profit (loss) from associates and joint ventures carried at equity	6,316
PROFIT (LOSS) BEFORE TAXES	**(15,175)**
Taxes	(2,821)
PROFIT (LOSS) ON CONTINUING OPERATIONS	**(12,354)**
Profit (loss) from discontinued operations/held-for-sale	-
NET PROFIT (LOSS)	**(12,354)**
Minority interest	280
Group net profit (loss)	**(12,634)**

(*) It should be noted that "EBITDA" means the result before amortisation, depreciation, replacement provision for assets under concession, losses on loans, financial management and taxes.

The 2017 financial year closed with a consolidated total loss of € 12,354 thousand, largely attributable to the charges due to the operation of acquisition of control of SAVE, to the amortisation of the concession generated as part of the acquisition of said company, which occurred on 9 August 2017 and recognised in the financial statements of the Parent Company Milione S.p.A. and, finally, to the charges on the bank loan related to the said transaction. The concession charge amortised for the second half amounted to € 27,795 thousand.

Operating revenue and other income for the year amounted to € 107,576 thousand, broken down as follows:

(Euro/000)	**Total**	**Venice**	**Treviso**	**Others**
Aviation fees & tariffs	71,275	64,002	7,273	-
Cargo Handling Depot	1,773	1,773	-	-
Handling	1,242	507	735	-
Aviation revenue	**74,290**	**66,282**	**8,008**	**-**
Ticketing	51	21	30	-
Parking	8,385	7,392	993	-
Advertising	1,489	1,396	93	-
Commercial	17,018	15,309	1,709	-
Non-Aviation revenue	**26,943**	**24,118**	**2,825**	**-**
Other income	6,343	2,686	184	3,473
Total Revenue	**107,576**	**93,086**	**11,017**	**3,473**

EBITDA amounted to € 35,876 thousand.

EBIT was a negative € 7,716 thousand.

The **result of financial operations** was negative in the amount of € 7,459 thousand. The item was impacted by financial charges on bank loans.

Taxes amounted to € 2,821 thousand.

The **net loss pertaining to the Group** came to € 12,634 thousand, while the **net profit attributable to minority interests** came to € 280 thousand.

GROUP RECLASSIFIED BALANCE SHEET

(Euro/000)

	31/12/2017
Property, plant and equipment	68,226
Airport concession rights	1,681,511
Intangible fixed assets	11,699
Financial fixed assets	85,530
Deferred tax assets	29,291
TOTAL FIXED ASSETS	**1,876,257**
Reserve for termination indemnities and other employee provisions	(3,651)
Provision for risks and charges and deferred taxes liabilities	(403,074)
Other non-current financial assets	2,927
FIXED CAPITAL	**1,472,459**
Inventories	1,397
Trade receivables	40,619
Tax assets	5,924
Other receivables and other assets	6,961
Trade payables	(65,870)
Tax payables	(2,799)
Social security payables	(4,047)
Other payables	(44,268)
TOTAL NET WORKING CAPITAL	**(62,083)**
TOTAL CAPITAL EMPLOYED	**1,410,376**
Total Group's net equity	737,892
Minority interests	9,778
TOTAL NET EQUITY	**747,670**
Cash and cash equivalents	(15,259)
Bank payables - current portion	756
Bank payables - non-current portion	687,023
Financial receivables	(9,814)
NET FINANCIAL POSITION	**662,706**
TOTAL FINANCING SOURCES	**1,410,376**

The net financial position, amounting to € 662,706 thousand, is represented by the loans of the subsidiary SAVE S.p.A. and the loan, amounting to € 440,000 thousand, taken out in August 2017 with certain credit institutions in order to extinguish the previous loan in place contracted by Milione S.p.A. (formerly Agorà Investimenti S.p.A.), and pay the consideration of the SAVE shares acquired both on the block market and on the occasion of the Takeover Bid.

The item "Airport concession rights" mainly includes the value temporarily allocated to the Venice Airport concession (in the amount of € 1,282,639 thousand), as part of the acquisition of control of SAVE S.p.A., which took place in the year, and amortised for the duration of the concession. The Company decides to account a temporary allocation of the greater value paid, within the first consolidation, as allowed by the current International accounting standards (IFRS 3).

Performance of Airport management

The Venice Airport System (which includes the Venice and Treviso airports) was confirmed as the third Italian airport system after Rome and Milan, with more than 13.3 million passengers passing through the two airports (+9.2% over the previous year, above the average national growth which stands at +6.4%).

The following table shows the main traffic indexes of the Venice-Treviso airport system relating to 2017, compared with the figures for 2016:

VENICE AIRPORT SYSTEM Year to December	2017	% of system	2016	% of system	Change 2017/2016
SAVE					
Movements	92,263	81%	90,084	82%	2.4%
Passengers	10,371,380	77%	9,624,748	79%	7.8%
Tonnage	6,434,194	84%	6,355,439	85%	1.2%
Cargo (Tonnage)	60,853	100%	57,973	100%	5.0%
AERTRE					
Movements	21,265	19%	19,518	18%	9.0%
Passengers	3,015,057	23%	2,634,397	21%	14.4%
Tonnage	1,239,440	16%	1,102,224	15%	12.4%
Cargo (Tonnage)	0		1	0%	-100.0%
SYSTEM					
Movements	113,528		109,602		3.6%
Passengers	13,386,437		12,259,145		9.2%
Tonnage	7,673,634		7,457,663		2.9%
Cargo (Tonnage)	60,853		57,974		5.0%

The breakdown of traffic by type is shown in the following table:

VENICE AIRPORT SYSTEM Year to December	2017	2016	Change 2017/2016
Commercial Aviation			
Scheduled + Charter			
Movements (no.)	103,188	100,177	3%
Passengers (no.)	13,366,406	12,241,482	9%
Cargo (tonnes)	60,453	57,861	4%
Mail (tonnes)	400	112	257%
Aircraft (tonnes)	7,533,833	7,336,052	3%
General Aviation			
Movements (no.)	10,340	9,425	10%
Passengers (no.)	20,031	17,663	13%
Aircraft (tonnes)	139,801	121,611	15%
Overall			
Movements (no.)	113,528	109,602	4%
Passengers (no.)	13,386,437	12,259,145	9%
Cargo/Mail (tonnes)	60,853	57,974	5%
Aircraft (tonnes)	7,673,634	7,457,663	3%

In 2017, the airport of Venice surpassed the target of 10 million passengers, with an increase of +7.8% compared to 2016 (by more than 92 thousand in terms of passenger traffic, +2.4% over the previous year), with a positive performance of both domestic traffic (+3.7% compared to 2016) and passengers bound for international destinations (+8.4%).

The figures confirm the prevailing international component of the airport: 87% of passengers fly between Venice and European and intercontinental destinations, compared to a market average at Italian airport system level of 64% (Assaeroporti data).

In 2017, the airport of Treviso surpassed the target of 3 million passengers, an increase of +14.4% compared to 2016, up by more than 21 thousand in terms of passenger traffic (+9% over the previous year).

Verona airport recorded passenger numbers of 3,099,142 in 2017, an increase of +10.4% compared to 2016, up by more than 30 thousand in terms of passenger traffic (+5.9% compared to 2016).

The cargo data of the airport of Brescia confirm a positive trend of +42.5%, with almost 35 thousand tonnes of goods/mail handled in 2017.

Performance and results of the Parent Company Milione S.p.A.

The Income statement and the Statement of Assets and Liabilities of the Parent Company Milione S.p.A. are presented below. It should be noted that the Parent Company Milione S.p.A. drafted its financial statements pursuant to art. 2435-ter of the Italian Civil Code, in the form of micro firms, different from the consolidated financial statements, which are drafted according to International accounting standards IAS/IFRS. The tables reported below are therefore drafted according to Italian accounting standards.

Economic performance of the Parent Company

INCOME STATEMENT

(Amounts in Euro)

Costs and revenues

PROFIT AND LOSS	AS AT 31/12/2017	
A) VALUE OF PRODUCTION		**10**
5) Other revenue and income		10
B) COSTS OF PRODUCTION		**(184,096)**
7) Services		*(175,508)*
10) Amortization, depreciation and write-downs		*(6,632)*
a)-b)-c) Amortization and write-downs of intangible and tangible assets	*(6,632)*	
14) Other charges		*(1,956)*
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION		**(184,086)**
C) FINANCIAL INCOME AND EXPENSES		**80,938**
16) Other financial income		*689,377*
d) other financial income		
- from subsidiaries companies	*689,344*	
- from others	*33*	
17) Interests and other financial expenses		*(602,842)*
- from others	*(602,842)*	
17-bis) Profit and loss on exchange rates		*(5,597)*
PROFIT (LOSS) BEFORE TAX		**(103,148)**
20) Income taxes for the period		*0*
PROFIT (LOSS) OF THE PERIOD		**(103,148)**

The Parent Company was established on 26 April 2017 and closed its first financial year with a loss of € 103 thousand. Costs for services and loan interest had a significant impact on the first financial year.

Equity and financial position of the Parent Company

BALANCE SHEET

(Amounts in Euro)

Assets

ASSETS		AS AT 31/12/2017
B) FIXED ASSETS		**739,861,340**
I) INTANGIBLE FIXED ASSETS		*26,528*
III) FINANCIAL FIXED ASSETS		*739,834,812*
C) CURRENT ASSETS		**67,451,074**
II) RECEIVABLES, INCLUDING ACCRUED INCOME AND PREPAID EXPENSES		*66,891,034*
- within 12 months	*66,891,034*	
- beyond 12 months	*0*	
- deferred tax assets	*0*	
IV) CASH AND CASH EQUIVALENTS		*560,040*
TOTAL ASSETS		**807,312,414**

BALANCE SHEET

(Amounts in Euro)

Liabilities and Net Equity

LIABILITIES AND NET EQUITY		AS AT 31/12/2017
A) NET EQUITY		**749,378,052**
I) SHARE CAPITAL		*2,049,434*
II) SHARE PREMIUM RESERVE		*746,031,766*
VI) OTHER RESERVES		*1,400,000*
IX) NET PROFIT (LOSS) FOR THE PERIOD		*(103,148)*
D) PAYABLES, INCLUDING ACCRUED EXPENSES AND DEFERRED INCOME		**57,934,362**
- within 12 months	*281,156*	
- beyond 12 months	*57,653,206*	
TOTAL LIABILITIES AND NET EQUITY		**807,312,414**

Net financial position of the Parent Company Milione S.p.A.	2017
(Euro/000)	
Cash and cash equivalents	1,333
Financial receivables	55,597
Bank payables	(57,653)
Net financial position	**(723)**

The item financial fixed assets, in the amount of € 739,061 thousand, refers to: the equity investment in Milione S.p.A. (formerly Agorà Investimenti S.p.A.) equal to 43.09% of its share capital; the entire share capital in Sviluppo 35 S.p.A., which holds the remaining share capital of Milione S.p.A. (former Agorà Investimenti S.p.A.). The book value is represented by the purchase price of these investments including accessory charges, amounting to € 14,432 thousand. In the consolidated financial statements, drafted according to International accounting standards IAS/IFRS, these charges were accounted in the income statement.

Net financial position came to € 723 thousand.

Statement of reconciliation between the net equity and results of the Parent Company and the consolidated net equity and results attributable to the Parent Company

	31/12/2017	
Euro/000	Net equity	Profit (loss) for the year
Net equity and result for the year as shown in the Parent company's financial statements	**749,378**	**(103)**
Restatement IAS	(14,459)	(14,459)
Net equity and result for the year restated of the Parent company	**734,919**	**(14,563)**
Elimination of the book value of consolidated shareholdings	12,751	2,209
Consolidated net equity and result for the year	**747,670**	**(12,354)**
Minority interest's share of net equity and result for the year	9,778	280
Group's share of net equity and result for the year	**737,892**	**(12,634)**

Other information

Holding and purchase of treasury shares of the Parent Company

No treasury shares are held presently, nor were they held during the financial year, either directly or through subsidiaries, associates, trust companies or through third parties.

Information concerning human resources

As at 31 December 2017, the Group employed a total of 1,157 staff, including both full-time and part-time employees and employees hired on fixed-term contracts. FTE units as at 31 December 2017 totalled 1,069.

Tax consolidation

By means of formal communication to the Italian Revenue Agency on 31 October 2017, the Italian National Tax Consolidation Scheme was renewed for the three-year period 2017-2018-2019 with the following companies: Archimede 3 S.r.l. Unipersonale, Marco Polo Park S.r.l., Save Engineering S.r.l., Triveneto Sicurezza S.r.l., Nordest Airport Information Technology S.r.l., Società Agricola Save a R.L., Save Cargo S.p.A., Save S.p.A..

Acceptance of the Italian National Tax Consolidation Scheme involves entering in the financial statements any receivables due from and payables to fiscally consolidated companies against taxable amounts transferred. Amounts related to tax credits, withholdings and advances autonomously paid by the subsidiaries are likewise transferred.

Regulatory framework developments of the subsidiary SAVE S.p.A.

Regulatory Agreement and airport fees

SAVE applies the airport fees established on the basis of the Regulatory Agreement signed with ENAC on October 26, 2016 and approved with Ministerial Decree of December 28, 2012, in accordance with Article 17, paragraph 34-*bis* of Legislative Decree 78/2009, enacted into Law 102/2009, as amended by Article 47, paragraph 3-*bis*, letters a) and b) of Legislative Decree 78/2010, enacted with amendments into Law 122/10, authorised ENAC to undertake, for airports of national importance and however with traffic of greater than 8 million passengers annually, long-term Regulatory Agreements with options for updating throughout their applicability. The new tariff system entered into force on March 11, 2013. The fees are updated annually in accordance with Article 15 of the Regulatory Agreement. For 2017, the new fees enter into force from February 1, 2017, with the latest tariff update entering into force on February 1, 2018.

Under the Regulatory Agreement, three appeals - all suspension appeals - were proposed before the Veneto Regional Administrative Court, respectively by the Municipality of Venice, the Aeroterminal S.p.A. in liquidation bankruptcy and Assaereo (the National Association of Airlines and Air Transport Operators). With judgements Nos. 136/2014 and 223/2014, the Veneto Regional Administrative Court rejected the appeals of the Municipality of Venice and the Aeroterminal S.p.A. in liquidation bankruptcy. The hearing date for the appeal proposed by Assaereo has not yet been fixed. The Municipality of Venice appealed against judgement No. 136/2004 before the Council of State (No. 6950/2014), while the hearing date has not yet been fixed.

In addition, AICAI (Italian International Air Carriers Association) and the main carriers operating out of Venice challenged (by extraordinary appeal to the Head of State, subsequently transferred to the Veneto Regional Administrative Court with Case No. 328/2015) the provisions under which the cargo loading and unloading fees for 2015 were increased, communicated on January 15, 2015, in addition to, for that applicable, of the Regulatory Agreement and the relative approving provisions. The judgment was quashed with Decree No. 658 of 29/8/2016.

AICAI also challenged the provisions by which SAVE decided the tariff adjustments for landing and take-off fees, for the 2017-2021 period, in addition to all provisions upon which this adjustment was based. The extraordinary appeal to the Head of State was transferred to the Veneto Regional Administrative Court with Case No. 733/2017, which currently awaits the fixing of a hearing date, after the rejection of the claimant's protective application. We highlight finally that the European Commission, within the EU Pilot No. 4424/12/MOVE (Communication system concerning the application of Directive 2009/12/EC on airport fees by Italy), in July 2013 requested from the Italian Authorities further information to verify the correct transposition into national law of the above-stated directive. In October 2015, the General Secretary of the European Commission sent to the Italian Ministry for Foreign Affairs a letter of formal notice - Infraction No. 2014/4187, dated October 22, 2015, through which the Commission communicated that it does not consider that Italian law (on the basis of which the Regulatory Agreements for the airports of Milan, Rome and Venice have been agreed) complies with Article 6, paragraph 3 and Article 11, paragraphs 1 and 6 of the directive.

The Commission has reserved the right to issue, after considering the observations of the Italian Government (or where such are not communicated), an opinion in accordance with Article 258 of the TFEU, which to date has not yet been adopted.

For a comprehensive overview of the applicable domestic tariff rules, it is noted that Article 37 of Legislative Decree No. 201/2011 established that the Transport Regulation Authority "carries out as per Articles 71 to 81 of Legislative Decree No. 1 of January 24, 2012, all Supervisory Authority functions established by Article 71, paragraph 2 of the stated Legislative Decree No. 1 of 2012, in enactment of Directive 2009/12/EC of the European Parliament and Council of May 11, 2009, concerning airport fees". The reported regulatory framework provides for the setting of airport fees by the Airport Manager, following mandatory Consultation between the Manager and Airport users. With Motion No. 64/2014 of September 17, 2014, the Authority introduced a regulatory system which provides for the application of separate schemes according to the level of airport traffic (2014 Models): Model 1 Airports with traffic exceeding 5,000,000 passengers annually; Model 2 Airports with traffic of between 3,000,000 and 5,000,000 passengers annually; Model 3 Airport with traffic of less than 3,000,000 passengers annually. Following a structured review, the new tariff regulation models were approved with TRA Motion No. 92/2017 of July 6, 2017.

The regulatory scope was extended to all airports to which Decree 1/2012 is applied. On the basis of the 2016 traffic figures, the airports currently governed by the Authority, 37 in total out of 42, represent approx. 50% of total passenger traffic. For the Rome (Fiumicino, Ciampino), Milan (Malpensa, Linate) and Venice airport managers the regulatory agreements with ENAC are applicable.

Regulation EC No. 139/2014 and the new rules for the certification of European airports

Regulation EC No. 139/2014, in establishing the technical requirements and administrative procedures for the certification of airports in accordance with Regulation (EC) No. 216/2008, conferred to airport operators the role of "responsibility for airport functioning", with the duty to directly or indirectly supply airport operating services.

The Regulation, which requires the conversion of the current airport certificates by December 31, 2017, is an innovative development and contributes to establishing a new definition of roles and responsibilities within airports. In particular, the new rules concerning first aid and fire protection and the air navigation services are particularly significant which, in domestic law, are carried out by third parties (ENAV and the Fire Services). The Regulation however establishes the option for specific agreements with these parties in order to ensure the necessary co-ordination between parties and the establishment of the respective roles and responsibilities.

In May 2016, Venice airport was selected, together with the main Italian airports (Fiumicino, Malpensa, Linate, Bergamo and Naples), to convert its certificate by 12.31.2016 and therefore one year in advance of the deadline established by the Regulation.

The conversion of Venice airport's certificate took place on December 23, 2016 (among the first in Europe).

Fire Service Fund contribution

Article 1, paragraph 478 of Law No. 208 of December 28, 2015 amended Article 39-bis of Legislative Decree No. 159/2007, establishing that "The provisions with regard to [...] payments by airport managers concerning the fire protection services at airports, as per Article 1, paragraph 1328 of Law No. 296 of December 25, 2006, are considered not to impose tax obligations". The regulation is in opposition to the case law developed to date (Lazio Regional Administrative Court Judgement No. 4588/2013, Court of Rome No. 10137/51/14, Court of Ancona No. 849/2015 and Court of Florence No. 2975/2015) which verified the jurisdiction of the disputes taken with regard to the contribution to the Fund as per Article 1, paragraph 1328 of Law No. 296 of December 25, 2006 before the Tax Court.

Finally, the Court of Cassation, with regards to the case taken by a number of airport operating companies against the Lazio Regional Tax Commission judgement (252/10/2011) which declared the lack of jurisdiction of the Tax Court on the basis that "*jurisdiction in terms of airport fees and contributions lies with the ordinary Court and consequently the lack of jurisdiction of this Regional Tax Commission is declared*", with Interim Order No. 2704/16 of 28.12.16 sent to the Constitutional Court the question of the unlawfulness of Article 1, paragraph 478 of Law No. 208/2015 in view of Articles 3, 24, 25, 102, 111 and 117 of the constitution. The fixing of the hearing before the Constitutional Court is currently awaited. Ahead of its pronouncement, the Cassation judgement has been suspended.

Guidelines of the Ministry for Infrastructure and Transport for the incentivised introduction and development of air routes by airlines, in accordance with Article 13, paragraphs 14 and 15 of Legislative Decree No. 145 of December 23, 2013, as amended by enacting law No. 9 of February 21, 2014

With Decree No. 275 of August 11, 2016, the Ministry for Infrastructure and Transport amended the Guidelines for the incentivised introduction and development of air routes by airlines, in accordance with Article 13, paragraphs 14 and 15 of Legislative Decree No. 145/2013, converted with amendments by Law No. 9/2014, to overcome a number of interpretative issues arising on application and to support economic development through incentivising air traffic at the regional airports.

In particular, the Guidelines clarify that Article 13, paragraphs 14 and 15 of Legislative Decree No. 145/2013 are implemented "in line with the European Commission guidelines and the previous rulings of the European Courts, including the Charleroi case". Doubts and complexities arising on initial application with regards to the compatibility with European Law of the provisions contained in the 2014 Guidelines are therefore overcome.

In very brief summary, the Guidelines set transparency and competition principles only for the identification of the beneficiaries of subsidies which, not satisfying the MEO (Market Economy Operator) test, constitute State aid.

On the other hand, under the previous Guidelines, whose scope of application did not coincide with that regarding state aid governed by European Commission Communication 2014/C 99/03, applied to any type of incentive offered by airport managers to airlines.

The purpose of the new guidelines is therefore to ensure greater transparency and accessibility to incentives which do not satisfy the MEO test and therefore constitute state aid.

In addition, in order to assess a measure in favour of an airline under the MEO test, the new Guidelines expressly establish that account should be taken of, in addition to the airport fees and non-aviation revenues from the operations of the airline benefitting from the subsidy, also where possible, benefits accruing outside of the network such as the increase in the value of the airport or the capacity to attract new airlines.

Contribution to the Transport Regulation Authority (ART)

Article 37 of Legislative Decree No. 201/2011 (the so-called Save Italy Decree), enacted with amendments by Law No. 214/2011, as amended by Article 36 of Legislative Decree No. 1/2012 (the so-called Liberalisation

Decree), enacted with amendments by Law No. 27/2012, provides for the setting up of the Transport Regulation Authority (ART).

The Authority, in accordance with paragraph 1 of the provision *"governs the transport sector and access to the relative infrastructure and accessory services, in compliance with the European regulation and the subsidiarity principle and the respective remits of the regions and local bodies*".

In accordance with Article 37, paragraph 6 letter b) of Legislative Decree No. 201 of December 6, 201, enacted, with amendments, into Law No. 214 of December 22, 2011, the financing of the Authority's activities shall be "through a contribution paid by the managers of the regulated infrastructure and services, in an amount not greater than one per thousand of revenues deriving from operations carried out in the latest year". The regulation states that "[…] the contribution is established annually through an act of the Authority, submitted for the approval of the President of the Council of Ministers, together with the Ministry for the Economy and Finance. Within thirty days from the receipt of the act, issues may be raised with which the Authority is held to comply; in the absence of such the act is considered approved on conclusion of the stated period".

The Constitutional Court recently pronounced upon the ART contribution through judgment No. 69/2017 filed on April 7, which declared as unfounded to the extent of its domain the questions of constitutional legitimacy of Article 37, paragraph 6, letter b) of Legislative Decree No. 201 of December 6, 2011 (Urgent measures for growth, balance and consolidation of the public accounts), converted, with amendments, by Law No. 214 of December 22, 2011, raised with regards to Articles 3, 23, 41 and 97 of the Constitution by the Piedmont Regional Administrative Court.

In particular, according to the Opinion: "*With regards to the identification of obligated parties, the provision refers to "managers of regulated infrastructure and services" i.e. those parties with whom the ART effectively operates (specifically at paragraph 3 of Article 37) and exercises its competences (set out by paragraph 2 of the same Article). Therefore, the base of obligated parties is not identified, in the view of the referring court, by a mere reference to an extended and undefined notion of a "transport market" (and for "accessory services"); on the contrary, it should be considered to include only those over which the ART has concretely exercised its institutional regulatory functions, as the Council of State also judged provisionally (Council of State, fourth section, ordinance No. 312 of January 29, 2016)*". On May 31, 2017, the ART adopted motion No. 75/2017 approving the recognition of the Authority's competences and the scope covered by the activities undertaken on May 31, 2017 as per the summary tables annexed to the motion (Annexes A and B), simultaneously mandating the General Secretary of the Authority, in line with the above recognition, to proceed with any administrative review or that following a specific application, of the positions of the parties identified as obliged to pay the contribution as a result of motions No. 10/2014, 78/205 and 139/2016 and to undertake any related requirement.

With Motion No. 72/2017 of August 3, 2017, the General Secretary of the TRA "*Noting that the principle of the power to determine the contribution due requires, according to the Constitutional Court, that the category of applicable parties include only "those with whom the TRA has effectively undertaken operations (specified at paragraph 3 of Article 37) on the basis of which it exercises its functions (listed at paragraph 2 of the same Article); Considering that: - as things stand, the Authority has not undertaken, nor plans to undertake in the current year, any of the activities by which it exercises its functions as detailed in the stated motion No. 75/2017 of May 31, 2017 with airport handling companies*" rejected the measures declaring and ordering payment of the contribution due to the Authority for 2015 notified to the airport handling companies".

Modification of Article 703 of the Italian Navigation Code

Article 15-quinquies, Paragraph 1, of Legislative Decree No. 148 of October 16, 2017, converted, with amendments, from Law No. 172 of December 4, 2017 and Article 1, Paragraph 575, Letter a) of Law No. 205 of December 27, 2017, changed the content of Article 705 of the Italian Navigation Code, intervening on the regulation of succession and, in particular, on the procedures for repaying the residual book value of the non-removable works carried out by the outgoing concession holder by the incoming concession holder (the so-called terminal value), providing, inter alia, that, at the natural expiry of the concession, the incoming concession holder has the obligation to pay the succession value to the outgoing concession holder.

The rule currently states:

[I]. The works carried out by the airport manager on the state-owned grounds are part of its assets until the concession is terminated.

[II]. Unless otherwise established in the concession act, when the latter ceases to apply, the non-removable works constructed on the state-owned area remain acquired by the State.

[III]. ENAC holds the right, in agreement with the concession-issuing authorities, to order the demolition of the works with the return of the state asset in its pristine state.

[IV]. In the situation referred to in the previous paragraph, ENAC, in the event that the concession holder does not execute the demolition order, may undertake such in accordance with Article 54.

[V]. On the natural conclusion of the concession, the succeeding concession holder has the obligation to pay to the exiting concession holder the succession fee. Unless otherwise established in the concession act, this value, in relation to buildings and fixed installations existing on the airport grounds and on areas included therein concerning the expansion of the airport grounds, realized or acquired by the outgoing concession holder with its own resources, included in the Regulatory Agreement and approved by ENAC, is equal to the value of the works at the date of succession, net of depreciation and any government grants, limited to the portion of said assets ascribed to the services subject to tariff regulation identifiable in the certified regulatory analytical accounting presented by the outgoing concession holder for the immediately preceding year.

[VI].The buildings and fixed installations existing at the date of succession on the airport grounds, realized or acquired by the outgoing concession holder with its own resources and destined for commercial activities, as such not subject to tariff regulation, remain the property of the state, without any reimbursement due to the concession holder, except for the buildings and fixed installations of a commercial nature for which realization or acquisition has been authorized by ENAC as functional to the airport activity and to the enhancement of the airport, for which a reimbursement is due equal to the residual book value of the regulatory analytical accounting.

[VIII]. The outgoing concession holder is obliged to continue with the administration of the ordinary operations of the airport on the same conditions set at the time of the concession act until succession by the incoming concession holder, subject to the latter's payment of the succession amount due, unless otherwise determined in a justified decision by ENAC, in relation to the adequate performance of the service.

[VIII]. In case of the succession of the concession, or when the concession ceases before expiry, the incoming concession holder has the obligation to reimburse the outgoing concession holder the undepreciated residual book value of the non-removable works, as indicated in the previous periods concerning the natural expiry of the concession. This is subject to application of Art.1453 of the civil code.

[IX]. The regulation concerning the value of succession, reimbursements and indemnities referred to in this article does not apply if mechanisms for determining the value of succession, reimbursements and indemnities are already provided for in the airport management agreements in force, which remain unchanged in such case.

Charleroi Airport – Decision of the European Commission on State Aid

On October 1, 2014, the European Commission (the "Commission") adopted a decision declaring that a series of measures granted by the Belgian state in favour of the company Brussels South Charleroi Airport (BSCA), the Charleroi Airport management company, constitute state aid under the European regulation. In particular, the agreement and subsequent addendum between BSCA and Sowaer/Region of Wallonia establishes a concession fee which, according to the Commission (and contrary to the position of BCSA), is not sufficiently remunerative. The Commission consequently requested the Belgian State to recover the amounts due from BCSA (which holds such are not due) on the basis of these measures from April 4, 2014. In addition, the Commission has requested that in future such aid is interrupted through increasing the concession fee.

On December 19, 2014, BCSA presented an appeal before the European Court of Justice for the partial cancellation of the Commission decision. BSCA in fact considers that the Commission has committed errors of fact and of law, in addition to various manifest assessment errors. In particular, in the appeal to the General Court of the European Union, BCSA underlines how, in addition to procedural errors, the Commission was erroneous in, among other matters, the fixing of the current value of the measures taken and the establishment of the additional concession fee which must be paid by BCSA in future and in its definition of the applicable market. On 6.07.2017, the first level European Union Court issued its judgment, published on 25.01.2018, rejecting the appeal presented by BSCA.

Main risks and uncertainties to which the Group is exposed

Operational and financial risks

The Group uses financial instruments to cover its exposures to the risks of changes in the interest rates on the bank loan in place. In particular, in 2017, the subsidiary Milione S.p.A. (formerly Agorà Investimenti S.p.A.), at the same time as the overall restructuring of the loans obtained for the investment in SAVE, subscribed derivative financial instruments to hedge the cash flows on the variable rate mortgage payable.

There is no exchange rate risk, in consideration of the fact that there are no assets or liabilities denominated in foreign currency.

Liquidity risk is monitored in consideration of said company's management capacity, together with the credit facilities obtained from the banking system.

The Group manages and controls the credit risk, especially concerning existing loans, their rate of return and the management of reimbursement by constantly monitoring the solvency of the counterparty, represented moreover by Group companies.

Risks connected with the general conditions of the economy

The economic, equity and financial position of the Milione Group is influenced by various factors which make up the macroeconomic framework - including an increase or decrease in gross national product, the level of consumer and business confidence, the trend in interest rates for consumer credit, the cost of raw materials, the unemployment rate - in the countries in which the Group operates.

This report contains some forward-looking statements. These statements are based on the current expectations and projections of the Group relating to future events, including therein the trend in the general economic conditions described above, subject to an intrinsic component of risk and uncertainty and, owing to their nature, outside the control of the Group.

Risks deriving from the decline in the number of passengers or the amount of goods in transit at airports managed by the Group

The volume of passenger traffic and goods in transit at the airports managed by the Group is a key factor in the trend in the Group's economic results. In particular, any decrease or interruption to flights from one or more airlines (with particular reference to those that operate from the airports managed by the SAVE Group), also as a result of the persistent economic-financial weakness of the airlines themselves, the cessation or change of connections to some destinations with high levels of passenger traffic, the end or change of partnerships between carriers, or the verification of events that are able to reduce users' general perception of the quality of the services provided at the airports managed by the SAVE Group (due, for example, to a decrease in the quality standards of the services rendered by the handling agents that operate at said airports, or the interruption to the operations performed by them) as opposed to the verification of unforeseeable natural events, could lead to a drop in the aforementioned traffic, with a subsequent negative impact on the activities and economic results of the Group itself.

However, the Milione Group believes, albeit without any uncertainty in that regard, to be able to deal with the risk of reduction or interruption of flights by one or more of the airlines operating at the airports managed, including in consideration of the redistribution of passenger traffic between the airlines present on the market and the ability to attract new airlines to the airports operated by the Group itself. However, we cannot rule out the fact that the aforementioned redistribution of traffic may require a certain period of time and may temporarily affect the volume of said traffic.

Risks connected with the importance of some key individuals

The success of the Group depends on some key individuals, who make a decisive contribution to the development of the Group itself. The Group believes that it has an operational and management structure capable of ensuring the continuity of management of company affairs. However, if some of the aforementioned key individuals should end their collaboration with the Group, there are no guarantees that the Group will be able to promptly replace them with individuals who can ensure, in the short-term, the same contribution, the result being the Group could be negatively impacted by the situation.

Risks relating to the regulatory framework

The Milione Group carries out its activities in a sector governed by numerous regulatory provisions at national, transnational and international level. Any changes to the current regulatory framework (and, in particular, any changes regarding relations with the State, public authorities and industry authorities, determination of airport fees and the amount of concession fees, airport tariff system, allocation of slots, environmental protection and noise pollution) may impact the Group's operations and economic results.

Transactions with Group companies and related parties

Pursuant to IAS 24, information is provided below on statement of financial position and income statement transactions between related parties of Finanziaria Internazionale Holding S.p.A. and the Group, and the impact that these transactions have on the individual items of these consolidated financial statements.

In accordance with the provisions in force, it is noted that all transactions carried out by companies of the Group with related parties were entered into in respect of the criteria of substantive and procedural fairness, under conditions similar to those applied to transactions with independent third parties.

The transactions carried out by Milione S.p.A. with its related parties relate to normal Group operations. All the operations relate to ordinary management and are regulated according to market conditions, i.e. to the conditions that are or would be applied between two independent parties. It should also be noted that all the operations are carried out in respect of the criteria of substantive and procedural fairness.

With regard to transactions between companies belonging to the scope of consolidation, it is noted that they are eliminated as laid down by the consolidation techniques for subsidiaries consolidated on a line-by-line basis. The table below shows the debit/credit and cost/revenue transactions carried out during the year with related parties other than subsidiaries belonging to the scope of consolidation.

Euro/000	**Receivables**	**Payables**	**Costs**	**Revenues**
Non-consolidated subsidiaries	-	-	-	-
Associates and joint ventures	7,870	2,023	1,706	13,737
Executives with strategic responsibilities	-	-	-	-
Other related parties	5,142	146	308	2,705

Data security and protection

Without prejudice to the cancellation of the obligation prescribed by law to "hold an updated security policy document - DPS", the companies in the Group regularly edit and update the aforesaid document on an annual basis, pursuant to Italian Legislative Decree no. 196 of 30 June 2003 – Personal Data Protection Code.

Organisation, Management and Control Model pursuant to Legislative Decree 231/2001

The subsidiary SAVE S.p.A. adopted the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 by means of resolution of the Board of Directors of 30 June 2009 and subsequently updated it several times, most recently on 28 July 2016, in particular for the adjustment to the introduction, over time, of new predicate offences and to changes to the company organisation.

A key component of Model 231 is the Code of Ethics and the Code of Conduct of the SAVE Group, adopted in 2004 and subsequently updated in 2013, whose principles and criteria of conduct, applicable to all Group companies, are targeted at ensuring correctness and transparency in the management of company affairs and activities.

Other significant aspects

Tax audits

In 2017 a subsidiary company, formerly the holding company, received a notice pursuant to art. 10 bis, paragraph 6, Law no. 212/2000. The Inland Revenue Agency challenged with this notice the selling price of an equity investment, sold in 2013.

The subsidiary company, following contact with the Inland Revenue Agency, made an allocation for tax burden equal to € 207 thousand.

Significant events that occurred after the end of the year

On 1 February 2018, the Shareholders' Meeting of Milione S.p.A. approved the plan for the merger by incorporation of said Company, Marco Polo Holding S.r.l. and Sviluppo 35 S.p.A. in the company Agorà Investimenti S.p.A.. The relevant merger deed was stipulated on 5 March 2018 and recorded in the Register of Companies on 7 March 2018. On effectiveness of the above, the merging company's name was changed from Agorà Investimenti S.p.A. to Milione S.p.A. and the registered offices were transferred to Venice. Following the above, Milione S.p.A. was struck off the Register of Companies effective from 7 March 2018.

In addition, after the reporting date, the deed of the merger by incorporation of Archimede 1 S.p.A. in SAVE S.p.A. was signed. The merger will take effect, for tax and accounting purposes, from 1 January 2018.

Business Outlook

The Group will continue to develop its airport business, through the implementation of a significant investment plan at the airport of Venice, and the development in traffic, which we expect will keep giving better results.

Venice, 17 April 2018

On behalf of the Board of Directors

Enrico Marchi
Chairman

MILIONE GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

MILIONE S.P.A.

Registered office: 30173 Venezia - Viale G. Galilei, 30/1
Share Capital Euro 2,158,312.80, paid Euro 2,049,434.40

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

BALANCE SHEET

(Euro/000)

Assets

ASSETS	NOTE	AT 31/12/2017
Cash and cash equivalents	1	15,259
Tax assets	2	5,924
Trade receivables	3	52,894
Inventories	4	1,397
Total current assets		75,474
Property, plant and equipment	5	68,226
Airport concession rights	6	1,681,511
Other intangible fixed assets with finite useful life	6	4,722
Goodwill - other intangible fixed assets with indefinite useful life	6	6,977
Equity investments in associates and joint ventures carried at equity	7	84,386
Other equity investments	7	1,144
Other non-current assets	8	7,427
Deferred tax assets	9	29,291
Total non-current assets		1,883,684
TOTAL ASSETS		1,959,158

BALANCE SHEET

(Euro/000)

Liabilities and Net Equity

LIABILITIES	NOTE	AT 31/12/2017
Trade payables	10	110,071
Tax payables	11	2,799
Payables to social security institutions	12	4,047
Bank payables - current portion	13	756
Other financial payables - current portion	14	1,380
Total current liabilities		119,053
Bank payables - non-current portion	15	687,023
Other financial payables - non-current portion	16	25
Deferred tax liabilities	17	372,043
Reserve for termination indemnities and other employee provisions	18	3,651
Other provisions for risks and charges	19	29,693
Total non-current liabilities		1,092,435
TOTAL LIABILITIES		1,211,488
NET EQUITY		
Share capital	20	2,049
Share premium reserve	20	746,032
Other reserves and profit (loss) carried forward	20	2,445
Net profit (loss)	20	(12,634)
Total Group's Net Equity	20	737,892
Minority interests	20	9,778
TOTAL NET EQUITY	20	747,670
TOTAL LIABILITIES AND NET EQUITY		1,959,158

Consolidated Income Statement

INCOME STATEMENT

(Euro/000)

	NOTE	2017
Operating revenue	**21**	**102,299**
Other income	**21**	**5,277**
Total operating revenue and other income		**107,576**
Raw and ancillary materials, consumables and goods	**22**	**1,427**
Services	**23**	**34,673**
Lease and rental costs	**24**	**5,684**
Personnel costs	**25**	**26,874**
wages and salaries and social security contributions	25	25,351
termination indemnity	25	1,118
other costs	25	405
Amortisation, depreciation and write-downs	**26**	**41,369**
intangible fixed assets	26	36,503
tangible fixed assets	26	4,866
Write-down of current assets	**27**	**690**
Change in inventories of raw and ancillary materials, consumables and goods	**28**	**(116)**
Provisions for risks	**29**	**505**
Replacement provision	**30**	**1,533**
Other charges	**31**	**2,653**
Total costs of production		**115,292**
EBIT		**(7,716)**
Financial income (expenses)	**32**	**(7,459)**
Financial income and write backs of financial assets	32	438
Interest, other financial charges and write-down of financial assets	32	(14,213)
Profit (loss) from associates and joint ventures carried at equity	32	6,316
Profit (loss) before taxes		**(15,175)**
Income taxes	**33**	**(2,821)**
current	33	5,993
deferred	33	(8,814)
Profit (loss) on continuing operations		**(12,354)**
Profit (loss) from discontinued operations/held-for-sale		**-**
Net profit (loss)		**(12,354)**
Minority interest		**280**
Group Net Profit (loss)		**(12,634)**

Consolidated Statement of Comprehensive Income

Euro/000	2017
Net profit (loss)	**(12,354)**
Hedging instruments (cash flow hedges), net of taxes	**1,018**
Actuarial gain/(loss) on defined benefit plans, net of taxes	**28**
Total comprehensive income (loss)	**(11,308)**
Minority comprehensive income (loss)	**281**
Total comprehensive income (loss) pertaining to the Group	**(11,589)**

Consolidated Cash Flow Statement

(Euro/000)	**2017**
Operating activities	
Net profit (loss)	(12,353)
- Amortisation and depreciation of intangible and tangible fixed assets	41,370
- Net changes in termination indemnity	(120)
- Accrual of provisions for risks and charges	1,056
- (Profit)/loss on disposal of tangible fixed assets	16
- (Income)/charges from securities and other financial assets	664
- Valuation of investments under the equity method	(5,364)
- Change in deferred taxes	(8,805)
- Other adjustments for non-cash items	(522)
Sub-total (A)	**15,942**
Decrease (increase) in trade receivables	773
Decrease (increase) in other current assets	(3,113)
Decrease (increase) in tax assets/liabilities	(12,061)
Increase (decrease) in trade payables	6,553
Increase (decrease) in social security payables	329
Increase (decrease) in other liabilities	974
Sub-total (B)	**(6,545)**
CASH FLOW FROM OPERATING ACTIVITIES (A+B) = (C)	**9,397**
Investing activities	
(Purchases) of property, plant and equipment	(10,288)
Divestments of property, plant and equipment	(11)
(Purchases) of intangible fixed assets	(25,384)
Divestments of intangible fixed assets	17
Trade payables for investments	(7,264)
Decrease (increase) in financial fixed assets	(1,187,151)
CASH FLOW FROM INVESTING ACTIVITIES (D)	**(1,230,081)**
Financing activities	
New loans from/(repayment to) other lenders	(21)
(Repayment) and other changes in loan	(482,557)
New loans	687,717
(Increase)/decrease in financial assets	711
Establishment of the Parent Company and increase in Parent Company's share capital	748,081
Reserve for Shareholder capital contribution payment	1,400
Minority interests on the date of first consolidation	(12)
Other changes in equity	284,153
CASH FLOW FROM FINANCING ACTIVITIES (E)	**1,239,472**
CASH FLOW FROM DISCONTINUED OPERATIONS (F)	-
NET CASH FLOW FOR THE YEAR (C+D+E+F)	**18,788**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	11,249
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	30,037

Consolidated Statement of Changes in Net Equity

(Euro/000)	Share capital	Legal reserve	Share premium reserve	Other reserves and profit (loss) carried forward	Total Group's Net Equity	Minority interests	Total Net Equity
Balance at January 1, 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Establishment of the Parent Company	100				**100**		**100**
Increase in Parent Company's share capital	1,949		746,032		**747,981**		**747,981**
Reserve for Shareholder capital contribution payment				1,400	**1,400**		**1,400**
Minority interests on the date of first consolidation					**0**	**9,497**	**9,497**
Net profit (loss)				(12,634)	**(12,634)**	**280**	**(12,354)**
Other comprehensive income (loss)				1,045	**1,045**	**1**	**1,046**
Total comprehensive income (loss)				(11,589)	**(11,589)**	**281**	**(11,308)**
Balance at December 31, 2017	**2,049**	**0**	**746,032**	**(10,189)**	**737,892**	**9,778**	**747,670**

Notes to the Consolidated Financial Statements as at 31 December 2017

General Information

The Parent Company Milione S.p.A. was established on 26 April 2017 for the purpose of indirectly transferring to it the controlling stake in SAVE S.p.A., the company managing the Marco Polo Airport of Venice, and the holding company of an integrated group actively providing traveller services mainly as a concession holder. The Parent Company, in fact, is the company through which new financial investors took part, together with the historic industrial partner, in the acquisition of control of SAVE, intended to ensure the continuity of SAVE's management to support the project for the development of the airport system in the North-East, which is headed by the airport of Venice.

The Group's activities for the year focused primarily on the management of the airports. The Milione Group, in fact, through its subsidiary SAVE S.p.A., directly manages the Venice Marco Polo Airport and the Treviso Antonio Canova Airport. It also holds significant equity investments in the Verona Valerio Catullo Airport and in the Charleroi (Belgium) Airport, and in companies that operate in the field of airport management and related services.

The Parent Company Milione S.p.A. has its registered offices in Venice and has no branch offices.

Accounting standards adopted in the preparation of the consolidated financial statements as at 31 December 2017

Preparation criteria

The financial statements of Milione S.p.A. were drawn up according to Italian accounting standards, comply with the provisions of Art. 2435 *ter* of the Italian Civil Code.

Considering that the main equity investment of the company, represented by SAVE group, draws up its consolidated financial statements according to International accounting standards IAS/IFRS, the company has drawn up its consolidated financial statements adopting the same accounting standards of the said group.

These Group consolidated financial statements refer to the financial year ended 31 December 2017, first financial year of the Parent Company and the Milione Group. The balances related to the Statement of Assets and Liabilities and Income Statement are therefore disclosed for the financial year 2017 only and no statements of changes are included in these Notes to the financial statements. The acquisition of control on SAVE has been acquired on 9 August 2017 and for the first consolidation the Group has referred to the interim consolidated financial statements at the most recent period, which is represented by the consolidated half-year financial report as at 30 June 2017.

By reason of the fact that 30 June 2017 was the date of the first consolidation of SAVE S.p.A., as better described below in the section "Business combinations", the income statement for the first half of 2017 of SAVE and the other companies controlled by Milione S.p.A is not included in the consolidated income statement.

The general principle adopted in the preparation of these consolidated financial statements is that of historical cost, with the exception of those financial statement items which, according to IFRSs, must be recognised at fair value, as indicated in the valuation criteria for individual items.

The going-concern principle was used in drawing up the financial statements as, also in consideration of events occurring after the financial year end, upon drawing up the financial statements the Directors did not nor do not report any situations in the operational performance and in the progress of the financial situation and of the reference assets that could question the ability of the Parent Company and the subsidiaries to continue their normal operating business activities.

Expression of compliance with IAS/IFRS and the measures adopted in implementation of article 9 of Legislative Decree 38/2005

In application of Regulation (EC) No. 1606/2002 of 19 July 2002 and Legislative Decree No. 38 of 28 February 2005, the Group consolidated financial statements at 31 December 2017 have been prepared in accordance with the international accounting standards (IAS/IFRS) endorsed by the European Commission within the meaning of Regulation (EC) No. 1602/2002, integrated with the related interpretations (International Financial

Reporting Interpretations Committee – IFRIC, formerly named Standing Interpretations Committee – SIC) issued by the International Accounting Standards Board (IASB) and in force at the close of the financial year. No exceptions were made to the application of IAS/IFRS.

These consolidated financial statements were subject to audit by the auditing firm Deloitte & Touche S.p.A.

Contents and format of the consolidated financial statements

These consolidated financial statements include the statement of assets and liabilities, the separate and comprehensive income statements, the consolidated cash flow statement, the statement of changes in equity and the explanatory notes.

The consolidated financial statements include the Parent Company Milione S.p.A. and its subsidiaries within the scope of consolidation and have been drawn up on the basis of the statements of the individual companies included in the consolidation, corresponding to the relevant separate financial statements, approved by their respective corporate bodies, suitably modified and reclassified, where necessary, to adapt them to the accounting standards adopted by the Group. These consolidated financial statements are accompanied by the Directors' Report on Operations. It is also noted that during the restatement of the subsidiaries' financial statements to the accounting standards adopted by the Group in the consolidated financial statements, no relevant deviations arose, except for the accounting method of accessory charges incurred for the purchase of equity investments, which were accounted in the consolidated financial statements in the income statement rather than as an increase in the equity investments cost.

Among the various options allowed by IAS 1, the Group elected to present items in the statement of financial position by classifying assets and liabilities in accordance with the "current/non-current" criterion and the income statement with allocation of income and expenses by nature.

The Parent Company Milione S.p.A. was established in the first months of 2017 and has prepared the consolidated financial statements for the first time. Therefore, the statements and tables in the Notes to these consolidated financial statements do not include comparative figures related to the previous year and statements of changes are not shown herein. The consolidated cash flow statement has been prepared using the indirect method.

The consolidated financial statements are drawn up clearly, and truthfully and accurately represent the assets and liabilities, the financial situation, the profit and loss result for the financial year and the changes in equity. All values are shown in thousands of euros unless otherwise indicated. The Euro is the functional currency of the Group and is used for the presentation of the financial statements.

If, in exceptional cases, the application of a provision laid down by international accounting standards proves to be incompatible with the true and correct representation of the assets and liabilities, the financial and profit and loss result, it is not applied. The notes to the financial statements will include any necessary explanations of the reasons for possible exceptions and the effects on the representation of the assets, liabilities, financial position and profit or loss.

Described below are the main valuation criteria applied in the preparation of the consolidated financial statements at 31 December 2017.

Scope of Consolidation

The following were used for the preparation of the consolidated financial statements:

- the draft financial statements as at 31 December 2017 of the Parent Company Milione S.p.A., suitably adjusted to align them to the Group's accounting standards;
- the draft financial statements as at 31 December 2017, submitted for analysis and approval by the competent bodies, of the other companies consolidated on a line-by-line basis, suitably adjusted to take account of consolidation requirements and, where necessary, to align them with the Group's accounting standards.

The consolidation area is determined in accordance with the provisions of international accounting standard IFRS 10.

With regard to consolidation methods, subsidiary investments are consolidated line-by-line, while the interests over which the Group exercises a significant influence are accounted for using the equity method.

Subsidiaries

Entities in which the Parent Company exercises control, as defined by IFRS 10, both by virtue of the holding, directly or indirectly, of a majority of the exercisable voting rights, and by effect of the right to receive the variable returns deriving from its relationship with said entities, affecting these returns and exerting its power on the companies, are consolidated line-by-line.

Those entities whose inclusion, with reference to operating dynamics, would be irrelevant from the point of view of both quantity and quality for the purposes of a correct representation of the assets, liabilities, financial position and profit or loss of the Group, are excluded from line-by-line consolidation.

Subsidiaries are fully consolidated from the acquisition date, i.e. the date on which the Group acquires control, and cease to be consolidated on the date on which the Group loses control.

The carrying value of the equity investments included in the scope of consolidation is eliminated against the corresponding shareholders' equity and the assets and liabilities of the subsidiaries are consolidated on a line-by-line basis.

In accordance with IFRS 3, business combination transactions are accounted for by applying the purchase method, according to which the consideration transferred in a business combination is measured at the fair value, at the date of acquisition, of the assets transferred, the liabilities incurred or assumed and the equity instruments issued in exchange for control of the acquiree.

Any difference between the price paid for the acquisition and net equity of the subsidiaries at the time of acquisition of the equity investment is allocated to specific assets, liabilities or contingent liabilities of the acquired companies on the basis of their fair value at the acquisition date, and the remaining portion, if it complies with the conditions, is attributed to goodwill. In the case of the latter, these amounts are not amortised but are subjected to impairment testing at least on an annual basis and in any case whenever impairment indicators are identified.

Where the acquisition cost is less than the fair value of the Group share in the net assets of the subsidiary acquired, the difference is immediately charged to the income statement.

Ancillary costs related to the acquisition are recognised in the income statement at the date on which the services are rendered.

If the business combination is carried out in several phases, at the time of the acquisition of control, the shares held previously are re-measured at fair value and any difference is recognised in profit or loss.

The value of minority shareholdings is determined in proportion to the shares held by third parties in the net identifiable assets of the acquiree.

Acquisitions of minority interests related to entities for which control is already held, or disposals of minority interests that do not involve loss of control are considered shareholders' equity transactions; any difference between the cost of acquisition/disposal and the relative portion of net assets acquired/sold is therefore accounted for as a correction of Group shareholders' equity.

All balances and intra-group transactions, including any unrealised profits and losses arising from relations between Group companies are eliminated completely.

The balance sheet, statement of financial position and income statement of consolidated companies using an accounting currency other than the Euro are converted on the basis of the following rules:

- assets and liabilities are converted at the exchange rate at the end of the period;
- costs and revenues in the income statement are converted at the average exchange rates for the period;
- all exchange differences arising from the conversion are recognised in a specific and separate reserve forming part of shareholders' equity. This reserve is eliminated with simultaneous debit/credit to the profit and loss account at the time of the disposal of the shareholding.

Listed below are the companies controlled by the Parent Company and the respective methods of consolidation:

Company	Currency	Share Capital as at 31/12/2017	Group Share as at 31/12/2017	Consolidation method as at 31/12/2017
PARENT COMPANY:				
Milione S.p.A.	EUR	2,049,000		
its subsidiaries:				
Agorà Investimenti S.p.A.	EUR	188,737	100.00%	fully consolidated
Marco Polo Holding S.r.l.	EUR	5,115,000	99.9951%	fully consolidated
SAVE S.p.A.	EUR	35,971,000	100.00%	fully consolidated
its subsidiaries:				
Marco Polo Park S.r.l.	EUR	516,460	100.00%	fully consolidated
Save International Holding S.A.	EUR	7,450,000	100.00%	fully consolidated
Save Engineering S.r.l.	EUR	100,000	100.00%	fully consolidated
N-AITEC S.r.l.	EUR	50,000	100.00%	fully consolidated
Aer Tre S.p.A.	EUR	13,119,840	80.00%	fully consolidated
Società Agricola Save a r.l.	EUR	75,000	100.00%	fully consolidated
Triveneto Sicurezza S.r.l.	EUR	100,000	93.00%	fully consolidated
Archimede 1 S.p.A.	EUR	25,000,000	100.00%	fully consolidated
Save Cargo S.p.A.	EUR	1,000,000	100.00%	fully consolidated
Archimede 3 S.r.l.	EUR	50,000	100.00%	fully consolidated
Sviluppo 35 S.p.A.	EUR	50,000	100.00%	fully consolidated

Equity investments in associated companies and joint ventures

Equity investments in associated companies and joint ventures are valued at equity in the consolidated financial statements, as provided for, respectively, by IAS 28 (Investments in associates and joint ventures) and by IFRS 11 (Joint arrangements).

An associated company is one over which the participating company, by virtue of its shareholding, exercises significant influence. Significant influence means the power of the investor to participate in the financial and operational decisions of the investee company, without this constituting, however, control or joint control. It is assumed that there is significant influence when the investor directly or indirectly holds at least 20% (10% if listed) of the voting rights in the shareholders' meeting of the investee.

Joint arrangements, on the basis of which control over activities is awarded jointly to two or more operators, are classified as joint operations or joint ventures on the basis of an analysis of the underlying contractual rights and obligations. Specifically, a joint venture is a joint arrangement in which the participants, despite having control of the major strategic decisions and financial resources through voting mechanisms that provide for unanimous decisions, do not have legally significant rights on the individual assets and liabilities of the joint venture. In this case, the object of the joint control is the net assets of the joint venture. This form of control is accounted for in the consolidated financial statements using the equity method. Joint operations, on the other hand, are joint arrangements in which the participants have rights over the assets and are directly liable for liabilities. In this case, entry in the consolidated financial statements is performed on a line-by-line basis for the relevant share of the assets and liabilities.

The equity method pursuant to IAS 28 provides that the initial accounting for investments occurs at cost and that this initial value is changed every year to take into consideration changes in the values of the related undertaking; these changes relate in particular to:

- the profit and loss result for the financial year of the investee, to be included, for the pertinent portion, in the income statement of the participant. Dividends received from an investee reduce the carrying amount of the equity investment;
- other components of the overall profit and loss result of the investee company.

Profits, losses, and any gains or losses realised between entities consolidated according to the equity method and other entities of the Group, also fully consolidated, are eliminated.

In the event that the shareholding loses part of its value, in excess of that possibly already recognised using the equity method, it is established whether any impairment is to be included in the income statement, determined as the difference between the recoverable amount of the shareholding and its carrying value. If the share of losses of an entity in an associated company or a joint venture is equal to or greater than its own interest in the associated company or in the joint venture, the entity discontinues recognition of its share of further losses. Having written off the shareholding, additional losses are allocated and recognised as liabilities, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the entity continues to recognise its share of the profits only once said share equals the share of unrecognised losses.

Below are the details of companies consolidated using the equity method:

Company	**Currency**	**Share Capital as at 31/12/2017**	**Group Share as at 31/12/2017**	**Consolidation method as at 31/12/2017**
SAVE Associates				
Airest Retail S.r.l.	EUR	1,000,000	50.00%	equity method
GAP S.p.A.	EUR	510,000	49.87%	equity method
Venezia Terminal Passeggeri S.p.A.	EUR	3,920,020	22.18%	equity method
Brussels South Charleroi Airport S.A. (*)	EUR	7,735,740	27.65%	equity method
SAVE Joint Ventures				
2A - Airport Advertising S.r.l.	EUR	10,000	50.00%	equity method
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	EUR	52,317,408	40.82%	equity method

(*) through Archimede 1 S.p.A.

PRINCIPLES OF CONSOLIDATION

IFRS accounting standards, amendments and interpretations applied from 1 January 2017

Provided below is a summary of the accounting standards, amendments and IFRS interpretations, issued by the IASB/IFRIC and endorsed by the European Commission, that are obligatorily applicable as from 1 January 2017.

On 6 November 2017, the European Commission approved the following amendments:

Amendment to **IAS 7 – "*Disclosure Initiative*"** (published on 29 January 2016). The document aims to provide clarifications in order to improve disclosures on financial liabilities. In particular, the amendments require to provide information disclosure that enable users of the financial statements to understand the changes in liabilities arising from financing transactions.

Amendment to **IAS 12 – "*Recognition of Deferred Tax Assets for Unrealised Losses*"** (published on 19 January 2016). The document aims at providing some clarification with regard to the recognition of deferred tax assets on unrealised losses upon the occurrence of certain circumstances and the estimation of taxable income for future years.

The adoption of these amendments had no impact on the Group consolidated financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, but not yet obligatorily applicable and not earlier adopted by the Group and the Parent Company as at 31 December 2017

Document **"*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*"** (published on 12 September 2016). The amendments introduced aim at better defining the accounting treatment in relation to insurance agreements in light of new provisions that will be introduced by IFRS 9.
The new provisions will be applied on annual accounting periods beginning on 1 January 2018.
Directors deem that the impact of the adoption of these amendments on the Group consolidated financial statements will not be significant.

Standard **IFRS 16 – "*Leases*"** (published on 13 January 2016), intended to supersede the standard IAS 17 – "*Leases*", as well as interpretations IFRIC 4 – "*Determining whether an Arrangement contains a Lease*", SIC 15 – "*Operating Leases – Incentives*" and SIC 27 – "*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*".
The new standard provides a new definition of a lease and introduces a criterion based on control (right of use) of an asset to distinguish between leases and service contracts, by identifying the following distinguishing features: identification of the asset, the right to replace it, the right to obtain substantially all economic benefits that result from using the asset and the right to direct the use of the underlying asset. The standard establishes a single model of recognition and measurement of lease contracts for the lessee that provides for the inclusion of the leased asset (also operating leases) under assets, with contra-entry of a financial payable. This standard also envisages that recognition can be omitted for lease contracts related to low-value assets or with lease terms of 12 months or less. On the contrary, the standard does not include significant changes for lessors.
This standard is applicable as from 1 January 2019; earlier application is permitted but only for companies providing for the early application of IFRS 15 - "*Revenue from Contracts with Customers*".
According to analyses performed, Directors expect that the application of this standard will have an impact on the amounts recognised and the related disclosure in the Group's consolidated financial statements. It is however not possible to supply a reasonable estimate on the effects until the Group has completed a detailed analysis on the related contracts.

Final version of **IFRS 9 – "*Financial Instruments*"** (published on 24 July 2014). This document includes the results on IASB's project aimed at replacing the IAS 39 standard:

- it introduces new classification and measurement criteria for financial assets and liabilities;
- with reference to the impairment model, the new standard sets out that the estimated loss on receivables be calculated based on the expected loss model (and not on the incurred loss model used by IAS 39), by using supportable information that is available without undue cost or effort, including historical, current and prospective data;
- it introduces a new hedge accounting model (higher number of eligible hedge accounting transactions, changed accounting model for forward contracts and options, when included in a hedge accounting relation, modified efficacy testing).

Compulsory adoption is envisaged from 1 January 2018.
According to analyses performed, Directors expect that the application of IFRS 9 will have no significant impacts on amounts and related disclosures in the Group consolidated financial statements.

IFRS 15 – "*Revenue from Contracts with Customers*" (published on 28 May 2014 and supplemented with further clarifications issued on 12 April 2016), intended to supersede the standards IAS 18 – "*Revenue*" and IAS 11 – "*Construction Contracts*", as well as interpretations IFRIC 13 – "*Customer Loyalty Programmes*", IFRIC 15 – "*Agreements for the Construction of Real Estate*", IFRIC 18 – "*Transfers of Assets from Customers*" and SIC 31 – "*Revenues – Barter Transactions Involving Advertising Services*".
The standard establishes a new model of revenue recognition, which will apply to all contracts concluded with customers except those that fall within the scope of other IAS/IFRS such as leasing contracts, insurance contracts and financial instruments. The basic steps for accounting the revenues according to the new model are:

- identification of the contract with the customer;
- identification of performance obligations laid down in the contract;
- determination of the price;
- allocating the price to the performance obligations of the contract;
- recognition criteria of revenue on the basis of the fulfilment of the performance obligations.

Compulsory adoption is envisaged from 1 January 2018, but earlier application is permitted. Amendments to IFRS 15, "*Clarifications to IFRS 15 – Revenue from Contracts with Customers*", issued by IASB on 12 April 2016, were endorsed by the European Union on 31 October 2017.
According to analyses performed, Directors expect that the application of IFRS 15 will have no significant impacts on amounts and related disclosure in the Group consolidated financial statements.

Document **"*Annual Improvements to IFRSs: 2014-2016 Cycle*"**, published on 8 December 2016 and endorsed by the European Union on 7 February 2018 (including IFRS 1 – "*First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters*", IAS 28 – "*Investments in Associates and Joint Ventures - Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice*", IFRS 12 – "*Disclosure of Interests in Other Entities - Clarification of the scope of the Standard*") which partially supplement the already existing standards. In particular, the provisions will amend: (i) IFRS 1, deleting the exemptions over the short-time period for the first-time adopters; (ii) IAS 28, in relation to the accounting of associates and joint ventures; (iii) IFRS 12, clarifying the extension of the standard.
The new provisions will be applied as from 1 January 2018. Directors deem that the impact of the adoption of this document on the Group consolidated financial statements will not be significant.

Amendment to **IFRS 2 – "*Classification and measurement of share-based payment transactions*"** (published on 20 June 2016 and endorsed by the European Union on 26 February 2018). This document aims at better defining the accounting treatment in relation to share-based payment transactions. The amendments will apply as from 1 January 2018 but earlier application is permitted. Directors deem that the impact of the adoption of this amendment on the Group consolidated financial statements will not be significant.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

As at the date of these financial statements, the competent bodies of the European Union have not completed the approval process necessary for the adoption of the IFRS standards, amendments and interpretations described below.

On 18 May 2017, the IASB published the **IFRS 17 – "*Insurance Contracts*"**, intended to supersede the IFRS 4 – "*Insurance Contracts*".
This new standard aims at guaranteeing that the entity supplies pertinent information that gives a true view of rights and obligations deriving from insurance contracts issued. With this standard, the IASB intended to cancel inconsistencies and weak points of the existing accounting policies, while supplying one single principle-based framework to take account of all types of insurance contracts, including the reinsurance contracts held by an insurer.
This standard is applicable as from 1 January 2021; earlier application is permitted but only for entities providing for the application of IFRS 9 - "*Financial Instruments*" and IFRS 15 – "*Revenue from Contracts with Customers"*.

Interpretation **IFRIC 22 – "*Foreign Currency Transactions and Advance Consideration*"** (published on 8

December 2016). The interpretation aims to provide guidance for transactions in foreign currency where non-monetary advances or payments on account are recognised in the financial statements, prior to recognition of the relative asset, cost or revenue. This document supplies guidelines on how an entity should determine the transaction date and, accordingly, the exchange spot rate to be used when transactions are carried out in foreign currency, for which an early payment is made or received.
IFRIC 22 is applicable as from 1 January 2018, but earlier application is permitted.

On 7 June 2017, the IASB published the interpretation **IFRIC 23 – "*Uncertainty over Income Tax Treatments*"**. This document deals with uncertainty over income tax treatments.
It envisages that uncertainty in determining tax assets and liabilities is reflected on the financial statements only when it is probable that the entity will pay or recover the related amount. Moreover, the document includes no further disclosure obligation but require entities to provide information on the valuations made by management on uncertainty over income tax treatment, pursuant to IAS 1.
This new amendment will apply as from 1 January 2019 but earlier application is permitted.

Amendment to **IAS 40 – "*Transfers of Investment Property*"** (published on 8 December 2016). These amendments clarify the transfer of property to, or from, investment property. Specifically, an entity must reclassify a property to, or from, investment property only when there is evidence that there is a change of use of the property. This change must be traced to a specific event that occurred and therefore should not be limited to a change of intention by the management of an entity. These changes are applicable from 1 January 2018, but earlier application is permitted.

Amendment to **IFRS 9 – "*Prepayment Features with Negative Compensation*"** (published on 12 October 2017). These amendments aim at permitting measurement at amortised cost or at fair value through other comprehensive income (OCI) of financial assets featuring a prepayment option with negative compensation.
The amendments will apply as from 1 January 2019 but earlier application is permitted.

Amendment to **IAS 28 – "*Long-term Interests in Associates and Joint Ventures*"** (published on 12 October 2017). These amendments intend to clarify that provisions set forth by IFRS 9, including those pertaining to impairment, are applied to long-term receivables from an associate or joint venture which are substantially part of the net investment in the associate or joint venture
The amendments will apply as from 1 January 2019 but earlier application is permitted.

Amendments to **IFRS 10 and IAS 28 – "*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*"** (published on 11 September 2014). The document was published to solve the current conflict between IAS 28 and IFRS 10 concerning the measurement of the gain or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or associate against a share in the equity of the latter. To date, the IASB has suspended the application of this amendment.

Document **"*Annual Improvements to IFRSs 2015-2017 Cycle*"**, published on 12 December 2017 (including IFRS 3 – *"Business Combinations"* and IFRS 11 – *"Joint Arrangements – Remeasurement of previously held interest in a joint operation"*, IAS 12 – *"Income Taxes – Income tax consequences of payments on financial instruments classified as equity"*, IAS 23 – *"Borrowing costs Disclosure of Interests in Other Entities – Borrowing costs eligible for capitalisation"*), which adopts amendments to some standards within annual improvement process of the same. The amendments will apply as from 1 January 2019 but earlier application is permitted.

Seasonality of the business

Due to the cyclical nature of the sector in which the Group generally operates, higher revenues and operating results are expected in the second and third quarter, rather than in the first and last months of the year. The highest sales volumes concentrate, in fact, over the June-September period, the peak of summer holidays, in which the maximum level of users is reported at directly managed mobility infrastructures (airports).

Significant accounting estimates

The preparation of the consolidated financial statements in accordance with IAS/IFRS requires that the management makes estimates based on complex and/or subjective opinions.
The use of these estimates is reflected in the application of accounting standards and in the determination of the carrying amounts of assets and liabilities, income and expenditure and the information provided in the explanatory notes, including with reference to contingent assets and liabilities as at the close of the financial

year.
The actual results may differ from those estimated due to the uncertainty of the assumptions and the conditions on which such estimates are based. However, the estimates and assessments are reviewed and updated periodically and the effects arising from any change thereof are immediately reflected in the financial statements.
A description is provided below of specific circumstances that, with regard to the business segments in which the Group and the Parent Company operate, require greater recourse to estimates and assessments and for which a change in the conditions underlying the assumptions used could have a significant impact on consolidated financial statement data.

Impairment losses on goodwill and other specific intangible assets
Goodwill is tested for possible impairment losses at least annually; said testing requires an estimate of the value in use of the cash generating unit to which the goodwill is attributed, which in turn is based on the estimate of the expected cash flows from the unit and on their discounting based on an appropriate discount rate. As at 31 December 2017, the total value of recognised goodwill amounted to € 6,977 thousand, related primarily to Aer Tre S.p.A., the subsidiary of SAVE S.p.A.. For further information, reference is made to Notes to the consolidated financial statements on said item.
The methodology described in the paragraph “Impairment of tangible and intangible assets” was used to test for possible impairment of the goodwill recognised in the Group’s financial statements.
In relation to other specific intangible assets with a definite useful life, an annual review is performed of impairment on the residual value, mainly resulting from the allocation of the greater value paid in the acquisition stage.
As regards a more detailed and analytical description of reviews made as at 31 December 2017 on each single goodwill item and other specific intangible assets, reference is made to the following paragraph “Impairment testing of the assets or groups of assets”, reported before valuation criteria.

Deferred tax assets
Deferred tax assets relate to temporary differences between the financial statement values and the values recognised for tax purposes, attributable to costs with deferred deductibility, mainly concerning provisions for risks, and the carryforward of tax losses of some of the Group companies.
These assets are entered in the financial statements on the basis of a discretionary assessment by the directors of the probability of their recovery, assessed with particular regard to the ability of the Parent Company and its subsidiaries, including if tax consolidation is adopted, to generate ongoing positive taxable income. They must estimate the probable occurrence in time and the amount of the future taxable profits. The assessment was carried out on the basis of the tax rate expected for the financial year in which the repayment of the temporary difference is envisaged.
As at 31 December 2017, deferred tax assets amounted to € 29,291 thousand.

Pension funds and other post-employment benefits
Calculation of the liabilities associated with employee benefits, with particular reference to defined benefit and long-term benefit plans, involves a certain degree of complexity; the results of the actuarial valuation depend, to a large extent, on the actuarial assumptions used, both demographic (such as mortality and employee turnover) and financial (such as discount rates and inflation rates). The opinion expressed by the management in the selection of the technical bases most appropriate for the assessment of the case in question is therefore of fundamental importance; said opinion is influenced by the socio-economic context in which the Group operates, as well as the performance of financial markets.

Assets under concession replacement provision
As regards property assets under concession, some group companies have allocated a dedicated fund that includes the amounts necessary for the first maintenance or replacement of every asset making up the infrastructure owned that should be returned to the State in perfect operating condition at the end of the concession.
The replacement provision is added to annually on the basis of a technical assessment of estimated future charges related to the cyclical maintenance required to maintain the assets to be returned free of charge at the end of the concession, and is used for maintenance operations carried out during the period. At 31 December the fund totaled € 24,310 thousand.

Provision for bad debts
Provision for bad debts is determined based on a specific analysis of both disputed cases and cases that, albeit not disputed, feature slight delays in payment collection. The measurement of the overall value of trade receivable requires estimates on the possible recovery of these amounts. The measurement is therefore uncertain.

Current taxes
Current taxes for the current financial year are valued at the amount expected to be recovered or paid to the tax authorities. The rates and tax regulations used to calculate the amount are those enacted or substantially enacted at the closing date of the consolidated financial statements. Current taxes relating to elements reflected directly in equity are recognised directly in equity and not in the income statement.

Impairment testing of the assets or groups of assets

Impairment tests were performed in order to evaluate the existence of any impairment loss with reference to the amounts allocated to Goodwill.
The testing was performed by comparing the carrying value of the asset or group of assets making up the cash generating unit (C.G.U.) with the recoverable amount of the same, determined as the value of the discounted net cash flows expected to be produced by the asset or group of assets making up the C.G.U. (value in use).
For more details please refer to the comments under the item in the notes to the financial statements.

Valuation criteria

The following is a brief description of the IAS/IFRS accounting principles and most significant valuation criteria used in the preparation of these financial statements.

Intangible assets

Intangible assets are non-monetary items without physical substance, that are clearly identifiable and capable of generating future economic benefits to the company.
The useful life of intangible assets is assessed as definite or indefinite.
Intangible assets with a definite useful life are recognised at purchase and/or production cost, including expenses directly attributable in the preparation stage to bring the asset into operation, net of cumulative amortisation and any impairment losses. Amortisation begins when the asset is available for use and is allocated systematically in relation to the residual possibility of use in accordance with IAS 36 and subjected to impairment testing whenever there are indications of a possible loss in value.
Intangible assets with an indefinite useful life are subject to annual impairment testing at individual level or at the level of the cash-generating unit. For these assets, no amortisation is recognised. The useful life of an intangible asset with an indefinite useful life is reviewed every year in order to ensure that the conditions of this classification are still being met.
“Industrial patent and intellectual property rights” principally refers to costs for the implementation and tailoring of operational software.
The item “Right of use of airport concessions” includes the value recognised in intangible assets for the airport infrastructures held in relation to the concession right acquired for the management of said infrastructures as a contra-entry to the right to charge users for the use of said infrastructures, in the execution of the public service, in accordance with IFRIC 12 - Service concession arrangements.

Business combinations and goodwill

The goodwill recognised in intangible assets relates to business combination transactions and represents the difference between the cost incurred for the acquisition of a company or of a branch of a company and the algebraic sum of the fair values assigned at the date of acquisition to the individual assets and liabilities making up the capital of that company or branch of the company.
Goodwill is not amortised; impairment testing is performed annually, or more frequently if specific events or changes in circumstances indicate that a reduction in value may have occurred in accordance with IAS 36 “Impairment of assets”. For the purposes of determining the fair value of assets and liabilities and testing for impairment, directors’ valuations are supported with the intervention of independent experts.

Tangible assets

Tangible assets are valued at their purchase or production cost, less accumulated depreciation and any impairment losses. The cost includes any charge directly incurred to prepare assets for use as well as any charges for dismantling and removal that will be incurred to return the site to its original condition.
At the time of sale or when there are no future economic benefits expected from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between the sale value and the carrying value) is recognised in the income statement in the year of the aforesaid elimination.
Tangible assets are presented net of accumulated depreciation and any losses in value. Depreciation is calculated, on a straight-line basis, based on the estimated useful life. When the tangible asset is made up of several significant components with different useful lives, each component is depreciated separately. Land and tangible assets held for sale, which are valued at the lower of their carrying value and their fair value net of disposal costs, are not depreciated.
Losses in value are charged to the income statement under depreciation costs. Such losses are restated when the reasons for their write-down no longer exist.
Maintenance and repair expenses that do not improve and/or extend the residual life of the assets, are paid in the year in which they are incurred; otherwise they are capitalised.

Leased assets

Assets acquired with leasing contracts, which transfer to the Group all the risks and benefits related to ownership of the leased asset, are capitalised as from the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments with simultaneous recognition in liabilities of the corresponding financial payable to the leasing companies. Lease payments are divided into principal and interest so as to obtain the application of a constant interest rate on the residual balance (principal amount). Borrowing costs are charged to the income statement. Capitalised leased assets are depreciated on the basis of the estimated useful life of the asset.

Impairment losses on tangible and intangible assets

Tangible and intangible assets are said to be impaired whenever the carrying value at which any such asset is recorded in the financial statements can no longer be recouped through use or sale thereof.
The aim of the impairment test pursuant to IAS 36 is to ensure that tangible and intangible fixed assets are not entered at a value higher than their recoverable value, represented by the greater between the fair value of the asset or cash-generating unit, less sale costs and its value in use.
If the carrying amount of an asset exceeds its recoverable amount, such asset has suffered a loss in value and is consequently written down until it returns to its recoverable amount. In determining the value in use, the Group discounts the expected cash flows using a discount rate before tax that reflects the current estimate of the market rate for risk-free investments adjusted to take into account the time and the risks specific to the asset.
Impairment losses on assets in operation are recognised in profit or loss in the cost categories consistent with the function of the asset that has demonstrated the impairment loss.
If the conditions that led to any such impairment are no longer met, the original value of assets previously depreciated is reinstated on a proportional basis, until reaching, at most, the value that such assets would have had, net of amortisation and depreciation calculated on the historical cost, had any such impairment losses not occurred. Reversals of impairment losses are recognised in the income statement.

Non-current assets held for sale and discontinued operations

According to IFRS 5, an enterprise should classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition and the sale must be highly probable.
Such assets are valued at the lower of their carrying amount and fair value less sale costs.
In the consolidated income statement the profits and losses of discontinued operations are represented separately from the profits and losses of operational activities, below the line of net profit after tax, even when the Group maintains a minority stake in the subsidiary after selling. The resulting profit or loss, net of taxes, is reported separately in the income statement.
Property, plant and equipment and intangible assets, once classified as held for sale, no longer need to be amortised.

Other financial assets

IAS 39 provides for the following types of financial instruments: financial assets at fair value with changes recognised in the income statement, loans and receivables, investments held until maturity and assets available for sale.
Initially, all financial assets are recognised at fair value plus, in the case of assets other than those measured at fair value through profit or loss, any ancillary costs. At the time of subscription, the Group considers whether a contract contains embedded derivatives.
Embedded derivatives are separated from the host contract if the latter is not measured at fair value whenever analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.
The Group determines the classification of its financial assets after initial recognition and, where appropriate and allowed, revises this classification at the close of each financial year.

Financial assets at fair value with changes recognised in the income statement
This category includes assets held for trading and assets that upon initial recognition are designated as financial assets at fair value through profit or loss.
An asset is classified as held for trading if it is:
- acquired mainly in order to sell it in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent and effective strategy aimed at obtaining a profit in the short term;
- a derivative (except for a derivative that is designated as an effective hedging instrument).

The initial recognition of financial assets takes place on the settlement date for debt securities and equities, while derivatives are recognised at their agreement date.
At the time of initial recognition, financial assets held for trading are recognized at their fair value, which is normally the consideration paid, without considering the costs or the gains of the transaction directly attributable to the financial instrument, which are charged to the income statement. Embedded derivatives present in hybrid contracts but not closely correlated with them and that meet the definition of a derivative are separated from the host contract and recognised at fair value, while the primary contract is accounted for using the appropriate standard.
Subsequent to initial recognition, financial assets held for trading are valued at fair value through profit or loss.
Market prices are used to determine the fair value of financial instruments that are traded on an active market. If an active market does not exist, the estimation and valuation methods applied take account of all the risk factors associated with the financial instruments.
Financial instruments for which it is not possible to reliably determine the fair value are kept at cost and written down in the event that impairment losses occur. Such impairment losses cannot subsequently be reversed.
Financial assets are derecognised when the contractual rights to the cash flows derived from the assets themselves expire or when the financial assets are sold by transferring substantially all the risks/benefits connected with them.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. After initial recognition, these assets are valued at amortised cost using the effective interest rate method, net of any provision for loss of value.
The amortised cost is calculated by taking into account any purchase discount or premium and includes commissions that are an integral part of the effective interest rate and transaction costs. Gains and losses are recorded in the income statement when the loans and receivables are eliminated by an accountant or when a loss of value occurs, as well as through the amortisation process.

Held-to-maturity investments
Financial assets with fixed or determinable payments and fixed maturity, which are intended to be, and capable of being, held to maturity, are classified in this category. If, as a result of a change in intention or capacity, it is no longer appropriate to maintain an investment as held-to-maturity, it is reclassified to assets available for sale.
The initial recording of financial assets occurs at the settlement date. At the time of initial recognition, financial assets classified in this category are recognised at fair value, which is normally the consideration paid, including any directly attributable costs and income.

If the recognition into this category is due to a reclassification from financial assets available for sale or held for trading, the fair value of the asset at the date of reclassification becomes its new amortised cost.
Subsequent to initial recognition, financial assets held to maturity are valued at amortised cost using the effective interest rate method. Gains or losses related to changes in the fair value of the assets held-to-maturity are recorded in the income statement at the time the assets are cancelled. A check is made for objective evidence of impairment when the interim and annual financial statements are prepared. If such evidence is found, the extent of the loss is measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flows discounted at the original effective interest rate. The amount of the loss is recognised in the income statement. If the reasons for the loss of value are removed as a result of an event which occurred after the detection of impairment, write-backs are posted in the income statement.
Financial assets held until maturity are derecognised from the financial statements when the contractual rights to the cash flows expire or when the financial asset is sold with substantial transfer of all risks and benefits associated with the asset itself.

Available-for-sale financial assets
Available-for-sale financial assets are financial assets, excluding financial derivatives, that have been designated as such or are not classified in any of the other preceding categories.
In particular, included under this heading are equity interests that are not managed with the purpose of trading and are not qualifiable as controlling, associated or of joint control.
Initial recognition of the financial asset takes place on the settlement date for debt securities or equities, while financial assets not classified as loans are recognised at their disbursement date.
At the time of initial recognition, the assets are recorded at fair value, which is normally the consideration paid, including the costs or the gains of the transaction directly attributable to the instrument.
Subsequent to initial recognition, available-for-sale assets continue to be measured at fair value, with the share of interest resulting from the application of the amortised cost recognised in the income statement, while gains or losses deriving from changes in fair value are recognised in a specific equity reserve until the financial asset is derecognised or an impairment loss is recognised, with consequent recording in the income statement of the difference between the carrying value and the sale price or fair value.
Verification of the existence of objective evidence of impairment is carried out at each balance sheet or interim report date. For debt securities, evidence of impairment loss is the existence of circumstances indicative of financial difficulties likely to jeopardise the collection of principal or interest. For equity instruments, the existence of impairment losses is evaluated taking into consideration, in addition to possible difficulties of the issuer, additional indicators such as the decline of fair value below cost.
If the reasons for the impairment no longer exist as a result of an event which occurred after detection, a write-back is entered in the income statement when it refers to debt securities or loans, or in a specific equity reserve in the case of equity securities. For debt securities and loans, said reversal of impairment loss should not in any case result in a carrying amount of the financial asset that exceeds what would have been the amortised cost if the loss had not been detected.
Financial assets are derecognised when the contractual rights to the cash flows expire or when the financial asset is sold with substantial transfer of all risks and benefits associated with the asset itself.

Impairment of financial assets

At each balance sheet date, the Group verifies whether a financial asset or group of financial assets has suffered a loss of value.

Assets measured at amortised cost
If there is an objective indication that a loan or receivable entered at amortised cost has suffered a loss of value, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses not yet incurred) discounted at the original effective interest rate of the financial asset (i.e. the effective interest rate calculated as at the date of initial recognition). The carrying amount of the asset is reduced through the use of a provision and the amount of the loss is recognised in profit or loss.
The Group first assesses the existence of objective indications of impairment loss at individual level, for financial assets that are individually significant, and then either individually or collectively for financial assets that are not. In the absence of objective indications of impairment loss for a financial asset assessed individually, whether significant or not, said asset is included in a group of financial assets with similar credit

risk characteristics and this group is tested for impairment loss collectively. Assets assessed individually and for which impairment loss is detected or continues to be detected will not be included in a collective assessment.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively traced back to an event that occurred after the detection of impairment loss, the previously reduced value can be reinstated. Any subsequent reversals of impairment losses are recognised in profit or loss to the extent that the carrying amount of the asset does not exceed the amortised cost at the date of reversal.
With reference to trade receivables, a provision for loss of value is made when there is objective indication (such as, for example, the probability of insolvency or significant financial difficulties of the borrower) that the Group will not be able to recover all the amounts due according to the original terms of the invoice. The accounting value of the receivable is reduced through recourse to a special reserve. Receivables subject to impairment loss are written off when they are considered unrecoverable.

Available-for-sale financial assets

In the case of impairment of an available-for-sale financial asset, an amount is transferred from equity to the income statement equal to the difference between its cost (net of the capital repayment and of depreciation) and its current fair value, net of any impairment previously recognised in profit or loss.
Reversals of impairment losses related to equity instruments classified as available for sale are not recognised in profit or loss. Reversals of impairment losses related to debt instruments are recognised in the income statement if the increase in the fair value of the instrument can be objectively linked to an event that occurred after the loss was recognised in profit or loss.

Treasury shares

Repurchased treasury shares are measured at cost and deducted from shareholders' equity. Gains or losses on the purchase, sale or cancellation of treasury shares are not recognised in the income statement. The difference between the purchase value and the consideration, in the case of assignment, is recognised in the share premium reserve. The voting rights linked to the treasury shares are cancelled, as is the right to receive dividends. Share options exercised during the period are met with treasury shares.

Inventories

Inventories are carried at the lower of the cost, determined with reference to the weighted-average cost method, and the net realisable value, and do not include financial charges and overheads. Net realisable value is the selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
Work in progress is measured based on the considerations agreed upon based on the progress of the works, determined using the cost-to-cost method. Payments on account made by principals are subtracted from the remaining amount due, within the limits of considerations accrued. The remaining portion is recorded under liabilities. Any loss resulting from the completion of orders is fully recognised in the period in which they are expected.

Cash and cash equivalents

These include money, deposits with banks or other institutions providing current account services, post office accounts and other cash equivalents as well as investments with a maturity within three months from the date of purchase. Cash and cash equivalents are recognised at fair value, which normally coincides with the nominal value.

Employee benefits

Guaranteed employee benefits disbursed at the time of or following termination of the employment relationship through defined benefit programmes (severance indemnity fund) or other long-term employee benefits are recognised in the period when the right accrues.
The relative liability, net of any plan assets, is determined on the basis of actuarial assumptions and is recognised on an accrual basis, in line with the performance of work necessary to obtain the benefits; the evaluation of liabilities is carried out by independent actuaries using the projected unit credit method. The amount reflects not only the liabilities accrued up to the consolidated balance sheet date, but also future wage increases (only for companies with fewer than 50 employees) and related statistical trends.

Provisions for risks and charges

Provisions for risks and charges relate to costs and liabilities of a given nature, whose existence is certain or probable, which, at the date of these consolidated financial statements, are undetermined in terms of amount or due date. Provisions are recognised when:

- the existence of a current obligation, legal or implicit, deriving from a past event is probable;
- it is probable that the fulfilment of the obligation will be costly;
- the amount of the obligation can be reliably estimated.

Provisions are recorded at the value representing the best estimate, sometimes with the support of experts, of the amount that the company would have to pay to settle the obligation or transfer it to a third party at the end of the financial year. When the financial impact of the timing is significant, and the dates of payment of the obligations are estimated reliably, the provision is determined by discounting the anticipated cash flows determined taking into account the risks associated with the oblations; an increase in value of the provision, determined based on changes in the cost of money in time, is recognised in profit or loss under the headings “Financial Income” or “Financial charges”.
Provisions are periodically updated to reflect changes in the estimates of the costs, the timing and the discount rate; revisions of estimates are charged to the same profit or loss item that had previously included the provision.
When the liability relates to tangible assets (demolition of assets), the provision is recorded as a contra-entry to the asset to which it relates; charging the amount to the income statement takes place as depreciation.

Trade payables, other payables and other current and non-current financial liabilities

Trade payables, other payables and current and non-current financial liabilities are recognised when the Group becomes part of the relevant contractual clauses and are evaluated initially at fair value, adjusted by directly attributable transaction costs.
They are subsequently measured at amortised cost using the effective interest rate method.
The amortised cost is calculated taking into consideration any purchase discount or premium and fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is recorded under financial charges in the income statement.
Gains and losses are recognised in profit or loss when the liability is settled, as well as through the amortisation process.

Cancellation of financial assets and liabilities

Financial assets
Financial assets are derecognised when one of the following conditions is met:

- the contractual right to receive the cash flows of the asset has expired;
- the Group has transferred substantially all the risks and benefits associated with the asset, giving up its rights to receive cash flows of the asset or assuming a contractual obligation to repay the cash flows received to one or more recipients by virtue of a contract that meets the requirements set out in IAS 39 (“pass through test”);
- the Group has neither transferred nor substantially retained all the risks and benefits associated with the financial asset but it has ceded control.

In cases where the Group has transferred the rights to receive the cash flows from an asset and has neither transferred nor retained substantially all the risks and benefits or has not lost control over the same, the asset is recognised in the financial statements of the Group to the extent of its continuing involvement in the asset itself. Continuing involvement that takes the form of a guarantee on the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum value of the consideration that the Group could be required to pay.

Financial liabilities
A financial liability is derecognised from the financial statements when the obligation underlying the liability is settled, cancelled or fulfilled.

Derivative financial instruments and hedging transactions

A derivative is a financial instrument or other contract with the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the ‘underlying’);
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

Derivatives are classified as a financial asset or financial liability depending on whether the fair value is positive or negative and are classified as “held for trading” and measured at fair value with contra-entry in the income statement, except in the case where they qualify as effective instruments hedging a specific risk relating to underlying assets, liabilities or commitments.
Derivatives are classified as hedging instruments when the relationship between the derivative and the subject of the hedge is formally documented and the effectiveness of the hedge is high and is verified periodically. When hedging derivatives cover the risk of change in the fair value of the hedged item (fair value hedge; e.g. hedging of the variability of the fair value of fixed rate assets/liabilities), they are recognised at fair value and the effects charged to the profit and loss account; in line with this, hedged items are adjusted to reflect changes in the fair value associated with the hedged risk. When derivatives cover the risk of change in the cash flows of the hedged item (cash flow hedge; e.g. hedging of the variability of the cash flows of variable rate assets/liabilities due to the effect of fluctuations in interest rates), the changes in fair value are initially recognised in equity and subsequently charged to the income statement in line with the economic effects produced by the hedged transaction.
Changes in the fair value of derivatives with respect to the initial value that do not satisfy the conditions to qualify as hedging instruments are recognised in the income statement.

Accounting for positive income items

Revenues are recognised to the extent that it is possible to reliably determine the value (fair value) and it is likely that the relative economic benefits will materialise.
According to the type of transaction, revenues are recognised on the basis of the specific criteria given below:

- revenues from sales of goods are recognised when the risks and benefits of ownership of the asset are transferred to the purchaser;
- revenues from the provision of services are recognised when the service is performed;
- revenues for the provision of services related to contract work are recognised by reference to the stage of advancement of the activities on the basis of the same criteria for work in progress contracts.

Revenues are recognised net of returns, discounts, allowances, premiums and promotional costs directly related to the sales revenues, as well as directly related taxation.
Discounts, directly deducted from revenues, were calculated based on contracts entered with airlines and tour operators.
Royalties are accounted for on an accrual basis, according to contract agreements.
Interest is recognised pro rata temporis on the basis of the contractual interest rate or the effective rate in the event of application of the amortised cost.
Interest on late payments is recorded in the income statement only at the time of its actual collection.
Dividends are recognised in the income statement in the separate financial statements at the time at which their distribution is approved and the right to receive the payment accrues.
Commissions for revenues from services are recognised on the basis of the existence of contractual agreements, in the period in which the services are provided.
Portfolio management commissions are recognised on the basis of the duration of the service.

Accounting of costs and expenses

Costs are recognised when related to goods and services sold or used over the period or systematically apportioned, or when their future useful life cannot be identified.

Income taxes

Current taxes
Current taxes are determined on the basis of a realistic estimate of tax charges to be paid in application of current tax legislation or substantially approved at the closing date of the period. Current taxes relating to elements recognised directly in equity are recognised directly in equity and not in the income statement.

Deferred taxes

Deferred taxes are calculated using the so-called “liability method” on the temporary differences between the amount of the assets and liabilities in the consolidated financial statements and the corresponding values recognised for tax purposes.

The valuation of deferred tax assets and liabilities is performed by applying the rate that is expected in force at the time at which the temporary differences will be paid up; this forecast is carried out on the basis of the tax legislation in force or substantially in force at the period reference date.

Deferred tax assets are recognised only if it is likely that sufficient taxable income will be generated for the realisation of such assets in subsequent years.

Conversion of items denominated in foreign currencies

Transactions in foreign currency are recognised initially in the functional currency, applying the spot exchange rate at the trade date. Monetary assets and liabilities, denominated in a foreign currency are translated into the functional currency at the exchange rate at the balance sheet date. All exchange differences are recognised in the income statement. Non-monetary items valued at historical cost in a foreign currency are translated using the exchange rate at the date of initial recognition of the transaction. Non-monetary items entered at fair value in a foreign currency are translated using the exchange rate at the date of the determination of such value. The gains or losses that arise from the conversion of non-monetary items are handled in line with the recognition of gains and losses related to changes in the fair value of such items (translation differences on items whose change in fair value is recognised in the statement of comprehensive income or in the income statement are recognised, respectively, in the statement of comprehensive income or in the income statement).

Fees to statutory auditors

The fees to be paid to the Board of Statutory Auditors and accrued during the financial year amount to € 319 thousand overall.

Compensation for accounts audit

Compensation paid for account auditing services for companies included in the scope of consolidation amounted to € 295 thousand.

Commitments, guarantees and contingent liabilities

Within the extraordinary transaction occurred on 9 August 2017, as previously described, a loan was subscribed by the Parent Company Milione S.p.A. and its subsidiary Milione S.p.A. (former Agorà Investimenti S.p.A.). Against the loan taken out, the following pledges were subscribed in favour of banks: pledge on shares representing the entire share capital of the Parent Company Milione S.p.A. and its subsidiaries Milione S.p.A. (former Agorà Investimenti S.p.A.) and Sviluppo 35 S.p.A., pledge on SAVE shares, owned by Marco Polo Holding S.r.l. and by Milione S.p.A. (former Agorà Investimenti S.p.A.), pledge on interests of Marco Polo Holding S.r.l. held by the subsidiary Milione S.p.A. (former Agorà Investimenti S.p.A.), pledge on bank current accounts of the Parent Company Milione S.p.A. and its subsidiaries Sviluppo 35 S.p.A. and Milione S.p.A. (former Agorà Investimenti S.p.A.).

As at 31 December 2017, the guarantees issued by the SAVE S.p.A. Group amounted to € 204 thousand, including: € 64 thousand to guarantee lease agreements, € 103 thousand to guarantee public grants, € 37 thousand related to other guarantees. Furthermore, in the context of the sale of the equity investment in Centostazioni, SAVE S.p.A. guaranteed the purchaser Ferrovie dello Stato Italiane S.p.A. by providing to the subsidiary Archimede 1, the seller, the necessary financial means to fulfil the obligations arising from the transfer agreement signed. Specifically, these are standard guarantees granted in the context of the transfer of a significant equity investment; such guarantees may not however exceed an amount equivalent to 25% of the consideration.

Business combinations

Acquisition of SAVE S.p.A.

On 9 August 2017, with the acquisition of 43.09% of Agorà Investimenti S.p.A. and of the entire share capital of Sviluppo 35 S.p.A., which holds the remaining share capital of Agorà Investimenti S.p.A., the company Milione S.p.A. came to hold, indirectly through its subsidiaries, a total of 32,677,585 shares of SAVE S.p.A., equal to 59.05% of its share capital, acquiring the control. Thus, on that date, the legal requirements as per art. 106 of TUF for promoting a mandatory Takeover Bid on SAVE were met, where the direct Bidder was Agorà Investimenti S.p.A., for the purpose of acquiring 100% of the shares of that listed company. The Takeover Bid started in September, at the price of € 21 per share.
As a result of the Bid, which terminated on 13 October 2017, Agorà Investimenti S.p.A. achieved a direct and indirect equity investment of 97.56% of the share capital of SAVE, thus meeting the legal requirements to exercise the purchase of the residual shares still outstanding. Starting on 23 October 2017 the ordinary shares of SAVE were revoked from listing on the Italian Equities Market (MTA) managed and organised by Borsa Italiana S.p.A.
The acquisition transaction of the controlling equity investment in SAVE was accounted for in the consolidated financial statements of Milione S.p.A., according to provisions set forth by IFRS 3 - "*Business Combinations*", on business combinations, by applying the so-called "purchase method". According to the above standard, for a correct accounting of the transaction, the following is required:
- to determine the control acquisition date;
- to determine the overall consideration of the acquisition;
- to recognise and measure the acquired identifiable assets, as well as the undertaken identifiable liabilities and any minority interest;
- to recognise and measure goodwill or gains from an acquisition at favourable price;
- to determine the measurement period, as well as the elements that are not included in the business combination transaction, including costs related to the acquisition.

When the transaction is accounted for, the single phases, through which the control has been acquired, should be considered as one single transaction. Furthermore, as the company adopted the full goodwill method, in accordance with the provisions of IFRS 3, this approach did not result in any difference with respect to the value resulting from the allocation. Moreover, while considering 9 August 2017 as the control acquisition date, the management conventionally designated the date of 30 June 2017 as the first consolidation date of SAVA S.p.A. in these consolidated financial statements. Lastly, it should be noted that the transaction was accounted for by determining, on a temporary basis, the concession as difference between aggregation cost and the fair value of assets acquired and liabilities undertaken at the reference date of the transaction. As provided for by IFRS 3, the final allocation process will be completed within the 12 months following the acquisition date.

The following statement shows the allocation of the consideration temporarily made with respect to fair value of acquired assets and liabilities, the consideration of net assets acquired (aggregation cost) and the temporary determination of concession.

NET ASSETS ACQUIRED *(Euro/000)*	Temporary Fair value at the acquisition date
Intangible fixed assets	397,383
Property, plant and equipment	61,210
Deferred tax assets	28,318
Equity investments	79,651
Other assets	52,988
Other financial assets	201
Cash and cash equivalents	5,223
Total assets	**624,974**
Deferred tax liabilities	10,332
Other liabilities	115,928
Other financial payables	237
Bank payables	252,357
Reserve for termination indemnities and other provisions for risks and charges	34,235
Total liabilities	**413,089**
Minority interests	9,483
Net assets acquired	**202,402**
Aggregation cost	**1,143,293**
Concession	**940,891**
Deferred taxes	**369,542**
Concession, gross of taxes	**1,310,433**

The consideration of net assets acquired (aggregation cost) was determined in € 1,143 million.

As previously described and highlighted in the table, the purchase price allocation on net assets acquired had not yet been completed at the reporting date of these consolidated financial statements. The difference between the fair value valuation of the Group's interest in SAVE at the reference date and the fair value of the net assets acquired at the same date, recordable for accounting purposes as concession, as it is a temporary allocation, amounted to € 941 million. The impact of deferred taxes recorded in the financial statements amounted to € 369 million. As envisaged in IFRS 3, a specific analysis of the consideration paid will be provided within twelve months from the acquisition date, in order to determine the fair value of net assets acquired and liabilities undertaken. If, at the end of the measurement period, tangible and intangible assets with definite useful life are identified, the temporary amounts recognised upon acquisition will be adjusted retroactively at the acquisition date.

Information relating to the Operating Segments

This report is drawn up in accordance with the provisions of IFRS 8 “Operating segments”, which establishes that operating segments subject to financial reporting must be identified on the basis of internal reporting that is reviewed by top management in order to evaluate the performance of the segments.

An operating segment is a component of an entity:

- that engages in business activities from which it earns revenues and incurs expenses;
- whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which separate balance sheet information is available.

The operating segments identified have similar economic characteristics, and are similar in each of the following respects:

- the nature of the products and services;
- the type of customer;
- the nature of the regulatory environment.

The operating segments of the Milione Group are attributable to the two different locations where the Group operates as airport manager, Venice and Treviso, as well as to other investments made in other airports. The operating segments identified by the Group are therefore as follows:

- Venice (Marco Polo Airport);
- Treviso (Canova Airport);
- Other Airports.
- Other: wherever the residual amounts are allocated to activities carried out by the Group and not directly attributable to airport management activities.

As regards the “Venice” and “Treviso” operating segments, the Group evaluates the performance of its operating segments based on passenger-related revenues, making a distinction between those attributable to the aviation segment, and those attributable to the non aviation segment, while analysing the figures of the various locations separately. Within the non aviation revenues, amounts resulting from the management of parking lots in the two different locations were not considered. This management is in fact assigned to the company Marco Polo Park S.r.l.. Moreover, the Group evaluates the performance of its operating segments based on the EBIT, with respect to the two different locations. The operating costs include also costs related to the management of parking lots in the two sites and costs related to security, performed in both sites through the company Triveneto Sicurezza S.r.l..

The “Other Airports” operating segment mainly includes the investment in the company B.S.C.A. S.A., which manages the Charleroi airport, and the investment in the company Valerio Catullo di Villafranca S.p.A., which manages the Verona airport. These investments in associates/joint ventures are measured at equity and the related contribution is included in the result of financial operations.

The item “Other” also includes the amounts that are not directly attributable to specific segments.

In the management of the Group, financial income and expenses, as well as taxes, are not allocated to each single operating segment. Moreover, within each single operating segment, financial income and expenses and taxes are not specifically allocated with respect to each single investment and financing transaction.

Segment assets are those used by the segment in the performance of its characteristic activity or that can reasonably be allocated to it based on its characteristic activity. Segment liabilities are those that result directly from the performance of the characteristic activity of the sector or that are reasonably allocated to it based on its characteristic activity. The segment assets and liabilities submitted are evaluated using the same accounting policies adopted for the preparation of the Group’s consolidated financial statements.

Below are the main balance sheet and income statement items by segment as at 31 December 2017.

Analysis of revenues and margins by segment:

(Euro/000)	Venice	Treviso	Others	Eliminations/ Adjustments	Total
Aviation revenues	66,282	8,008	0	0	74,290
Non-Aviation revenues	24,212	2,825	0	(95)	26,942
Other revenues	3,373	177	3,342	(548)	6,344
Total revenues	**93,867**	**11,010**	**3,342**	**(643)**	**107,576**
Total costs	44,122	7,874	20,347	(643)	71,700
EBITDA	**49,745**	**3,136**	**(17,005)**	**0**	**35,876**
EBIT	14,711	1,255	(23,682)	0	(7,716)
Profit (loss) before taxes					(15,175)
Net profit (loss)					**(12,354)**

Statement of financial position by segment:

(Euro/000)	Venice	Treviso	Other Airports	Others	Eliminations/ Adjustments	Total
Total fixed assets	1,780,756	48,897	49,359	1,768,620	(1,771,374)	1,876,258
Fixed capital employed	1,381,856	43,354	49,359	1,868,256	(1,870,366)	1,472,459
Total working capital	**(53,298)**	**(12,886)**	**153**	**7,173**	**(3,225)**	**(62,083)**
Total capital employed	**1,328,558**	**30,468**	**49,512**	**1,875,429**	**(1,873,591)**	**1,410,376**
Total net financial position	294,330	4,959	(5,128)	378,605	(10,060)	662,706
Total financing sources	**1,328,558**	**30,468**	**49,512**	**1,875,429**	**(1,873,591)**	**1,410,376**
Total assets	1,845,094	61,518	54,649	185,430	(187,533)	1,959,158
Total liabilities	810,866	36,009	9	552,134	(187,530)	1,211,488

Disclosures about major customers

With reference to the subsidiary SAVE S.p.A., it is noted that this company's overall turnover as at 31 December 2017 is related, by around 10.4%, to EasyJet airline. On the other hand, the overall turnover of Aer Tre S.p.A., the company which manages Treviso Airport, is related by around 62.4% to Ryanair airline and around 9.8% to Wizz Air airline.

ANALYSIS OF THE MAIN BALANCE SHEET ITEMS

(unless otherwise specified, amounts are in thousands of euro)

ASSETS

Current assets

	31/12/2017
1. CASH AND CASH EQUIVALENTS	**15,259**

The item shows the balances of current accounts held with certain banks and cash at the reporting date.

Cash and cash equivalents are stated at their carrying amount, which is considered to be the fair value at the date of these consolidated financial statements. As described in the paragraph "Commitments, guarantees and contingent liabilities", bank current accounts have been pledged, in the amount of € 1,804 thousand, for the loan taken out by the Parent Company Milione S.p.A. and its subsidiary Milione S.p.A. (formerly Agorà Investimenti S.p.A.).

	31/12/2017
2. TAX ASSETS	**5,924**

The item includes:

	31/12/2017
Tax receivables for IRES and IRAP carried forward	2,113
VAT receivables	832
Other tax receivables	2,979
Total	***5,924***

The item Other tax receivables includes, in the amount of € 2.5 million, the receivables related to the IRES-IRAP tax reimbursement claim, for the 2007-2011 period, filed by SAVE S.p.A. as company controlling the tax consolidation for the SAVE Group, pursuant to art. 2, paragraph 1-quarter of Law Decree no. 201/2011. The item also includes € 0.2 million related to receivables for tax breaks on new investments provided for by Law Decree no. 91 of 24 June 2014 (Tremonti Quater).

	31/12/2017
3. TRADE RECEIVABLES	**52,894**

The item includes:

	31/12/2017
Trade receivables from third parties	32,259
Trade receivables from related parties	8,359
Receivables from others	5,223
Assets for up-front fee	4,523
Receivables from suppliers for advances	1,041
Sundry receivables	825
Receivables from Veneto Region for contributions	664
Total	***52,894***

Trade receivables from third parties mainly include receivables from airlines for aviation activities and receivables from sub-licensees of commercial spaces. The table below shows a breakdown of trade receivables from third parties and the relative adjustment funds:

	31/12/2017
Receivables from clients	34,995
Provision for bad debts	(2,736)
Total	***32,259***

The provision for bad debts amounted to € 2,736 thousand and its amounts were determined taking account of both the analysis of specific positions, for some of which the risk for credit recoverability is still present, and an assessment on the ageing of the credit itself.

Trade receivables are disclosed in the financial statements at their carrying value, net of any write-downs. It is deemed that this value reasonably reflects the fair value of the receivable themselves. At Group level, in fact, there are no special medium/long-term receivables that require discounting processes.

Trade receivables from related parties amounted to € 8,359 thousand and are entirely referred to SAVE S.p.A.'s investees and not consolidated on a line-by-line basis. A breakdown of these receivables is shown below.

	31/12/2017
Airest Group	7,292
2A - Airport Advertising S.r.l.	840
Aeroporto Valerio Catullo S.p.A.	217
Other minor companies	10
Total	***8,359***

Receivables from others include the balance of two time current accounts with a bank, amounting to € 4,451 thousand and related to Milione S.p.A. (former Agorà Investimenti S.p.A.), and € 772 thousand related to Milione S.p.A.. The above bank current accounts include the necessary cash to pay interest due on loans obtained by the two companies, until 30 June 2018.

Receivables from assets for up-front fee relate to credit lines that are still unused by the subsidiary SAVE S.p.A.

Receivables from the Veneto Region for contributions, amounting to € 664 thousand, relate to contributions resolved to the benefit of the investee SAVE S.p.A. for the portion of works completed in Venice Airport.

	31/12/2017
4. INVENTORIES	**1,397**

The value of inventories is entirely attributable to the subsidiary SAVE S.p.A. and refers to stocks of materials for the airport activities. The item is broken down as follows:

	31/12/2017
Inventories of raw, ancillary and consumable materials	1,354
Inventories of work in progress contracts	10
Inventories of work in progress and semi-finished products	33
Total	***1,397***

Non-current assets

	31/12/2017
5. PROPERTY, PLANT AND EQUIPMENT	**68,226**

The item includes:

	31/12/2017
Land and buildings	35,259
Plant and machinery	21,402
Industrial and commercial equipment	2,300
Other assets	8,047
Work in progress and advances	1,218
Total	***68,226***

	31/12/2017
6. INTANGIBLE ASSETS	**1,693,210**

The item includes:

	31/12/2017
Airport concessions rights	1,681,511
Other intangible fixed assets with finite useful life	4,722
Goodwill - other intangible fixed assets with indefinite useful life	6,977
Total	***1,693,210***

The item Airport concessions rights amounted to € 1,681,511 thousand, of which € 1,282,639 thousand related to the Venice airport concession, recognised within the temporary allocation of the value paid for the acquisition of the control of SAVE S.p.A., occurred during the year and annually amortised along the duration of the concession. For further information on the completion of the Purchase Price Allocation, reference is made to section Business combinations.

Because of the positive performance of the subsidiary SAVE S.p.A. and considering that the acquisition by Milione S.p.A. has recently occurred, there have been no indicators of possible impairment that require the performance of an impairment test.

Other intangible fixed assets with finite useful life include:

	31/12/2017
Development costs	300
Industrial patent and intellectual property rights	3,186
Work in progress and advances	1,236
Total	***4,722***

A breakdown of the item Goodwill is shown below:

	31/12/2017
Aer Tre S.p.A.	6,937
N-Aitec S.r.l.	40
Total	***6,977***

Pursuant to IAS 36, all intangible assets with an indefinite useful life must be subjected to impairment testing at least annually to verify the recoverability of the value entered in the financial statements.

If it is not possible to directly determine the recoverable value of the particular intangible asset entered in the financial statements, the recoverable value of the cash generating unit to which the asset belongs should be determined. Goodwill acquired in a business combination should, from the date of acquisition, be allocated to each cash generating unit of the buyer, or groups of cash generating units, which will benefit from the synergies of the combination, regardless of the fact that other assets or liabilities of the acquiree are assigned to these units or groups of units.

Each unit or group of units to which the goodwill is so allocated must:

(a) represent the lowest level within the entity at which goodwill is monitored for internal management purposes;

(b) not be larger than an operating segment determined in accordance with IFRS 8 “Operating segments”.

In order to identify the cash generating units (C.G.U.) to which the assets to be subjected to impairment testing are to be allocated, the units potentially identified must generate cash inflows that are largely independent of those from other units identified.

The testing was performed by comparing the carrying value of the asset or group of assets making up the cash generating unit (C.G.U.) with the recoverable amount of the same, determined as the greater of the value of the discounted net cash flows expected to be produced by the asset or group of assets making up the C.G.U. (value in use) and its fair value.

With reference to the item **Goodwill - AerTre S.p.A.**, recognised in the consolidated financial statements of the subsidiary SAVE S.p.A. in 2007, upon acquisition from minority shareholders of 35% of the share capital of Aer Tre S.p.A., the cash flows of the cash generating unit were derived from the Business Plan, which covers a time horizon between 2016 and 2052, and the key elements of which include: (i) the presence of a full management forty-year concession, (ii) growth in sales revenues, thanks to appropriate investments, based on the development of traffic, (iii) the prudential revision, given the continuing difficult macroeconomic scenario, of some drivers of growth of revenues and related investments.
The reference period of the plan was divided into two stages: the first stage (2018-2030) refers to the explicit flows of the plan drawn up by the Management of SAVE S.p.A., the second stage (2031-2052) refers to the flows arising from the application of a growth rate (“g”) equal to 0.5% to the revenues for the year 2030, until the end of the concession duration.
As regards the discounting of the flows, a Weighted Average Cost of Capital (WACC), net of taxes equal to 6.49% was used.
The analyses showed that the value in use exceeded more than twice the carrying value of the C.G.U. The defined valued in use amounted to € 60.3 million, to be compared with a carrying value (or book value) equal to around € 24 million, which included the value of the invested capital related to the C.G.U., equal to around € 21.3 million. The sensitivity analyses applied to the change in the discounting rate in the Plan assumption show that the WACC after taxes value that makes the value in use of the C.G.U. equal to its carrying amount is equal to approximately 12.2%.

		31/12/2017
7.	**EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CARRIED AT EQUITY**	**84,386**

Below are the details of the Equity investments in associates and joint ventures measured using the equity method.

	% Share	*Carrying amount as at 31/12/2017*
Associates		
Airest Retail S.r.l.	50.00%	27,488
Brussels South Charleroi Airport S.A.	27.65%	17,921
GAP S.p.A.	49.87%	319
Venezia Terminal Passeggeri S.p.A.	22.18%	8,335
Joint Ventures		
2A - Airport Advertising S.r.l.	50.00%	9
Aeroporto Valerio Catullo of Verona Villafranca S.p.A.	40.82%	30,314
Total		***84,386***

In the valuation with the equity method carried out with reference to the investments held in Airest Retail S.r.l. and in Aeroporto Valerio Catullo di Verona Villafranca S.p.A., part of the value derives from the allocation of the greater value paid to the concessions of which these companies are owners. Below are the considerations made regarding to these items.

With reference to the item “**Concession Value** deriving from the acquisition of a minority interest in **Aeroporto Valerio Catullo S.p.A.**”, the cash flows of the cash generating unit were obtained from the 2018 Budget approved by the Board of Directors of Catullo, on which a Business Plan was developed which covered a time

horizon between 2018 and 2030. The key elements of the Plan are: (i) strengthening of the Verona airport within the catchment area and the simultaneous recovery of a traffic level consistent with the potentialities of the reference territory, through the entrance of new airlines based at the airport which would be able to guarantee a strong boost of traffic, the development of point to point destinations that now are not served or are strongly underserved (also through low cost carriers), the improvement of connectivity to hubs supplied by network carriers; (ii) the improvement of activities in Brescia, with the development of courier traffic, the growth of the general cargo segment and the consolidation of postal traffic; (iii) the growth of trade receivables thanks to adequate planned investments, base on traffic development.
The second reference period of the plan, from 2031 to the end of the Verona concession in 2046, refers to the flows related to the application of the "g" growth rate, equal to 0.5%, to revenues and costs for 2030, up to the expiry of the concession.
As regards the discounting of the flows, a Weighted Average Cost of Capital (WACC), net of taxes, equal to 6.49% was used.
The analyses showed that the value in use remarkably exceeded the carrying value of the C.G.U.. The value in use established is equal to € 70.2 million, compared with a carrying value (or book value) equal to approximately € 30.3 million. The sensitivity analyses applied to the change in the two discounting rates used show that the WACC after taxes value that makes the value in use of the C.G.U. equal to its carrying amount is equal to approximately 10.3%.

With reference to the item "**Concession Value** relating to the minority interest in the **Airest group**", the cash flows of the cash generating unit were obtained on the basis of the 2018 budget, approved by the Board of Directors of Airest Retail, on the basis of which a financial plan was drawn up covering a time horizon between 2018 and 2028, which coincides with the duration of the sub-concession contract for the F&B and Retail spaces in the airports of Venice and Treviso.
As regards the discounting of the flows, a Weighted Average Cost of Capital (WACC), net of taxes, equal to 6.42% was used. The analyses showed that the value in use determined in this way exceeds the carrying value of the C.G.U. by 26%.
The value in use established is equal to € 34.7 million, compared with a carrying value (or book value) equal to approximately € 27.5 million. The sensitivity analyses applied to the change in the discounting rate in the Plan assumption show that the WACC after taxes value that makes the value in use of the C.G.U. equal to its carrying amount is equal to approximately 11.7%.

	31/12/2017
7. OTHER EQUITY INVESTMENTS	**1,144**

The item refers to other equity investments held by SAVE S.p.A.

	31/12/2017
8. OTHER NON-CURRENT ASSETS	**7,427**

The item includes:

	31/12/2017
Receivables from others	4,500
Guarantee deposits to Italian Civil Aviation Authority (ENAC)	2,876
Sundry security deposits	51
Total	***7,427***

Receivables from others, amounting to € 4,500 thousand, refer to a receivable of Milione S.p.A. (former Agorà Investimenti S.p.A.) from the previous reference partner, Finanziaria Internazionale Holding S.p.A.. This position was absorbed on 9 August 2017 by the company Sviluppo 87 S.r.l., shareholder of the Parent Company Milione S.p.A., expires on 30 June 2021 and accrues interests at market terms and conditions.

The item Guarantee deposits to Italian Civil Aviation Authority (ENAC) refers to receivables for sums paid to ENAC by Aer Tre S.p.A.

	31/12/2017
9. DEFERRED TAX ASSETS	**29,291**

Deferred tax assets arise from tax on future costs or benefits as compared to the year when incurred due to:

- deferred tax assets for the redemption of the higher values of the equity investments, in application of article 15, paragraphs 10 bis and 10 ter, of Law Decree no. 185/2008;
- provisions that are fiscally deductible in future years, as the renewal provision for goods under concession, provision for risks and charges and provision for bad debts;
- tax losses carried forward;
- adjustments related to the application of international accounting standards (mainly multi-annual charges that cannot be capitalised);
- write-downs of intangible assets and other amortisation that are deductible in future years;
- adjustments related to the discounting of provisions related to pension indemnities for the adjustment to international accounting standards;
- other consolidation adjustments that generate deferred tax assets.

The tables below show the types that lead to the posting of deferred tax assets, distinguishing between IRES and IRAP.

Deferred tax assets are calculated on the basis of the IRES rate equal to 24%, which entered into force on 1 January 2017, as provided for by paragraph 61 of Law no. 208 of 28 December 2015 (2016 Stability Law).

DEFERRED TAX ASSETS - IRES - 24% rate	INCREASES		DECREASES		BALANCE AS AT 31/12/2017	
	TAXABLE AMOUNT	IRES	TAXABLE AMOUNT	IRES	TAXABLE AMOUNT	IRES
Multi-annual charges	5,450	1,306	887	210	4,563	1,096
Provision for bad debts	2,367	620	3	5	2,364	615
Amortisation, depreciation and write-downs	9,279	2,213	95	23	9,183	2,190
Tax losses carried forward	2,665	640	770	185	1,895	455
Renewal provision for assets under concession	22,335	5,723	618	148	21,717	5,575
Provision for risks and other costs deductible in future years	7,860	1,496	1,457	368	6,403	1,128
Goodwill amortisation	6,937	1,686	-	-	6,937	1,686
Concession amortisation	62,877	15,092	-	-	62,877	15,092
Employee severance indemnity	205	52	17	4	188	48
Other	80	23	56	15	24	8
Balance of deferred tax assets - IRES	**120,055**	**28,851**	**3,903**	**958**	**116,151**	**27,893**

DEFERRED TAX ASSETS - IRAP - 3.9% 4.2% rate	INCREASES		DECREASES		BALANCE AS AT 31/12/2017	
	TAXABLE AMOUNT	IRAP	TAXABLE AMOUNT	IRAP	TAXABLE AMOUNT	IRAP
Amortisation, depreciation and write-downs	8,194	344	2	-	8,192	344
Multi-annual charges	727	30	44	3	683	27
Renewal provision for assets under concession	18,132	813	2,744	116	15,389	697
Provision for risks and other costs deductible in future years	2,093	88	653	28	1,440	60
Goodwill amortisation	6,937	271	-	1	6,937	270
Concession amortisation	-	-	-	-	-	-
Other	124	5	124	5	-	-
Balance of deferred tax assets - IRAP	**36,207**	**1,551**	**3,567**	**153**	**32,641**	**1,398**

TOTAL DEFERRED TAX ASSETS		**30,402**		**1,111**		**29,291**

Tax consolidation

Please refer to the Directors’ Report.

LIABILITIES

Current liabilities

	31/12/2017
10. TRADE PAYABLES	**110,071**

The item includes:

	31/12/2017
Trade payables to third parties	65,672
Payables for airport concession fees	22,060
Payables to the Revenue Service for additional municipal tax	10,142
Payables to staff for deferred compensation	6,510
Other payables	3,450
Payables to related parties	2,022
Payables for advances	198
Payables to corporate bodies	17
Total	***110,071***

Trade receivables are mainly from national suppliers. They are disclosed in the financial statements at their carrying value, which is deemed to reasonably reflect the fair value of the receivable themselves. At Group level, in fact, there are no special medium/long-term receivables that require discounting processes.

Payables to related parties are broken down as follows:

	31/12/2017
Airest Group	2,019
Aeroporto Valerio Catullo of Verona Villafranca S.p.A.	3
Total	***2,022***

	31/12/2017
11. TAX PAYABLES	**2,799**

The item includes:

	31/12/2017
Payables for IRES	640
Payables for IRAP	3
Other tax payables	1,080
Tax payables for third party withholding taxes	1,076
Total	***2,799***

	31/12/2017
12. PAYABLES TO SOCIAL SECURITY INSTITUTIONS	**4,047**

	31/12/2017
13. BANK PAYABLES – CURRENT PORTION	**756**

The item includes:

	31/12/2017
Bank and postal ordinary current accounts	3
Short-term borrowings	753
Total	***756***

The item includes the debit balances of the current accounts held with certain credit institutions, inclusive of interest accrued as at 31 December 2017 and the share of financing granted by credit institutions with payment expected within the year 2018.

	31/12/2017
14. OTHER FINANCIAL PAYABLES – CURRENT PORTION	**1,380**

The item includes:

	31/12/2017
Derivative liabilities provision	1,338
Financial payables for lease contracts	42
Total	***1,380***

The derivative liabilities provision includes liabilities related to the measurement of instruments subscribed by Milione S.p.A. (former Agorà Investimenti S.p.A.) in relation to the bank loan within the control acquisition transaction of SAVE and the Takeover Bid. On 10 August 2017, the company Milione S.p.A. (former Agorà Investimenti S.p.A.), in fact, signed the following:

- two IRS contracts with total notional of € 222,243 thousand. With this contract, the Company pays a fixed rate equal to -0.022%, which is then exchanged with a floating rate equal to 3M Euribor. The payment dates of future flows are expected on 10 November 2017 and the last day of each quarter (March, June, September and December, as from 31 December 2017);
- two swaption contracts, with a total notional of € 222,243 thousand, payment date on 28 September 2020 and total premium equal to € 1,304 thousand, that will be paid on maturity.

On 19 October 2017, the company Milione S.p.A. (former Agorà Investimenti S.p.A.) subscribed further hedging contracts:

- two IRS contracts, effective as from 10 November 2017, with total notional of € 158,957 thousand. With this contract, the Company pays a fixed rate, equal to -0.048%, which is then exchanged with a floating rate equal to 3M Euribor. The payment dates of future flows are expected on 31 December 2017 and the last day of each quarter (March, June, September and December);
- two swaption contracts, exercisable in September 2020, with a total notional of € 107,757 thousand, that will be paid on maturity.

The notional amount of subscribed IRS therefore covers the entire capital debt of the bank loan outstanding as at 31 December 2017 subscribed by Milione S.p.A. (formerly Agorà Investimenti S.p.A.).

The derivative liabilities provision therefore includes: for € 666 thousand, the measurement at fair value of the IRS derivatives described above, and for € 672 thousand, the measurement at fair value of the options (swaptions).

The ineffective component of the IRS derivatives subscribed was stated in the income statement of the year. At the reporting date, derivatives subscribed in August 2017 resulted to be ineffective, unlike the ones subscribed in October 2017.

The change in fair value of ineffective derivative financial instruments was stated in the income statement, among “Financial income and expenses” item.

Non-current liabilities

	31/12/2017
15. BANK PAYABLES – NON-CURRENT PORTION	**687,023**

Bank payables net of current share are made up of the medium and long-term shares of subscribed loans, contracted by the Group, in place at the reporting date and recognised at amortised cost.

In August 2017, Milione S.p.A. carried out an articulated financing transaction that envisaged the redemption of the bank loan previously in place with its subsidiaries and the signing of a new credit line for a maximum amount of € 440,000 thousand. The bank loan was signed for an amount of € 58,800 thousand by Milione S.p.A. and for € 381,200 thousand by Milione S.p.A. (former Agorà Investimenti S.p.A). Cash availability was also used to redeem the previous loans, but also to pay the consideration of SAVE shares acquired both on the block market and on the occasion of the Takeover Bid. The payables to banks, maturing beyond the next year, amounted to € 373,555 thousand, with reference to Milione S.p.A. (former Agorà Investimenti S.p.A.), and to € 57,653 thousand with reference to the Parent Company. The amounts include the accessory charges related to the bank loan, amounting to € 9,418 thousand.

This loan has a five-year duration, it is guaranteed by a set of collaterals that include, but are not limited to, the pledge on SAVE shares owned by Marco Polo Holding S.r.l. and the company, the pledge on Marco Polo Holding S.r.l. shares owned by the company, the pledge on the company’s shares, directly held by Sviluppo 35 S.p.A. and Milione S.p.A., the pledge on the company’s bank current accounts.

Moreover, the bank loan is subject to compliance with certain economic and financial parameters, that have to be checked every six months and which, on the basis of the calculations carried out, were respected as at 31 December 2017.

This item also includes medium/long-term loans of the SAVE Group, totalling € 255,814 thousand. During December 2017, SAVE S.p.A. fully reimbursed the residual debt related to all loans in place. At the same time, a new credit line was subscribed with a pool of banks, for a total amount of € 580 million. The new credit line is divided in three tranches: € 250 million to refinance the debt, which is still outstanding; € 300 million aimed at financing the investment plan in place and € 30 million of revolving line for 1/3/6 month uses. The credit line will expire on 28 November 2022 and envisages the bullet redemption upon maturity for the amounts used. Interest is calculated at a floating rate equal to the 6-month Euribor, plus a spread. Upon disbursement, an up-front fee was paid, for the entire credit line, accounted for in line with provisions set out for the application of the amortised cost criterion. Namely, an amount of € 4.5 million was accounted in the assets, concerning the amount not yet used of the credit line available, and € 3.4 million to reduce the gross debt. The financing contract envisages the fulfilment of some financial covenants to be determined with respect to the consolidated financial statements of the SAVE Group.

	31/12/2017
16. OTHER FINANCIAL PAYABLES – NON-CURRENT PORTION	**25**

The balance refers to a long-term payable to lease companies.

	31/12/2017
17. DEFERRED TAX LIABILITIES	**372,043**

Deferred tax liabilities amounted to € 372,043 thousand. The provision for deferred tax liabilities includes mainly the following:

- € 361,704 thousand, resulting from the temporary allocation of the concessions’ value paid within the acquisition transaction of SAVE S.p.A.;
- adjustments related to the first-time adoption of IFRIC 12 Service Concession Agreements;
- adjustments related to the accounting of leases based on the financial criterion envisaged by IAS 17;
- amortisation/depreciation and other costs deductible in future years.

The tables below show the types that lead to the posting of the provision for tax liabilities, distinguishing between IRES and IRAP.

The Provision for deferred tax liabilities is calculated on the basis of the IRES rate equal to 24%, which entered into force from 01/01/2017, as provided for by paragraph 61 of Law no. 208 of 28 December 2015 (2016 Stability Law).

PROVISION FOR DEFERRED TAX LIABILITIES - 27.5%-24% rate	INCREASES		DECREASES		BALANCE AS AT 31/12/2017	
	TAXABLE AMOUNT	IRES	TAXABLE AMOUNT	IRES	TAXABLE AMOUNT	IRES
Lease	7,567	1,830	312	75	7,255	1,755
Other amortisation/depreciation	412	113	20	5	392	108
Acc. amortisation/depreciation for assets under concession	29,294	7,100	488	117	28,806	6,983
Other provisions and other costs deductible in future years	148	38	6	4	142	34
Concession	1,310,433	314,504	27,795	6,671	1,282,639	307,833
Balance of deferred tax liabilities - IRES	**1,347,854**	**323,585**	**28,621**	**6,872**	**1,319,234**	**316,713**

PROVISION FOR DEFERRED TAX LIABILITIES - IRAP - 3.9%-4.2% rate	INCREASES		DECREASES		BALANCE AS AT 31/12/2017	
	TAXABLE AMOUNT	IRAP	TAXABLE AMOUNT	IRAP	TAXABLE AMOUNT	IRAP
Lease	7,567	292	312	13	7,255	279
Acc. amortisation/depreciation for assets under concession	28,501	1,196	488	20	28,013	1,176
Other provisions	97	4	6	-	91	4
Concession	1,310,433	55,038	27,795	1,167	1,282,639	53,871
Balance of deferred tax liabilities - IRAP	**1,346,598**	**56,530**	**28,601**	**1,200**	**1,317,998**	**55,330**

TOTAL DEFERRED TAX LIABILITIES		**380,115**		**8,072**		**372,043**

		31/12/2017
18.	**RESERVE FOR TERMINATION INDEMNITIES AND OTHER EMPLOYEE PROVISIONS**	**3,651**

The actuarial measurement of the reserve for termination indemnities is made based on the accrued benefit method, using the Projected Unit Credit Method, as set out by IAS 19. According to this method, measurements express their average current value of pension obligations accrued according to the years of service rendered by the employee up to the measurement date. According to regulations introduced by the Pension Reform, no projections are made for the employee's salary.

The calculation method can be summarised as follows:

- for each employee at the measurement date, the projection of the already accrued severance indemnity, until the theoretical date of payment;
- for each employee, the determination of possible payments of severance indemnity that will be made by the company in case the employee leaves the company for dismissal, resignation, inability, death, pension, or due to the request of advance payments;
- at the measurement date, discounting of each single probable payment.

For the purpose of calculating the actuarial value of the employee severance indemnity fund, the Group made use of an independent external actuary, who determined the value based on the following fundamental assumptions:

- mortality rate: IPS55 tables
- inability rates: INPS - 2000 tables
- personnel turnover rate: 1.5%
- discount rate: 1.30%
- rate of salary increase: 1.5%
- advance payments rate: 1%
- inflation rate: vector inflation factor 1%

		31/12/2017
19.	**OTHER PROVISIONS FOR RISKS AND CHARGES**	**29,693**

The item includes:

	31/12/2017
Renewal provision for assets under concession	24,310
Provisions for risks and charges	5,383
Total	***29,693***

As regards property assets under concession, some SAVE Group companies have allocated a dedicated fund that includes the amounts necessary for the first maintenance or replacement of every asset making up the infrastructure owned that should be returned to the State in perfect operating condition at the end of the concession. The renewal provision is added to annually on the basis of a technical assessment of estimated future charges related to the cyclical maintenance required to maintain the assets to be returned free of charge at the end of the concession, and is used for maintenance operations carried out during the period. The entire fund, amounting to € 24,310 thousand as at 31 December 2017, is related to renewal and maintenance works at the Venice and Treviso airports.

The item Provisions for risks and charges, equal to € 5,383 thousand, is made up:

- of allocations intended to hedge contingent liabilities borne by the companies of the SAVE Group, mainly related to possible and existing disputes, amounting to € 5,176 thousand;
- of provision for contingent tax charges amounting to € 207 thousand.

It is deemed that the provisions are adequate to hedge risks resulting from legal and specific disputes with the Group, as either plaintiff or defendant, based on a reasonable estimate drawn up upon information available and after hearing the opinion of legal consultants.

NET EQUITY

	31/12/2017
20. SHARE CAPITAL	**2,049**

The share capital, equal to € 2,049 thousand, is comprised of 49,965,414 shares. The resolved share capital is equal to € 2,158 thousand.

	31/12/2017
20. SHARE PREMIUM RESERVE	**746,032**

The share premium reserve amounted to € 746,032 thousand and it is related to the capital increase resolved during the year.

	31/12/2017
20. OTHER RESERVES AND PROFIT (LOSS) CARRIED FORWARD	**2,445**

The item includes:

	31/12/2017
Other capital reserves	1,400
Profit/(loss) from comprehensive income statement	1,045
Total	***2,445***

The other capital reserves fully refer to the reserve for shareholder capital contribution payment.

	31/12/2017
20. MINORITY INTERESTS	**9,778**

This item includes portions of consolidated shareholders' equity of companies controlled but not entirely owned, and pertaining to minority shareholders.

ANALYSIS OF THE MAIN INCOME STATEMENT ITEMS

OPERATING REVENUE AND OTHER INCOME

	31/12/2017
21. OPERATING REVENUE	**102,299**

This item fully refers to operating revenue for the SAVE S.p.A. Group., mainly including revenues from the use of the airport spaces and the recharging of costs to sub-licensees.

	31/12/2017
21. OTHER INCOME	**5,277**

The item other income includes:

	31/12/2017
Increases in internal work capitalised	2,679
Other income	2,388
Grants received pertaining to the current year	117
Contingent assets	93
Total	***5,277***

COSTS OF PRODUCTION

	31/12/2017
22. RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS	**1,427**

	31/12/2017
23. COSTS FOR SERVICES	**34,673**

The item includes:

	31/12/2017
Advisory services	13,943
Provision of services	6,259
Other indirect expenses	5,835
Costs for utilities	2,123
Other business costs	1,786
Remuneration, contributions to Statutory Auditors and Directors	1,000
Costs for the development of airport traffic	944
Miscellaneous expenses for personnel	888
Insurances	633
Advertising and entertainment gifts	616
Administration services and EDP	451
Data transmission	130
Fees to the external auditors	37
Bank expenses	28
Total	***34,673***

The items Advisory services and Provision services include costs incurred by Milione S.p.A. (former Agorà Investimenti S.p.A.), amounting to € 2,529 thousand, and by Milione S.p.A., equal to € 14,432 thousand, for the acquisition of SAVE and the following Takeover Bid.

	31/12/2017
24. LEASE AND RENTAL COSTS	**5,684**

The item includes:

	31/12/2017
Airport concession fee	5,443
Costs for rentals/leasing	241
Total	***5,684***

	31/12/2017
25. PERSONNEL COSTS	**26,874**

The item includes:

	31/12/2017
Salaries and wages	19,887
Social security contributions	5,464
Termination indemnity	1,118
Other costs	405
Total	***26,874***

	31/12/2017
26. AMORTISATION, DEPRECIATION AND WRITE-DOWNS	**41,369**

The item includes:

	31/12/2017
Amortisation of other intangible assets	1,241
Amortisation of airport concessions rights	35,262
Total amortisation and write-downs of intangible assets	**36,503**
Depreciation of tangible assets	3,626
Other depreciation of tangible assets	1,240
Total depreciation and write-downs of tangible assets	**4,866**
Total	***41,369***

	31/12/2017
27. WRITE-DOWN OF CURRENT ASSETS	**690**

The allocations to the provision for bad debts are included in this item. In determining the amount of the allocation, the extent of the provision compared to the total amount of overdue receivables was also assessed. The allocations cover risks linked to specific positions, for which difficulties in the collection of the relative receivable are expected to arise.

	31/12/2017
28. CHANGE IN INVENTORIES OF RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS	**(116)**

The change in inventories refers mainly to stocks of consumables.

	31/12/2017
29. PROVISIONS FOR RISKS	**505**

The note related to Other provisions for risks and charges includes a comment on this item.

	31/12/2017
30. REPLACEMENT PROVISION	**1,533**

This item refers to the allocation made by the subsidiary SAVE S.p.A. with reference to the renewal provision for goods under concession in relation to the costs envisaged for free of charge goods in concession.

	31/12/2017
31. OTHER CHARGES	**2,653**

The item includes:

	31/12/2017
Other taxes and fees	2,135
Other indirect costs	238
Other operating expenses	183
Stamp duty	29
Contingent liabilities	26
Losses on loans made	24
Losses from disposals of sundry assets	18
Total	***2,653***

FINANCIAL INCOME AND EXPENSES AND PROFIT/LOSS FROM ASSOCIATES CARRIED AT EQUITY

	31/12/2017
32. FINANCIAL INCOME (EXPENSES)	**(7,459)**

	31/12/2017
Financial income and write backs of financial assets	438
Interest, other financial charges and write-down of financial assets	(14,213)
Profit (loss) from associates and joint ventures carried at equity	6,316
Total	***(7,459)***

Below is a breakdown of the item Financial income and write backs of financial assets.

	31/12/2017
Profits from derivatives	308
Interest income	91
Other financial income	34
Profits on foreign exchange	5
Total	***438***

Profits from derivatives, amounting to € 308 thousand, are related to the positive change occurred in the period from the ineffective component of the hedging instrument as at 31 December 2017.

Below is a breakdown of the item Interest, other financial charges and write-down of financial assets.

	31/12/2017
Interest paid on loans	(10,569)
Losses from other derivatives	(1,899)
Other financial charges	(1,042)
Commissions on loans	(606)
Interest payable	(88)
Losses on foreign exchange	(9)
Total	***(14,213)***

The item interest payable on bank loans includes:

- € 8,088 thousand of interest payable of Milione S.p.A. (former Agorà Investimenti S.p.A.), of which € 1,181 thousand related to the amount paid due to the redemption in August 2017 of IRS, subscribed in 2016; € 3,864 thousand of interest expense and other related charges on the bank loan taken out in 2016 (these interests were entirely stated in the income statement in 2017) following the redemption of the said loan; € 2,703 thousand for charges on the new bank loan, subscribed in August 2017; € 340 thousand for the amount of swaps on the new derivatives subscribed in the period;
- € 1,561 thousand of interest payable of SAVE S.p.A.;
- € 603 thousand of interest payable of the Parent Company Milione S.p.A.;
- € 317 thousand of interest on the unsecured loan of the subsidiary Sviluppo 35 S.p.A., which, within the acquisition transaction, was reimbursed through a loan granted by the Parent Company Milione S.p.A. to the subsidiary itself.

The item Losses from derivatives includes, in the amount of € 1,227 thousand, the negative write-down at fair value on the date of subscription of the IRS derivatives, representing the ineffective component of the hedging instruments and subscribed by Milione S.p.A. (former Agorà Investimenti S.p.A.); in the amount of € 672 thousand, the valuation of the four swaptions subscribed by Milione S.p.A. (former Agorà Investimenti S.p.A.) in this financial year. The negative fair value of these derivatives includes at the balance sheet date the payable related to the premium that will be paid on maturity.

A breakdown of Profit (loss) from associates and joint ventures measured at equity is provided below.

	31/12/2017
Measurement at equity of Venezia Terminal Passeggeri S.p.A.	857
dividends from Venezia Terminal Passeggeri S.p.A.	*857*
Measurement at equity of Brussels South Charleroi Airport S.A.	151
dividends from Brussels South Charleroi Airport S.A.	*96*
Measurement at equity of 2A - Airport Advertising S.r.l.	(124)
Measurement at equity of Aeroporto Valerio Catullo of Verona Villafranca S.p.A.	580
Measurement at equity of Airest Retail S.r.l.	4,852
Total	***6,316***

INCOME TAXES

	31/12/2017
33. INCOME TAXES	**(2,821)**

Reconciliation between theoretical tax charge and actual amount	**31/12/2017**
(A) Profit (loss) from continuing operations before tax	(15,175)
(B) Profit (loss) of groups of assets classified as held for sale before tax	-
(A+B) Profit (loss) before tax	(15,175)
Current IRES tax rate (%)	24.00%
Theoretical tax charge/income	(3,642)
Permanent differences	(762)
Other changes	(198)
IRAP (ordinary)	1,781
Income taxes for the year	**(2,821)**

Income items/Segments	**31/12/2017**
1. Current taxes (-)	5,993
2. Changes to current taxes in previous years (+/-)	-
3. Reduction in current taxes for the year (+)	-
3.*bis* Reduction in current taxes for the year for tax credits pursuant to L. 214/2011 (+)	-
4. Change in deferred tax assets (+/-)	(983)
5. Change in deferred tax liabilities (+/-)	(7,831)
6. Income taxes for the year (-) (-1+/-2+3+/-4+/-5)	**(2,821)**

Type and management of financial risks

The Group's strategy for the management of financial risks is compliant with business objectives and aims to minimise the interest rate risk and optimise the cost of debt, credit risk and liquidity risk.

Interest rate risk

The objectives of the management of interest rate risk are:
- hedging against changes in the interest rate of financial liabilities;
- observance, when hedging the risks, of the general criteria of balance between investments and uses for the Group (floating rate and fixed rate portion, short-term and medium/long-term portion).

Credit risk

Credit risk is the risk that a borrower of the various companies fails to meet its obligations or that its creditworthiness is impaired. Such risk is managed by constantly monitoring the positions of the Group companies that can have credit positions that are potentially critical due to the contractual structure of the payment terms.

For the Group, exposure to credit risk is mainly linked to the commercial activity of selling aviation services and real estate activities. In order to control this risk, the Group has implemented procedures and actions for the assessment of customers, on the basis of which to assess the level of attention.
Credit risk concerning other Group financial assets, which include cash and cash equivalents, features a maximum risk equal to the carrying value of these assets in case of insolvency of the counterparty.

Liquidity risk

Generally speaking, liquidity risk consists of the possible instability of the Group that can take place as a result of a negative mismatch between cash inflows and outflows and of the presence of assets that cannot be liquidated in the short term with respect to the related financing sources. Thus, liquidity risk means managing the hedging of possible mismatches with the management of the potential need to obtain new credit lines at potentially favourable conditions and the ability to renegotiate the maturing ones with the banks.

The minimum target is to endow Group companies, at any moment, of the necessary cash to repay debts upon maturity within the following twelve months.
For details on outstanding loans as at 31 December 2017, reference is made to the Notes to the consolidated financial statements, under section Financial payables to banks - non-current portion.

Hierarchical levels of fair value measurement

IFRS 13 - "*Fair Value Measurement*" defines fair value as the price that would be achieved for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators at the valuation date. This value therefore constitutes an "exit price" that reflects the characteristics of the asset or liability subject to valuation that would be considered by a third-party market operator (market participant view).

The fair value measurement refers to an ordinary transaction performed or executable between market participants, where market shall mean:

1) the main market, i.e. the market with the greatest volume and level of transactions for the asset or liability in question to which the Bank has access;
2) or, in the absence of a main market, the more advantageous market, i.e. one in which it is possible to obtain the highest price for the sale of an asset or the lowest purchase price for a liability, also taking into consideration the transaction costs and transport costs.

With the aim of maximising the consistency and comparability of fair value measurements and related disclosures, IFRS 13 establishes a fair value hierarchy (already introduced by IFRS 7), which subdivides the parameters used to measure the fair value into three levels:

- Prices observed on active markets (Level 1):
  The evaluation is the market price of the financial instrument that is the subject of the valuation, which can be deduced from the prices quoted by an active market.
- Measurement methods based on observable market parameters (level 2):

The valuation of the financial instrument is not based on the market price of the instrument itself but on valuations deducible from the market prices of similar assets or through valuation techniques for which all relevant factors, including credit and liquidity spreads, are derived from observable market data. This level entails a limited level of discretion, since all the benchmarks used are obtained on the market (for the same or similar securities) and the calculation methods make it possible to replicate estimates on active markets.

- Measurement methods based on non-observable market parameters (Level 3):
  The calculation of the fair value makes use of rating techniques mainly using significant inputs that cannot be observed on the market and that are therefore significant estimates and assumptions on the part of the management.

This classification has the objective of establishing a hierarchy in terms of objectivity of the fair value as a function of the degree of discretion used, giving priority to the use of parameters observable on the market that reflect the assumptions that market participants would use in the valuation of assets and liabilities. The fair value hierarchy is defined on the basis of the input data (with reference to their origin, type and quality) used in the models for determining the fair value and not on the basis of the valuation models themselves; with this in mind, top priority is given to level 1 input.

Supplementary statements

EQUITY INVESTMENTS OF MILIONE S.P.A.'S GROUP

Company name	Head office	Business sector	Share capital *	Net profit (loss) for the year *	Last full business year	Consolidation method	Holder	% held
Milione S.p.A.	Venezia	Holding company	2,049	(103)	01/01/2017 31/12/2017	Fully consolidated	Parent Company	
2A - Airport Advertising S.r.l.	Venezia Tessera (VE)	Management of advertising spaces	10	(452)	01/01/2017 31/12/2017	Equity method	SAVE S.p.A.	50.00%
Aer Tre S.p.A.	Treviso	Airport management company	13,120	2,109	01/01/2017 31/12/2017	Fully consolidated	SAVE S.p.A.	80.00%
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	Sommacampagna (VR)	Airport management company	52,317	109 (1)	01/01/2016 31/12/2016	Equity method	SAVE S.p.A.	40.82%
Airest Retail S.r.l.	Gaggio di Marcon (VE)	Food & beverage and retail	1,000	11,418	01/01/2017 31/12/2017	Equity method	SAVE S.p.A.	50.00%
Archimede 1 S.p.A.	Venezia Tessera (VE)	Holding company	25,000	544	01/01/2017 31/12/2017	Fully consolidated	SAVE S.p.A.	100.00%
Archimede 3 S.r.l.	Venezia Tessera (VE)	Purchase of direct property for rental	50	(19)	01/01/2017 31/12/2017	Fully consolidated	SAVE S.p.A.	100.00%
Belgian Airport S.A.	Gosselies (Belgium)	Vehicle company	5,600	84	01/01/2017 31/12/2017	Fully consolidated	Save International Holding S.A.	65.00%
Brussels South Charleroi Airport S.A.	Belgium	Airport management company	7,736	1,073	01/01/2017 31/12/2017	Equity method	Belgian Airport S.A.	27.65%
G.A.P. S.p.A.	Pantelleria (TP)	Land airport assistance activities	510	18 (1)	01/01/2016 31/12/2016	Equity method	SAVE S.p.A.	49.87%
Marco Polo Holding S.r.l.	Conegliano (TV)	Holding company	5,115	18,277	01/01/2017 31/12/2017	Fully consolidated	Milione S.p.A. (formerly Agorà Investimenti S.p.A.)	99.9951%
Marco Polo Park S.r.l.	Venezia Tessera (VE)	Airport parking	516	1,561	01/01/2017 31/12/2017	Fully consolidated	SAVE S.p.A.	100.00%
Milione S.p.A. (formerly Agorà Investimenti S.p.A.)	Venezia	Holding company	189	8,235	01/01/2017 31/12/2017	Fully consolidated	Milione S.p.A. Sviluppo 35 S.p.A.	43.09% 56.91%
Nord Est Airport I.T. S.r.l. (N-AITEC)	Venezia Tessera (VE)	Implementation of IT projects for airports	50	417	01/01/2017 31/12/2017	Fully consolidated	SAVE S.p.A.	100.00%
Save Cargo S.p.A.	Venezia Tessera (VE)	Cargo and postal assistance services	1,000	(112)	01/01/2017 31/12/2017	Fully consolidated	SAVE S.p.A.	100.00%
Save Engineering S.r.l.	Venezia Tessera (VE)	Design and coordination of airport development programmes	100	346	01/01/2017 31/12/2017	Fully consolidated	SAVE S.p.A. N-AITEC S.r.l.	97.00% 3.00%
Save International Holding S.A.	Bruxelles (Belgium)	Holding company	7,450	28	01/01/2017 31/12/2017	Fully consolidated	SAVE S.p.A. Save Engineering S.r.l.	99.00% 1.00%
SAVE S.p.A.	Venezia Tessera (VE)	Airport management company	35,971	50,105	01/01/2017 31/12/2017	Fully consolidated	Marco Polo Holding S.r.l. Milione S.p.A. (formerly Agorà Investimenti S.p.A.)	51.85% 48.15%
Società Agricola Save a r.l.	Venezia Tessera (VE)	Agricultural activity	75	(16)	01/01/2017 31/12/2017	Fully consolidated	SAVE S.p.A.	100.00%
Sviluppo 35 S.p.A.	Conegliano (TV)	Holding company	50	(2,270)	01/01/2017 31/12/2017	Fully consolidated	Milione S.p.A.	100.00%
Triveneto Sicurezza S.r.l. (2)	Venezia Tessera (VE)	Airport security control	100	13	01/01/2017 31/12/2017	Fully consolidated	SAVE S.p.A. Aer Tre S.p.A.	65.00% 35.00%
Venezia Terminal Passeggeri S.p.A.	Venezia	Embarkation-disembarkation services	3,920	3.863 (3)	01/01/2017 31/05/2017	Equity method	SAVE S.p.A.	22.18%

** Euro/000*

Notes:

(1) Data as at 31/12/16.

(2) The % held in Triveneto Sicurezza S.r.l. amounts to 93.00%.

(3) Data as at 31/05/17.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Milione S.p.A. (former Agorà Investimenti S.p.A.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Milione S.p.A. and its subsidiaries (the Group or Milione Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Milione S.p.A. in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of Milione S.p.A. or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10

The Directors of Milione S.p.A. are responsible for the preparation of the report on operations of Milione Group as at 31 December 2017, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of Milione Group as at 31 December 2017 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the consolidated financial statements of Milione Group as at 31 December 2017 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
May 2, 2018

This report has been translated into the English language solely for the convenience of international readers.