

Consolidated
Financial Statements
2018
MILIONE S.p.A.

2018

Consolidated Financial Statements
MILIONE S.p.A.
at December 31, 2018

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MILIONE S.p.A.

Share capital: Euro 188,737.00 fully paid-in

Registered office: viale G. Galilei No. 30/1 - 30173 Venice

Venice REA No.: 418330

Venice Companies Registration Office, Tax and VAT No.: 03411340262

According to the Shareholder Register, at December 31, 2018, the share capital of MILIONE S.p.A. was broken down as follows:

	%
	HELD
INFRA HUB S.R.L.	43.99
LEONE INFRASTRUCTURE S.R.L.	43.99
SVILUPPO 87 S.R.L.	12.00
CENTRO VACANZE PRA' DELLE TORRI S.R.L.	0.0037

Board of Directors

The Board of Directors appointed by the Shareholders' Meeting of August 10, 2017 and in office at December 31, 2018 were:

Name	Office
Enrico Marchi	Chairman
Hamish Macphail Massie Mackenzie	Vice Chairman
Athanasios Zoulovits	Vice Chairman
Fabio Battaglia	Director
Gregoire Parrical De Chammard	Director
Vincent George Levita	Director (*)
Francesco Lorenzoni	Director
Walter Manara	Director
Monica Scarpa	Director (*)

() Directors co-opted by the Board of Directors in accordance with Article 2386 of the Civil Code on July 31, 2018; in office until the next Shareholders' Meeting.*

Board of Statutory Auditors

The Board of Statutory Auditors appointed by the Shareholders' AGM of August 10, 2017 and in office until December 31, 2018 were:

Name	Office held
Roberto Lonzar	Chairman
Nicola Broggi	Statutory Auditor
Paolo Caprotti	Statutory Auditor
Fabrizio Acerbis	Alternate Auditor
Michele Crisci	Alternate Auditor
Anna Masé	Alternate Auditor

Independent Audit Firm

Deloitte & Touche S.p.A. (appointed by the Shareholders' AGM of December 22, 2011)

Directors' Report

Consolidated Financial Highlights

	2018	2017 RESTATED	CGE. %
<i>(Euro millions)</i>			
Revenues	227.4	107.2	112.1%
EBITDA	111.2	36.4	205.6%
EBIT	37.6	1.8	1941.0%
Group Net Profit/(Loss)	16.8	(6.4)	-363.7%
Fixed Capital Employed	1,537.2	1,479.8	3.9%
Net operating working capital	(72.2)	(61.9)	16.5%
Net capital employed	1465.0	1417.9	3.3%
- Own funds	703.4	743.9	-5.4%
- Minority shareholders	10.2	9.8	4.6%
SHAREHOLDERS' EQUITY	713.6	753.7	-5.3%
NET FINANCIAL POSITION	751.4	664.2	13.1%
EBIT/Revenue (ROS)	16.5%	1.7%	
Venice-Treviso Airport System Passenger Nos.	14,493,563	13,386,437	8.3%

The financial statements are presented with the comparative balance sheet at December 31, 2017 and the 2017 income statement, as "restated" following the definitive allocation of the acquisition price of Save S.p.A. on the net assets acquired.

As June 30, 2017 was the date of initial consolidation of SAVE S.p.A., as described in greater detail in the "Business combinations" paragraph below and to which reference should be made, the SAVE H1 2017 income statement and those of the other Milione S.p.A. subsidiaries are not included in the comparative consolidated income statement.

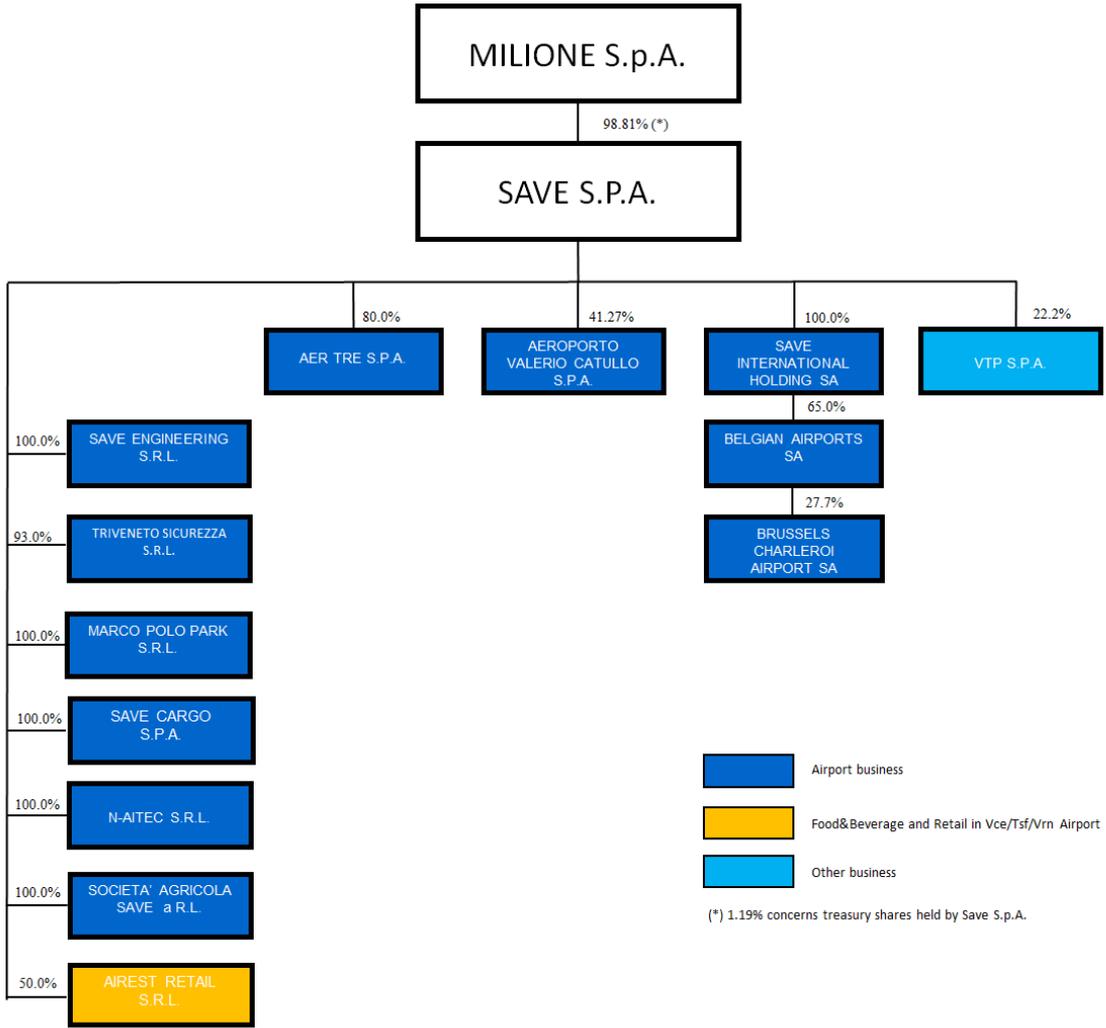
A number of alternative performance indicators not governed by IFRS are utilised in this Annual Report, as described in the dedicated paragraph of the Directors' Report.

The Group

The Milione Group was created as a result of the acquisition process completed on August 10, 2017 by the newly incorporated Milione S.p.A.. Following a reverse merger, completed on March 7, 2018, the newly incorporated Milione S.p.A. was integrated, together with the other entities within the same chain of control, by the subsidiary Agora Investimenti S.p.A. which simultaneously took the name Milione S.p.A..

Milione S.p.A. (hereafter also the “company” or “Milione” or “parent company”), previously Agora Investimenti S.p.A., holds a majority investment in SAVE S.p.A. – hereafter also “SAVE” –, an investment holding company which mainly operates in the airport management sector. The subsidiary directly manages Venice Marco Polo Airport and controls the management company of the Treviso Antonio Canova airport. Save in addition has significant holdings in the companies that manage Valerio Catullo di Verona Villafranca airport, Gabriele D’Annunzio di Montichiari (BS) airport and Charleroi (Belgium) airport, while also in companies operating in airport management related sectors.

We report below the structure of the principal operating companies of the Group.



Market performance

The global economic conditions reported by the Bank of Italy in the Economic Bulletin of January 2019 suggest, although amid growth, the emergence of headwinds in many advanced and emerging economies, impacted by risks stemming from the outcome of the trade negotiations between the United States and China, financial market tensions and the implementation of Brexit.

The Eurozone weakened, with industrial production falling in the Union's largest countries at year-end. Inflation - although remaining in positive territory - dipped due to decelerating energy prices, while the ECB restated its intention to maintain monetary stimulus in place for an extended period of time.

Output in Italy appears weak, due also to the contraction in domestic demand, in particular investments - which were slowed by political and economic uncertainties and commercial tensions - and to a lesser degree household spending. Italian exports grew, while the net foreign debt continued to improve.

The budget increased the deficit for the coming three years, although Italian GDP projections were reviewed downwards to +0.6% for 2019, i.e. 0.4 points weaker than the previous forecast. Less favourable economic output data at the end of 2018 and the curtailing of investment plans are behind this revision. Growth risks stem from global uncertainties, any new increase in sovereign bond yields, a quicker deterioration of lending conditions and a further slowdown in the investment outlook of businesses. A further reduction of the "spread" may generate stronger growth rates.

(Source: Bank of Italy Economic Bulletin - January 2019)

Against this general economic backdrop, European air traffic grew 6.1% in 2018, with passenger numbers at European airports hitting a new record of 2.34 billion, demonstrating the resilience of air traffic to economic trends. The capacity of airlines further increased, with movements up 4% in 2018.

The North-Eastern airport system (Venice, Treviso, Verona and Brescia) in 2018 reported traffic growth ahead of the Italian average (+5.9%), reaching 18 million passengers and up 8.9% on 2017.

Significant events in the year and Group structure

On February 1, 2018, the Shareholders' Meeting approved the merger by incorporation of Milione S.p.A., of Marco Polo Holding S.r.l. and of Sviluppo 35 S.p.A. into the company Agorà Investimenti S.p.A.. The relative merger deed was signed on March 5, 2018 and filed at the Companies Registration Office on March 7, 2018. From the above date, the name of the incorporating company was changed from Agorà Investimenti S.p.A. to Milione S.p.A. and the registered office transferred to Venice. The accounting and tax effects of the above operation run from January 1, 2018.

It is also indicated that during the year the merger by incorporation was completed of Archimede 1 S.p.A. into SAVE S.p.A. on March 26, 2018, with statutory and tax effects from January 1, 2018.

Milione Group Consolidated Operational Overview

The Group consolidated reclassified income statement is reported below (in thousands of Euro):

EURO / 000	2018		2017	RESTATE	CGE. %
Operating revenue and other income	227,423	100.0%	107,239	100.0%	120,184
Raw materials and goods	2,158	0.9%	1,311	1.2%	847
Services	43,141	19.0%	34,335	32.0%	8,806
Lease and rental costs	11,588	5.1%	5,684	5.3%	5,904
Personnel costs	57,526	25.3%	26,874	25.1%	30,652
Other operating charges	1,836	0.8%	2,653	2.5%	(817)
Total operating costs	116,249	51.1%	70,857	66.1%	45,392
EBITDA	111,174	48.9%	36,382	33.9%	74,792
Amortisation & write-down of intangible assets	53,949	23.7%	26,948	25.1%	27,001
Depreciation & write-down of tangible assets	13,626	6.0%	4,866	4.5%	8,760
Replacement provision	5,157	2.3%	1,533	1.4%	3,624
Losses and doubtful debt provision	234	0.1%	690	0.6%	(456)
Provision for risks and charges	657	0.3%	505	0.5%	152
Total amortisation, depreciation, provisions & write-downs	73,623	32.4%	34,542	32.2%	39,081
EBIT	37,551	16.5%	1,840	1.7%	35,711
Net financial income/(charges)	(19,898)	-8.7%	(13,775)	-12.8%	(6,123)
Profit from Associates & JV's carried at equity	592	0.3%	5,437	5.1%	(4,845)
Profit/(Loss) before taxes	18,245	8.0%	(6,498)	-6.1%	24,743
Income taxes	1,442	0.6%	(127)	-0.1%	1,569
Profit/(Loss) from Continuing Operations	16,803	7.4%	(6,371)	-5.9%	23,174
Profit/(Loss) from Discontinued Operations/Held-for-sale		0.0%		0.0%	0
Net Profit/(Loss)	16,803	7.4%	(6,371)	-5.9%	23,174
Minorities	(463)	-0.2%	(280)	-0.3%	(183)
Group Net Profit/(Loss)	16,340	7.2%	(6,651)	-6.2%	22,991

As June 30, 2017 was the date of initial consolidation of SAVE S.p.A., as described in greater detail in the “Business combinations” paragraph below and to which reference should be made, the SAVE H1 2017 income statement and those of the other Milione S.p.A. subsidiaries are not included in the comparative consolidated income statement and consequently the income statement figures are not directly comparable.

The financial statements are presented with the comparative balance sheet at December 31, 2017 and the 2017 income statement, as “restated” following the definitive allocation of the acquisition price of Save S.p.A. on the net assets acquired. In 2018, according to the applicable accounting standards an analysis and assessment of the investment was in fact completed, which indicated a number of differences against the provisional allocation made to the approved financial statements for the previous year.

Revenues in the year amounted to Euro 227.4 million and principally derive from Group operations at Venice and Treviso airports.

EBITDA amounted to Euro 111.2 million, with a margin of 48.9% on revenues. Operating costs were Euro 116.2 million.

EBIT amounted to Euro 37.6 million, after amortisation, depreciation and write-downs of Euro 67.6 million and provisions of Euro 0.9 million; amortisation and depreciation particularly includes the amortisation on the gain allocated to the “Concessions” account for Euro 36.2 million; reference should be made to the paragraph in the Explanatory Notes concerning Business Combinations for greater details.

Financial management reports net charges of Euro 19.3 million, principally relating to interest on loans for Euro 12.6 million and other financial charges for Euro 13.4 million, partially offset by the positive effect of Euro 7.6 million from the renegotiation of the syndicate loan present at December 31, 2017, as permitted by IFRS 9 in the applicable circumstances. The effect of the valuation at equity was Euro 0.6 million and was impacted by the amortisation of the gains allocated to investments, as described in greater detail in the “Business Combinations” paragraph of the Explanatory Notes.

The **profit before taxes** was therefore approx. Euro 18.2 million, with a Group **net profit** of approx. Euro 16.3 million, compared to a loss of approx. Euro 6.6 million in 2017.

SAVE Group Consolidated Operational Overview

In order to outline the operating performance of the Milione Group, it was decided to present that of the Group headed by the subsidiary Save (hereafter “Save Group”).

The SAVE Group consolidated reclassified income statement is reported below (in thousands of Euro):

EURO / 000	2018		2017		CHANGE	
Operating revenue and other income	227,765	100.0%	198,398	100.0%	29,367	14.8%
Raw materials and goods	2,158	0.9%	2,448	1.2%	(290)	-11.8%
Services	41,668	18.3%	36,864	18.6%	4,804	13.0%
Lease and rental costs	11,588	5.1%	10,476	5.3%	1,112	10.6%
Personnel costs	57,526	25.3%	52,468	26.4%	5,058	9.6%
Other operating charges	1,806	0.8%	1,617	0.8%	189	11.7%
Total operating costs	114,746	50.4%	103,873	52.4%	10,873	10.5%
EBITDA	113,019	49.6%	94,525	47.6%	18,494	19.6%
Amortisation & write-down of intangible assets	17,768	7.8%	15,520	7.8%	2,248	14.5%
Depreciation & write-down of tangible assets	13,626	6.0%	9,479	4.8%	4,147	43.7%
Replacement provision	5,157	2.3%	4,033	2.0%	1,124	27.9%
Losses and doubtful debt provision	234	0.1%	942	0.5%	(708)	-75.2%
Provision for risks and charges	657	0.3%	480	0.2%	177	36.9%
Total amortisation, depreciation, provisions & write-downs	37,442	16.4%	30,454	15.3%	6,988	22.9%
EBIT	75,577	33.2%	64,071	32.3%	11,506	18.0%
Net financial income/(charges)	(14,108)	-6.2%	(4,497)	-2.3%	(9,611)	-213.7%
Profit from Associates & JV's carried at equity	2,337	1.0%	6,629	3.3%	(4,292)	-64.7%
Profit before taxes	63,806	28.0%	66,203	33.4%	(2,397)	-3.6%
Income taxes	13,199	5.8%	15,576	7.9%	(2,377)	-15.3%
Profit from Continuing Operations	50,607	22.2%	50,627	25.5%	(20)	0.0%
Profit/(Loss) from Discontinued Operations/Held-for-sale		0.0%		0.0%		
Net Profit	50,607	22.2%	50,627	25.5%	(20)	0.0%
Minorities	(463)	-0.2%	(522)	-0.3%	59	11.3%
Group Net Profit	50,144	22.0%	50,105	25.3%	39	0.1%

Operating revenues and other income increased 14.8% - from Euro 198.4 million in 2017 to Euro 227.8 million in 2018. This is broken down as follows:

Euro / ooo	2018				2017				CHANGE				CHANGE %
	TOTAL	VENICE	TREVISO	OTHERS	TOTAL	VENICE	TREVISO	OTHERS	TOTAL	VENICE	TREVISO	OTHERS	TOTAL
Aviation fees and tariffs	145,739	130,020	15,719	0	130,205	116,041	14,164	0	15,534	13,979	1,555	0	11.9%
Cargo Handling Depot	5,303	5,302	1	0	3,164	3,163	1	0	2,139	2,139	0	0	67.6%
Handling	2,403	851	1,552	0	2,490	1,069	1,421	0	(87)	(218)	131	0	-3.5%
Aviation Revenue	153,445	136,173	17,272	0	135,859	120,273	15,586	0	17,586	15,900	1,686	0	12.9%
Ticketing	86	28	58	0	97	37	60	0	(11)	(9)	(2)	0	-11.3%
Parking	19,118	17,187	1,931	0	16,091	14,223	1,868	0	3,027	2,964	63	0	18.8%
Advertising	3,139	2,978	161	0	2,710	2,542	168	0	429	436	(7)	0	15.8%
Commercial	36,322	32,748	3,574	0	31,709	28,405	3,304	0	4,613	4,343	270	0	14.5%
Non-Aviation Revenue	58,665	52,941	5,724	0	50,607	45,207	5,400	0	8,058	7,734	324	0	15.9%
Other income	15,655	6,477	522	8,656	11,932	4,871	408	6,653	3,723	1,606	114	2,003	31.2%
Total Revenue	227,765	195,590	23,519	8,656	198,398	170,351	21,394	6,653	29,367	25,240	2,124	2,003	14.8%

The most significant events impacting revenue were:

- growth in *aviation revenues* of approx. Euro 17.6 million (+12.9%), mainly due to higher system-wide passenger numbers (+8.3%) and an increase in the fee applied at Venice airport. A significant boost in cargo movements was also reported (+67.6%) at Venice Airport, thanks to a commercial agreement signed in 2018;
- growth in *non-aviation revenues* of approx. Euro 8 million (+15.9%), which on average outstripped traffic growth, particularly for commercial revenues (+Euro 4.6 million, +14.5%), which featured strong performances for VIP Lounge management revenues and parking revenues (+Euro 3 million, +18.8%). Advertising revenues also recovered (+15.8%) against a general domestic market which continues to decline;
- increase in *other revenues* for approx. Euro 3.7 million, including increased costs to recharge to third parties for Euro 0.9 million and Euro 1.5 million deriving from increased operations carried out by Group companies and higher internal capitalised costs against infrastructure investment for Euro 0.7 million.

The **EBITDA** was Euro 113 million, up 19.6% on Euro 94.5 million in 2017. Save Group operating costs, increasing by approx. Euro 10.9 million in 2018, rose alongside operational volumes at our airports and the new investments coming on stream; material costs decreased (-Euro 0.3 million) due to the reduced use of de-icing liquid and runway infrastructure materials, the concession fee increased (+Euro 1 million), personnel costs rose (+Euro +5 million), principally due to the expanded workforce (+98.5 average FTE on the previous year, of which 29.5 in the cargo management area against increased volumes managed) and service costs increased Euro 4.8 million, of which approx. Euro 2.2 million relating to increased promotraffic costs, also in view of the new intercontinental routes, and VIP lounge management costs rose Euro 0.7 million.

EBIT of approx. Euro 75.6 million rose Euro 11.5 million on 2017 (+18%). The improved EBITDA was partly absorbed by higher amortisation, depreciation and write-downs for Euro 6.4 million, due also to the full operation of the investments completed in 2017, in particular the Terminal landside extension.

The **Financial management result** reported net charges of approx. Euro 11.8 million, compared to net income of Euro 2.1 million in the previous year. Net financial charges of Euro 14.1 million were reported, as a result of the charges on the higher average debt and for Euro 6.3 million the recognition to the income statement of expenses for the issue of the loan subscribed in December 2017, fully repaid in December 2018 against the global refinancing of the Milione Group.

The Profit from associates carried at equity also contracted by Euro 4.3 million against 2017, which included for approx. Euro 3.4 million the effect from the corporate transaction executed by the associate Airst Retail.

Current and deferred **income taxes** for 2018 amounted to Euro 13.2 million, compared to Euro 15.6 million in 2017, after recognising approx. Euro 2.6 million of deferred taxes from the merger of Archimede 1 S.p.A. into SAVE S.p.A. and following the successful outcome of the appeal against the Tax Agency concerning the tax effects of the merger.

The **Save Group net profit** was Euro 50.1 million, in line with 2017.

Reclassified Balance Sheet of the Milione Group

EURO/000	12/31/2018	12/31/2017 RESTATED	CHANGE
Property, plant & equipment	69,757	68,226	1,531
Airport concession rights	481,041	398,872	82,169
Intangible fixed assets	1,126,836	1,162,416	(35,580)
Financial fixed assets	104,073	103,738	335
Deferred tax assets	32,350	29,291	3,059
TOTAL FIXED ASSETS	1,814,057	1,762,543	51,514
Post-employment benefits	(3,781)	(3,651)	(130)
Provision for liabilities and deferred taxes	(273,095)	(279,113)	6,018
FIXED CAPITAL	1,537,181	1,479,780	57,401
Inventories	1,916	1,397	519
Trade receivables	40,882	40,618	264
Tax assets	5,384	5,924	(540)
Other receivables and other current assets	17,324	7,053	10,271
Trade payables and advances	(82,698)	(66,437)	(16,261)
Tax payables	(2,983)	(2,799)	(184)
Payables to social security institutions	(4,473)	(4,047)	(426)
Other payables	(47,510)	(43,634)	(3,876)
TOTAL NET WORKING CAPITAL	(72,158)	(61,925)	(10,233)
TOTAL CAPITAL EMPLOYED	1,465,023	1,417,854	47,169
Group Net Equity	703,398	743,875	(40,477)
Minority interest	10,225	9,778	447
SHAREHOLDERS' EQUITY	713,623	753,653	(40,030)
Cash and current assets	(53,193)	(20,482)	(32,711)
Current bank payables	1,525	756	769
Non-current bank payables	799,817	687,023	112,794
Other lenders	3,251	1,404	1,847
Financial receivables from group & related companies	0	(4,500)	4,500
TOTAL NET FINANCIAL POSITION	751,400	664,201	87,199
TOTAL FINANCING SOURCES	1,465,023	1,417,854	47,169

The evolution of the balance sheet of the Milione Group reflects the operating developments of Save over recent years, involving major infrastructural investment at Marco Polo Airport of Venice.

In fact, **Fixed Capital** increased by approx. Euro 57 million, following a net increase in Property, plant and equipment and Airport concession rights (represented by the infrastructural investments at Venice and Treviso) for approx. Euro 83.7 million. Total investments undertaken by the Group in 2018 amounted to approx. Euro 119.2 million, of which Euro 114 million by Save S.p.A..

Net working capital was negative for approx. Euro 72.2 million, compared to a negative Euro 61.9 million in December 2017, mainly due to the increase in the balance of trade payables, which was impacted by investments made in the second part of the year and which shall be settled in 2019.

Shareholders' equity totalled Euro 713.6 million, compared to approx. Euro 753.7 million at December 31, 2017; the following movements are reported:

- the payment of dividends to shareholders in 2018 of Euro 56.4 million;
- the net profit, excluding minority interests, of approx. Euro 16.8 million.

Net Financial Position

The Group **net debt** increased from Euro 664.2 million at December 31, 2017 to Euro 751.4 million at December 31, 2018.

(EURO THOUSANDS)	12/31/2018	12/31/2017 RESTATED
Cash and cash equivalents	53,193	20,482
Other financial assets	0	4,500
Financial assets	53,193	24,982
** Bank payables	1,525	756
Other financial liabilities – current portion	3,251	1,362
Current liabilities	4,776	2,118
** Bank payables – less current portion	799,817	687,023
* Other lenders – less current portion	0	42
Non-current liabilities	799,817	687,065
Net financial position	(751,400)	(664,201)
* of which liabilities for derivative contracts carried at fair value	3,251	1,338
** Total gross payables to banks	801,342	687,779

At the end of December 2018, Milione S.p.A. undertook a restructuring of the Group's funding. In particular, all Save S.p.A. loans were settled, while with regards to Milione S.p.A. the syndicate loan of an original nominal amount of Euro 440 million was renegotiated, changing the amount (now totalling Euro 695 million), the conditions and the duration (which now extends to 2025 with bullet repayment on maturity). The renegotiation of this loan resulted in the recognition of financial income of Euro 7.7 million. In addition, a loan was undertaken with the European Investment Bank for a total of Euro 150 million, with a drawdown option within 4 years and subsequent repayment in instalments up to 18 years from the drawdown date. Finally, the issue of a bond on the Extra Mot market was completed for Euro 300 million, with 2026 maturity and bullet repayment. This bond was subscribed by a single banking counterparty and stipulates the payment of half-year interest in arrears at a fixed rate. These financial payables stipulate a number of covenants for the company (to be verified on a half-yearly basis) and which at December 31, 2018, on the basis of the calculations made, had been complied with.

Investments at Venice and Treviso airports

Investments totalled Euro 119.2 million, of which approx. Euro 2 million allocated to the assets under concession replacement provision.

The main investments in 2018 included:

Euro 32.5 million for the design and execution of works for the development of the runway and aprons at Venice, Euro 17.8 million for the acquisition of land for the development of Venice airport infrastructure, Euro 13 million for extension works and other operations at the terminal, Euro 12.2 million for the design and execution of works on the lot 2 terminal extension, Euro 9.5 million for other investments and works to maintain the existing infrastructure, Euro 7.7 million for the extension of the BHS baggage management system, Euro 4.9 million for hydraulics works and regional protection, Euro 4.6 million for parking works, Euro 4.4 million for IT projects, Euro 3.3 million for the expansion of the video-surveillance system, Euro 2.2 million for equipment and vehicles and Euro 1.8 million for the design and execution of environmental works.

Alternative performance indicators

In addition to the financial indicators established by IFRS, a number of alternative performance indicators are presented to provide more complete disclosure on the operating performance and financial position.

“EBITDA” measures the result before amortisation, depreciation, provisions for risks and the replacement provision, write-downs, financial income and charges, taxes and non-recurring operations.

“EBIT” measures the result excluding financial income and charges, income taxes and non-recurring operations.

The “Net financial position” includes liquidity, financial receivables and current securities, net of financial payables (current and non-current) and the fair value of the derivatives.

“Net working capital” includes inventory, trade receivables, tax and social security receivables and payables, other assets and liabilities and trade payables.

“Net capital employed” measures the sum of “Net working capital” as defined above and fixed assets, net of the Post-Employment benefit provision and risks provisions and added to Other non-current non-financial assets.

“ROS” is the ratio between EBIT, as defined above, and Revenues.

“ROI” is the ratio between EBIT, as defined above, and Net capital employed.

“Gearing” is the ratio between the Net Financial Position and Net equity.

“Total Workforce” is the number of employees enrolled to the employee register on the last day of the period.

“Movements” relates to the total number of arriving/departing aircraft.

“Passengers” concerns the total number of arriving/departing passengers.

Guarantees granted

GUARANTEES GRANTED (EURO THOUSANDS)	AMOUNT
SURETIES:	893
- AS A GUARANTEE FOR LEASE CONTRACTS	306
- AS A GUARANTEE FOR PUBLIC GRANTS	559
- OTHER	28
MORTGAGES AND PRIVILEGES IN GUARANTEE OF LOANS	90,494
TOTAL GUARANTEES GRANTED	91,387

The company provided the SAVE shares held by Milione as a lien in favour of the lending institutes financing the company.

The current accounts of Milione, whose balance at December 31, 2018 was approx. Euro 36 million, were also provided as a lien in favour of the lending institutes.

The shares of Milione have in addition been provided as a lien in favour of these lending institutes.

As part of the disposal of the investment in Centostazioni, in 2017 the subsidiary SAVE S.p.A. provided a guarantee to the purchaser Ferrovie dello Stato Italiane S.p.A. through providing the subsidiary Archimede 1, the vendor - now merged by incorporation into Save - with the funding necessary to fulfil its obligations under the sales contract. This specifically concerns the usual guarantees granted as part of the disposal of a significant investment; these guarantees shall not however exceed 25% of the consideration.

Human Resources

An analysis of the Group workforce follows.

WORKFORCE DECEMBER 31, 2018	12-31-18		12-31-17		CGE.	
	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
Executives	20	0	20	0	0	0
Managers	59	1	56	1	3	0
White-collar	620	285	580	268	40	17
Blue-collar	168	51	147	85	21	(34)
Apprentices	0	0	0	0	0	0
TOTAL	867	337	803	354	64	(17)
TOTAL WORKFORCE	1,204		1,157		47	

Employees at December 31, 2018, including both full-time and part-time, in addition to fixed contract employees, totalled 1,204, increasing 47 compared to December 31, 2017, principally due to expanded goods movement operations and improvements to the quality of service provided to airport passengers.

The workforce full-time equivalent at December 31, 2018 was 1,117, compared to 1,069 in 2017.

Airport Management Review

Airport Management

Traffic performance

According to the data published by Assaeroporti, domestic terminal passenger movements in 2018 numbered over 185 million, up 5.9% on the previous year, for over 1.6 million movements (+3.1% on 2017). Passengers to international destinations in particular grew (+7.2% on 2017).

Main Italian airports - Passenger traffic

	2018	CHANGE % '18/'17
Rome Fiumicino	42,995,119	4.9%
Milan Malpensa	24,725,490	11.5%
Bergamo	12,938,572	4.9%
Venice	11,184,608	7.8%
Catania	9,933,318	8.9%
Naples	9,932,029	15.8%
Milan Linate	9,233,475	-3.3%
Bologna	8,506,658	3.8%
Palermo	6,628,558	14.8%
Rome Ciampino	5,839,737	-0.8%
Other	43,763,787	3.1%
Total	185,681,351	5.9%

The Venice - Treviso Airport System confirmed its position as the third largest Italian airport system after Rome and Milan, with almost 14.5 million passenger movements at the two airports (+8.3% on the previous year and outperforming the national average of +5.9%).

Venice beat its goal of 11 million passengers, ending the year with 11,184,608 passengers (+7.8% on the previous year), positioning itself as the fourth largest Italian airport after Rome Fiumicino, Milan Malpensa and Bergamo.

Treviso moved over 3.3 million passengers in 2017, up 9.7% on 2017.

Venice-Treviso Airport System

The Venice-Treviso Airport System reports almost 14.5 million passengers for 2018, up 8.3% on the previous year, with over 118 thousand total movements (+4.2% on 2017).

The following table reports the key traffic data for 2018 (compared to 2017):

AIRPORT SYSTEM

Year to December

	2018	% of system	2017	% of system	CGE. % '18/'17
SAVE					
Movements	95,414	81%	92,263	81%	3.4%
Passengers	11,184,608	77%	10,371,380	77%	7.8%
Tonnage	6,907,230	84%	6,434,194	84%	7.4%
Cargo (Tonnage)	68,029	100%	60,853	100%	11.8%
AERTRE					
Movements	22,911	19%	21,265	19%	7.7%
Passengers	3,308,955	23%	3,015,057	23%	9.7%
Tonnage	1,363,130	16%	1,239,440	16%	10.0%
Cargo (Tonnes)				0%	
SYSTEM					
Movements	118,325		113,528		4.2%
Passengers	14,493,563		13,386,437		8.3%
Tonnage	8,270,360		7,673,634		7.8%
Cargo (Tonnage)	68,029		60,853		11.8%

The breakdown of traffic by type was as follows:

AIRPORT SYSTEM

Year to December

	2018	2017	CGE. % '18/'17
Commercial aviation			
Scheduled + Charter			
Movements (no.)	109,273	103,188	5.9%
Passengers (no.)	14,476,321	13,366,406	8.3%
Cargo (tonnes)	67,941	60,453	12.4%
Mail (tonnes)	88	400	-78.0%
Aircraft (tonnes)	8,149,796	7,533,833	8.2%
General Aviation			
Movements (no.)	9,052	10,340	-12.5%
Passengers (no.)	17,242	20,031	-13.9%
Aircraft (tonnes)	120,564	139,801	-13.8%
Overall			
Movements (no.)	118,325	113,528	4.2%
Passengers (no.)	14,493,563	13,386,437	8.3%
Cargo/Mail (tonnes)	68,029	60,853	11.8%
Aircraft (tonnes)	8,270,360	7,673,634	7.8%

Venice

In 2018, Venice airport recorded 11.2 million passengers, increasing numbers +7.8% on 2017 (for over 95 thousand movements, +3.4% on the previous year), with both domestic (+15% on 2017) and international passenger traffic numbers (+7%) improving.

During the year, monthly traffic at the airport exceeded 1 million passengers for six consecutive months (from May to October).

86% of total passenger traffic featured an international component, against an Italian airport system average of 65% (Assaeroporti figures).

Scheduled long-haul passengers numbered over 950 thousand in 2018, thanks to the operations of 8 carriers between Venice and 10 destinations (5 in the United States, 2 in Canada, 2 in the Middle East and 1 in the Far East).

Intercontinental direct flights also stimulated indirect traffic, with over 1 million passengers between Venice and North America and approx. 500 thousand passengers from/to the Middle East, up respectively 11% and 6% on the previous year.

23% of traffic departing from Venice connected with an intermediate airport for onward travel worldwide. Frankfurt was confirmed as the leading intermediate airport for onward passengers, followed by Rome Fiumicino, Istanbul, Madrid and Paris CDG.

The non-Schengen component at the airport was 31% in the year, for nearly 3.5 million passengers (+3% on 2017).

Numerous new operations were again launched in 2018.

From May, American Airlines launched a new seasonal daily connection to Chicago, increasing to 7 the number of direct destinations between Venice and North America.

In addition, thanks to the new scheduled flights of Asiana Airlines (previously running only charter flights), Venice is directly connected also to Seoul (with three weekly flights).

At the beginning of the summer season, Air Europa introduced new connections between Venice and Madrid (with two daily flights), boosting also connections with the South American market: indirect passenger flows between Venice and Central-South America increased 11% in 2018.

Easyjet, with a Venice base, located two additional aircraft at the airport, for a total of 7 and extending during the year its range of domestic and international destinations connected directly to Venice: Bari, Bastia, Belfast, Berlin Tegel, Brindisi, Cagliari, Corfu, Catania, Dubrovnik, Rodi, Thessaloniki, Seville and Spalato. From the winter season, the carrier launched direct connections with Glasgow and Lanzarote and restarted operations with Tel Aviv.

The new routes of Karpathos and Zaragoza were also introduced by Volotea, another Venice-based airline.

Other new operations included: Valetta by Air Malta; Catania and Palermo by Alitalia; Stockholm by Eurowings; Cardiff by Flybe; Birmingham by Jet2.com. From the winter season, Air Cairo began weekly connections between Venice and Sharm el Sheikh.

In addition, at the end of July the carrier Level (IAG group low-cost airline) commenced new daily direct connections between Venice and Vienna.

Furthermore, a fourth daily flight was introduced by Austrian Airlines to Vienna, further to additional flights to Athens by Aegean Airlines, to Dublin by Aerlingus, to Warsaw by Lot, to Luxembourg by Luxair and to Kiev by Ukraine International Airlines. On the long-haul routes, Air Canada extended its operations at the airport, with daily connections to Toronto; in addition to Delta Air Lines expanding the service between Venice and New York JFK and Atlanta. The other seasonal operations to Canada and the United States were also fully confirmed, in addition to direct connections between Venice and the Middle East.

The traffic breakdown at Venice between domestic, EU and non-EU destinations is outlined below.

Origin/destination - Venice
Year to December

	2018	CGE. % '18/'17
Domestic traffic	1,563,608	14.9%
EU Traffic	7,291,759	6.0%
Non-EU Traffic	2,316,273	9.6%
Total commercial aviation	11,171,640	7.9%
General Aviation	12,968	-19.8%
Total	11,184,608	7.8%

Non-EU passenger traffic in 2018 accounts for over 2.3 million (21% of total airport traffic).

- Over 530 thousand passengers utilised the direct connections between Venice and North America in 2018 with direct connections to the United States (Delta Air Lines for New York JFK and Atlanta, American Airlines for Philadelphia and the new Chicago connection, United Airlines for New York EWR) and to the Canadian market with Air Canada and Air Transat (Toronto and Montreal);
- Between Venice and Middle East destinations (Dubai of Emirates and Doha of Qatar Airways) there were over 370 thousand passengers traveling during the year;
- Over 50 thousand passengers were carried by Asiana between Seoul and Venice since launching operations;
- Nearly 80 thousand passengers flew between Venice and Israel (Tel Aviv), thanks to El Al and Easyjet's operations;

- Direct Venice and Morocco/Tunisia passengers numbered almost 100 thousand in the year, thanks to the flights operated by Air Arabia Maroc and Royal Air Maroc to Casablanca and by Tunisair to Tunis;
- Moscow and St. Petersburg passengers numbered 180 thousand, thanks to the operations of Aeroflot, Ural Airlines and Alitalia; it should be noted that Moscow SVO is a major hub for passengers travelling between Venice and China;
- Over 120 thousand passengers were carried in the year between Venice and Ukrainian and Moldovan destinations, thanks to the flights operated by Ukraine International Airlines for Kiev, Air Moldova for Chisinau and Fly Ernest for Leopoli;
- Turkish Airlines carried over 280 thousand passengers between Venice and Istanbul and via Istanbul for the Far East and African: Istanbul is the main hub for continental African and the third largest intermediate airport (after Dubai and Doha) for indirect traffic with Far East destinations;
- Over 90 thousand passengers flew between Venice and Tirana in 2018, thanks to the operations of Fly Ernest and Albawings;
- Over 12 thousand passengers were carried by Air Serbia to Belgrade and its onward network;
- Norwegian, directly connecting with Northern Europe, carried over 30 thousand passengers between Venice and Oslo, with indirect connections to other Norwegian destinations and the United States in particular.

The following table completes that outlined above, with breakdown by country of origin/destination of Venice airport traffic.

Main destination/origin countries - Venice
Year to December

Country	2018	CGE. % '18/'17
France	1,635,197	1.5%
Italy	1,563,608	14.9%
Great Britain	1,484,792	-4.1%
Germany	1,278,625	-4.1%
Spain	1,127,652	46.8%
Netherlands	457,217	-5.4%
Switzerland	435,991	14.7%
United States	374,699	36.7%
Turkey	287,402	5.2%
UAE	234,226	-21.7%
Other	2,292,231	13.2%
General aviation	12,968	-19.8%
Total	11,184,608	7.8%

France was reconfirmed as the leading market, with over 1.6 million passengers (+1.5% on 2017), followed by the domestic market (14% of overall traffic, up 14.9% on the previous year) and Great Britain, Germany and Spain.

The Spanish market reported a 47% increase in passenger numbers on 2017, particularly thanks to Ryanair's operations to Barcelona and those of Air Europa to Madrid.

Barcelona became the airport's third ranking destination, after Paris and London and overtaking Rome, confirming the strong recovery of traffic between Venice and Spain.

The table below highlights the breakdown of Venice airport traffic by major airline (passengers transported).

Principal Venice airlines
Year to December

Airline	2018	%	CGE. % '18/'17
Easyjet	3,123,637	27.9%	19.7%
Volotea	812,319	7.3%	15.6%
Alitalia	558,233	5.0%	5.3%
British Airways	528,531	4.7%	-1.3%
Lufthansa	454,713	4.1%	-6.1%
Air France	422,855	3.8%	-7.0%
Vueling	410,081	3.7%	5.5%
Iberia	348,750	3.1%	11.9%
Klm	314,470	2.8%	-4.4%
Turkish Airlines	285,647	2.6%	5.1%
Others	3,912,404	35.0%	4.7%
General aviation	12,968	0.1%	-19.8%
Total	11,184,608	100.0%	7.8%

Carriers based at Venice airport (Easyjet and Volotea) were confirmed as the main carriers at the airport during the year, with nearly 4 million passengers and a 35% share of traffic (14 aircraft based at the airport). Easyjet, the leading carrier at Venice, exceeded 3.1 million passengers, up approx. 20% on 2017, also thanks to the positioning of two additional aircraft at the airport during the year. Volotea, the second largest airline, carried over 800 thousand passengers (+16% on the previous year), followed by Alitalia (in addition to Rome FCO, the airline operated direct connections to Catania, Palermo and St. Petersburg), British Airways and Lufthansa.

General aviation passenger traffic at Venice contracted 19.8% on the previous year to approx. 13 thousand passengers (movements -18.1%): this reduction is related to the fact that the Venice Biennale Arts Festival was held in 2017.

Cargo traffic at Venice (including couriers and the postal service) continue to rise, up 11.8% on 2017 and thanks to the contribution both of air cargo (93% of total cargo volumes) and truck cargo. The increase stemmed both from export and import cargo.

Excluding quantities moved by the couriers, the Middle Eastern airlines (Emirates and Qatar Airways) were the top air cargo carriers in the year, followed by the American carriers (American Airlines and Delta Air Lines) and Asiana Airlines.

Cargo volumes (mainly exports) carried by American Airlines significantly grew during the year, thanks to direct connections with Chicago, in addition to the existing operations to Philadelphia. The new scheduled flights between Venice and Seoul also contributed to the strong cargo traffic performance, with a balanced mix between export and import cargo.

Future developments

Traffic was again strong in 2018, up 7.8% on the previous year.

The works at the airport continued, with the full scheduling of flights during the works period guaranteed.

Based carriers

The 2019 strategy focuses on the consolidation of the growth cycle started in 2018, principally thanks to Easyjet, which brought to 7 the number of aircraft located at the airport and further strengthened its position as the leading carrier. With 7 aircraft currently based at the airport, Volotea is delivering further growth, thanks to improved flight load factors and the extension of seasonal operations.

Long haul

Developing long-haul traffic remains a key objective and resulted in the launching in 2018 of two new intercontinental connections:

- Chicago by American Airlines, increasing to 7 the number of North American gateways connected to Venice (with a consequent increase in the number of final destinations available to passengers);
- Seoul by Asiana Airlines, who began to operate a scheduled service, further increasing incoming traffic to Venice and stimulating also outgoing traffic, opening up the market beyond Seoul.

Save's constant commitment to opening a direct connection with China continues, in view of the strong tourist potential of Venice, with strong growth in Chinese arrivals and close economic ties between our region and the Chinese market.

Connections via Venice

Several factors related to the changed scenario at the airport are contributing to improving connections via Venice:

- the presence at VCE of two based carriers (Volotea and Easyjet), both with a fleet of 7 aircraft located at the airport - generating an expanded range of routes, frequencies operated and seats available - and not lastly - the development of domestic connections with Southern Italy;

- the extension of the network of direct destinations available to the user - particularly the long-haul destinations in North America and the Far East - stimulates both ongoing transits originating from Southern Italy and those incoming from overseas and continuing to the South of the peninsula.

The company therefore launched the “Venice Connects” service, by which passengers can purchase a connecting flight with guaranteed rebooking in the case of a missed connection, receiving also dedicated assistance on transit and benefits such as vouchers, shopping discounts at the airport and Fast Track access.

An additional selling point of the initiative, which we expect to encourage passengers to choose Venice as their transiting airport, is the initiation at Venice of the “Worldwide by Easyjet” programme which incentivises inter-European and intercontinental transits (with partner airlines) through four selected European hubs of the carrier (VCE, MXP, LGW, TXL).

Treviso

Treviso airport surpassed 3.3 million passengers in 2018, up 9.7% on 2017, for nearly 23 thousand total movements (+7.7% on the previous year).

Treviso airport (Aertre) accounted for 23% of total System passengers.

Ryanair carried over 2.8 million passengers (+10% on 2017), with an 86% share of total traffic. The airline in 2018 launched new operations to Las Palmas, Manchester, Fez, Seville and Vilnius.

Wizzair traffic also performed strongly (up 3% on 2017 for nearly 400 thousand passengers carried between Treviso and Eastern Europe), in particular thanks to operations with Bucharest (over 160 thousand passengers during the year).

The new carrier Pobeda Airlines began operations in February 2018 from Treviso, connecting with Moscow Vnukovo. Passengers travelling on the route during the year numbered nearly 50 thousand, with an average flight load of 94%.

Domestic traffic rose 12% on 2017, for nearly 1.1 million passengers, particularly thanks to Ryanair’s operations to Naples (over 230 thousand passengers), Palermo and Catania.

In terms of international traffic, the leading market was England, with over 460 thousand passengers, up 15% on the previous year, followed by Germany (approx. 327 thousand passengers, +30% on 2017) and Romania (273 thousand passengers, +5% on the previous year).

Over 85 thousand passengers were carried by Ryanair between Treviso and the Balearic and Canary Islands in 2018 (+20 thousand passengers on the previous year, also thanks to new flights with Las Palmas, with over 17 thousand passengers since the launch of operations).

Passengers on direct connections with Poland (Krakow and Warsaw) numbered nearly 70 thousand.

In addition, 40 thousand passengers flew between Treviso and Morocco during the year (Ryanair operates flights with Marrakesh and introduced new connections to Fez from the winter season).

Future developments

Treviso airport is targeting sustainable growth in line with the development plan under approval by ENAC.

Garda Airports System

Verona

Verona airport carried 3,459,807 passengers in 2018, up 11.6% on the previous year.

This result, which represents 31 months of consecutive monthly growth, was achieved thanks to the combination of the consolidation of existing flights and the extension of the network available to airport users.

During the year, over 50 carriers were operative at Verona, for over 90 domestic and international destinations.

Domestic traffic, which at the peak of the summer season reached 12 destinations, saw growth of 19% on 2017, while international traffic rose 8% on the previous year, thanks to a strong network of direct destinations, ranging from European capitals such as London, Tirana, Madrid, Munich, Chisinau, Amsterdam, Moscow, Dublin and Bucharest, to other major destinations such as Frankfurt, Cologne, Charleroi-Brussels, Birmingham, Manchester, Ibiza, Seville, St. Petersburg and to non-EU destinations such as Egypt, Israel and Tunisia and to long-haul routes, such as for example Kenya, Madagascar, Mexico, Cuba, the Maldives and Oman.

Scheduled traffic overall grew 13%, with charter traffic in line with 2017 (+1%).

The highest volume carriers in 2018 were: Volotea, with over 720 thousand passengers (+38% on 2017), Ryanair (over 470 thousand passengers) and Neos (which carried over 350 thousand passengers).

Italy, Great Britain and Germany were the main markets for Verona passenger traffic. The top destination/origin cities were London, Catania and Palermo.

Egypt in particular has seen a strong recovery in traffic, with over 100 thousand passengers in the year.

Numerous new connections were launched during the year: Aeroflot introduced a new daily connection between Verona and Moscow; Volotea expanded its network with 5 new destinations (Athens, Crete, Faro, Lamezia Terme and Pantelleria); Jet2.com added 2 new routes to the United Kingdom (London and Manchester); Tunisair reopened the Tunisian market (introducing direct flights to Djerba and Monastir); Fly Ernest launched operations to 2 new routes in Romania (Bucharest and Iasi); Siberia Airlines extended direct connections between Verona and Russia with the addition of the St. Petersburg flight; Cyprus launched a new summer flight to Larnaca; Aegean supplemented Volotea's flights to Athens with a new twice-weekly connection; Ryanair broadened its range of destinations, adding direct flights between Verona and Brindisi; Neos launched direct long-haul connections to Oman (Salalah); SAS introduced new seasonal flights with Stockholm. In addition, Air Dolomiti introduced a fourth scheduled flight to Frankfurt and Alitalia extended its operations between Verona and Catania from seasonal to annual.

Future developments

Thanks to the new operations launched during the year and the consolidation of existing flights, scheduled traffic continued to grow, alongside a strong leisure segment performance.

Verona airport's strategy remains focused on the following aspects:

- increasing outgoing operations, in synergy with Volotea (airline based at the airport);
- consolidating and developing incoming flights, beginning with the new operations launched in 2018 (Russia and Great Britain in particular);
- improving the airport's connectivity, with the introduction of new direct destinations by the European network carriers and increasing the frequencies of existing carriers at the airport;
- adding to the range of leisure destinations available to the region's user base;
- development of domestic operations and of flights between Verona and the Eastern European market.

Brescia

Cargo traffic in 2018 at Brescia airport overall declined 31.7% on the previous year, for approx. 24 thousand tonnes of cargo/mail transported.

Mail - accounting for over 68% of total volumes - decreased 2%. However, looking at the aggregate result of Brescia and Verona, an increase in fact would be reported. Brescia Montichiari airport remained closed in August and September for runway maintenance works, with the consequent transfer of operations to Verona's Catullo Airport. Considering the transfer from Brescia to Verona, mail traffic would have increased approx. 2.5%, benefitting from the consolidation of frequencies and the increased capacity of Mistral Air, undertaken to satisfy e-commerce segment demands in particular.

Trucked air cargo, in the past generated by Lufthansa Cargo's trucks, declined 22.5% on 2017.

Air cargo dropped 80%: as noted, this was impacted by the Silk Way Group (SW Italia and Silk Way West Airlines), which in 2018 initially significantly cut back operations with Italy and thereafter suspended its flights to/from Brescia Montichiari.

In the final period of 2018, DHL operated a series of flights under the sub-concession of the new cargo warehouse, returning excellent performances in terms of tonnage, ahead of future traffic development.

Future developments

The short-term objectives for Brescia airport are:

- rapid saturation and optimisation of infrastructure, to cut costs;
- balanced and remunerative segmentation of products offered, to boost productivity;
- progressive increase of "cargo" flights and of volumes moved at the airport, to improve revenues;

- continued commercial development to tap into new opportunities, speeding up the industrial plan.

Charleroi Airport

Passengers carried at Charleroi in 2018 numbered over 8 million (+4.3% on the previous year).

The main airline at the airport is Ryanair, with a market share of 77% and carrying nearly 6.2 million passengers. Ryanair's operations to December 2018 comprised of 67 regular destinations.

The carrier Wizzair, operating out of the airport with 11 routes, also to December 2018, carried nearly 794 thousand passengers; Jetairfly (TUI fly Airlines Belgium) operates 18 regular routes and carried over 771 thousand passengers.

Regulatory framework developments

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.

AICAI (Associazione Italiana Corrieri Aerei Internazionali) 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.

The Board of the ART, with Motion No. 84/2018 of September 13, 2018, approved the commencement of the review of the existing airport fee regulation models. The deadline for the conclusion of the review of these Models was set as September 30, 2019.

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.

On July 3, 2018, a public hearing was held before the Constitutional Court.

With judgment No. 167/2018 of July 20, 2018, the Constitutional Court declared the unconstitutionality of Article 1, paragraph 478 of Law No. 208 of December 28, 2015 implementing “Provisions for the drawing up of annual and multi-year budgets of the State” (2016 Stability Law). The aforementioned provision established that the fees charged to airport management companies for fire-fighting services at airports, as per Art. 1, Paragraph 1328, of Law 296 of 2006, are not subject to taxation.

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 and subsequent amendments and supplements, provides for the setting up of the Transport Regulation Authority (ART).

This Authority, in accordance with paragraph 1 of the provision, “*is responsible for the transport sector and with regards to accessing the relative infrastructure and accessory services, in accordance with the European regulatory framework and the principle of subsidiarity and the competences of the regions and the local bodies*”.

In accordance with the above rules, the Authority’s activities are to be funded through a contribution paid by the managers of the regulated infrastructure and services, in an amount not exceeding one per thousand of revenues deriving from the exercise of the activities accrued in the last year. The provision also sets out that “[...] *the contribution is established annually by act of the Authority, subject to the approval of the President of the Council of Ministers, together with the Ministry for the Economy and Finance. Within thirty days from receipt of the act, objections may be raised which the Authority is required to comply with; in the absence of objections by the deadline the act is considered approved*”.

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, converted, with amendments, by Law No. 214/2011, 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 judgment No. 72/2017 of August 3, 2017, the Secretary General of the ART rejected the measures declaring and ordering the payment of the contribution due to the Authority for 2015 notified to the airport handling companies.

With Motion of the Chairperson of the ART No. 92/2018 of September 27, 2018, the document at annex A was submitted to consultation: “*Consultation document for the calculation of the contribution for the functioning of the Transport Regulation Authority for 2019*”. The deadline for the receipt of observations from consultation participants was set as October 31, 2018. With subsequent Motion No. 116/2018, the public consultation was however reopened by the ART and the new deadline of December 13, 2018 fixed for the receipt of observations from consultation participants.

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. 172/2017 and Article 1, Paragraph 575, Letter a) of Law No. 205/2017, changed the content of Article 703 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.

ENAC regulation on the certification of the providers of airport ground assistance services

On 16.03.2018, edition No. 5-Em. 1 of the Regulation concerning the “Certification of ground assistance airport service providers” was published on ENAC’s website. The new version of the Regulation substantially amends, among other matters, the governance of subcontracts, establishing that subcontractors should be in possession of a declaration of suitability (Article 9) and at Article 10 that “[...] *may not be subcontracted for the entirety of the categories of ground assistance services as per annex “A” of Legislative Decree 18/1999. The subcontract is permitted for not more than half of the subcategories indicated in each category for which the provider is certified; in the case of an equal number of subcategories, rounding is applied*”.

A number of appeals were presented against the new version of the Regulation, which are currently pending before the Lazio Regional Administrative Court.

Regulation (EC) 2018/1139 of the European Parliament and of the Council of July 4, 2018 enacting common rules for the civil aviation sector, establishing a European Union Agency for air safety and amending regulations (EC) No. 2111/2005, (EC) No. 1008/2008, (EC) No. 996/2010, (EC) No. 376/2014 and directives 2014/30/EC and 2014/53/EC of the European Parliament and of the Council, and repealing regulations (EC) 552/2004 and (EC) 216/2008 of the European Parliament and of the Council and regulation (EC) 3922/91 of the Council

The Regulation, entering into force on September 11, 2018, has the principal scope of establishing and maintaining a high and standardised level of civil aviation safety in the Union. In coordinating and redrafting the Regulation, the entire section IV (Articles 33-39) was dedicated to airports, where it is established that airports, airport safety equipment, the management of airports and the provision of ground assistance services and AMS at such, should meet the essential requirements at annex VII and, where required, annex VIII. In particular, paragraph 2 of annex VII (letters a-n) lists the responsibilities of the airport manager.

Financial statements of the parent company Milione S.p.A.

The Reclassified Income Statement and the Reclassified Balance Sheet of the parent company Milione S.p.A. are presented below. Differing from the consolidated financial statements, drawn up as per IAS/IFRS, the parent company Milione S.p.A. drew up its statutory financial statements according to local GAAP.

MILIONE S.P.A.

Registered office: 30173 Venice (VE) - Viale Galileo Galilei 30/1
Share capital: Euro 188,737.00 fully paid-in - VE Economic & Administrative Index No. 418330
VE Tax, VAT and Company Registration Office No. 03411340262

FINANCIAL STATEMENTS AT DECEMBER 31, 2018

Prepared in condensed form as per Article 2435-bis of the Civil Code

BALANCE SHEET

(in Euro thousands)

Assets

ASSETS	AT 12.31.2018	AT 12.31.2017
A) RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL	0	0
B) FIXED ASSETS	1,327,378,220	751,631,231
I) Intangible fixed assets	71,816	10,517
III) Financial fixed assets	1,327,306,404	751,620,714
C) CURRENT ASSETS	219,179,312	5,607,185
II) RECEIVABLES	183,512,470	4,469,201
Amount due within one year	183,512,470	4,469,201
Amount due beyond one year	0	0
Deferred tax assets	0	0
IV) CASH AND CASH EQUIVALENTS	35,666,842	1,137,984
D) ACCRUED INCOME AND PREPAYMENTS	368,060	85,721
TOTAL ASSETS	1,546,925,592	757,324,137

BALANCE SHEET

(in Euro thousands)

Liabilities and shareholders' equity

LIABILITIES	AT 12.31.2018	AT 12.31.2017
A) SHAREHOLDERS' EQUITY	746,509,367	371,163,785
I) SHARE CAPITAL	188,737	188,737
II) SHARE PREMIUM RESERVE	27,651,283	27,651,283
IV) LEGAL RESERVE	76,056	76,056
VI) OTHER RESERVES	664,774,450	334,759,253
VII) CASH FLOW HEDGE RESERVE	(124,012)	253,049
IX) NET PROFIT FOR THE YEAR	53,942,853	8,235,407
B) PROVISIONS FOR RISKS AND CHARGES	5,076,886	1,338,090
D) PAYABLES	794,822,290	384,822,262
Amount due within one year	1,212,554	11,267,092
Amount due beyond one year	793,609,736	373,555,170
E) ACCRUED EXPENSES AND DEFERRED INCOME	517,049	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,546,925,592	757,324,137

INCOME STATEMENT

(in Euro thousands)

Costs and revenues

INCOME STATEMENT	2018	2017
A) VALUE OF PRODUCTION	93	0
5) Other revenues and income	93	0
B) (COSTS OF PRODUCTION)	(1,823,604)	(658,257)
7) Services	(1,043,797)	(516,095)
10) Amortisation, depreciation & write-downs	(22,675)	(97,958)
14) Other operating charges	(757,132)	(44,204)
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	(1,823,511)	(658,257)
C) FINANCIAL (INCOME) CHARGES	55,748,867	7,259,022
15) Income from equity investments:	60,000,000	17,504,839
- subsidiary companies	60,000,000	17,504,839
- companies subject to control of parent companies		
16) Other financial income	7,823,336	1,895,246
a) from non-current accounts receivable to:		
- subsidiary companies	0	1,722,909
- other companies	68,950	172,239
d) income other than the above:		
- interests and commissions from subsidiaries	112,438	0
- interest & commissions from other companies	7,641,948	98
17) Interest and other financial charges	(12,073,334)	(12,141,063)
- subsidiary companies	0	(3,884)
- other companies	(12,073,334)	(12,137,179)
17-bis) Exchange gains and losses	(1,135)	0
D) ADJUSTMENT TO FINANCIAL ASSETS AND LIABILITIES	(1,536,330)	(1,591,139)
18) Revaluations	0	0
d) derivative financial instruments	0	307,718
19) (Write-downs)	(1,536,330)	0
d) derivative financial instruments	(1,536,330)	(1,898,857)
PROFIT BEFORE TAXES	52,389,026	5,009,626
20) Income taxes, current and deferred	1,553,827	3,225,781
NET PROFIT	53,942,853	8,235,407

Management and co-ordination

The company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Italian Civil Code.

Financial Risks

The management of financial risks is in line with Company objectives and focuses on the minimisation of interest rate risk and the optimisation of the cost of debt, the credit risk and the liquidity risk. Management of these risks is based on the principle of prudence and in line with best market practices. For further information, reference should be made to the paragraph "Type and management of financial risk" of the Explanatory Notes.

Other principal risks and uncertainties of the Group

Risks associated with economic conditions

The economic and financial situation of the Group is affected by various factors related to the general economic environment (including the increase or the decrease of GDP, the level of consumer and business confidence, interest rates for consumer credit, the cost of raw materials and the unemployment rate) in the various countries in which the Group operates.

The present report contains a number of forward-looking statements. These statements are based on current Group expectations and projections concerning future events, including the general conditions of the economy described above, subject to an intrinsic degree of risk and uncertainty and, by their nature, outside of the Group's control.

Risks deriving from a reduction in the number of passengers or the quantity of cargo transported through airports managed by the Group

The volume of passenger traffic and cargo in transit at the Group managed airports represents a key factor in the results achieved by the Group. In particular, any reduction or interruption to flights by one or more airlines (particularly those operating at the airports managed by the Group), also as a result of the continued economic - financial difficulties of such airlines, the stoppage or alteration to connections with destinations with a particularly high level of passenger numbers, the discontinuation or alteration of airline alliances or the occurrence of events which may impact upon the general quality perception of users, of services provided at the airports managed by the Group (due, for example, to a reduction in service quality standards provided by the handling companies operating at the airports, or the interruption to the activities exercised), in addition to the occurrence of unforeseeable natural events, may result in a decrease in traffic, with a consequent impact on the activities and the results of the Group.

The Group however, based on past experience, considers that - although no certainty may be assured - the risk of a reduction or suspension of flights by one or more airlines operating out of the airports managed by the Group does not pose a significant threat, also in consideration of the redistribution of passengers among airlines present on the market and the capacity of the Group to attract new airlines to the airports managed by the Group. However, such redistribution of traffic may require a certain period of time and may temporarily affect traffic volumes.

Risks related to Group results

All general economic events, such as a significant contraction in one of the main markets, the volatility of the financial markets and the consequent deterioration of the capital markets, an increase in commodity prices, unfavourable movements in specific sector variables such as interest rates, susceptible to causing impacts in the sector in which the Group operates, may significantly impact the Group outlook, in addition to the results and financial position. The profitability of the activities of the Group is also subject to risks related to interest rate and inflation fluctuations, the solvency of the counterparties, as well as the general economic conditions of the countries in which these activities are undertaken.

Risks connected with the importance of certain key figures

The success of the Group depends on a number of key figures who have contributed significantly to the Group's development. The Group considers that it has in place an adequate operational and managerial structure to ensure continuity of general and operational management. However, in the case where such key figures discontinued their working relationship with the Group, there is no guarantee that a suitable replacement may be found in such a time period so as to ensure the same contribution in the short-term, with consequent possible implications for the Group.

Risks concerning the regulatory framework

The Group operates within a sector governed by an extensive domestic and international regulatory framework. Any change to the regulatory framework (and in particular any changes in relations with the state, public bodies and sector authorities, the determination of airport fees and the amount of concession fees, the airport tariff system, the allocation of slots, environmental protection and noise pollution) may impact operations and Company and Group results.

For greater details on the principal amendments to the regulatory framework and sector developments, reference should be made to the dedicated paragraph of the Directors' Report.

Governance

Milione's corporate governance system is based on the traditional model; the main corporate bodies are therefore:

- the Shareholders' AGM,
- the Board of Directors;
- the Board of Statutory Auditors;

As per the By-Laws, the Board of Directors, as long as the ownership comprises three Significant Shareholders and that each holds a stake in excess of 10% of the share capital of the company, is comprised of 9 (nine) members.

In accordance with law and the By-Laws, the Board of Statutory Auditors comprises three Statutory Auditors and three Alternate Auditors.

In accordance with law, the statutory audit is executed by an audit firm appointed by the Shareholders' Meeting in compliance with law and the By-Laws.

The Shareholders' Meeting of August 10, 2017, in accordance with law and the By-Laws, elected the Board of Directors in office for the 2017-2019 three-year period, until the Shareholders' Meeting for the approval of the 2019 Annual Accounts; the mandate of the Board of Statutory Auditors appointed by the Shareholders' Meeting of August 10, 2017 will conclude with the Shareholders' Meeting for the approval of the 2019 Annual Accounts.

Holding and acquisition of treasury shares of the parent company

No treasury shares are held, nor were held during the year, even through subsidiaries, associates, trust companies or nominees.

Inter-company and other related party transactions

Reference should be made to the specific paragraph of the Explanatory Notes for information concerning transactions undertaken during the year with subsidiaries, associated companies and related parties.

Subsequent events

No significant events which could substantially alter the current balance sheet and financial situation or which would require amendments or supplements to the consolidated financial statements took place after the reporting date.

Business Outlook

The traffic and earnings in the year confirm our expectations of improving Group results in 2019.

Venezia Tesserà,

The Chairman of the Board of Directors
Mr. Enrico Marchi

CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2018

FINANCIAL STATEMENTS

Consolidated balance sheet
Consolidated Income Statement
Consolidated Statement of Comprehensive Income
Consolidated Cash Flow Statement
Statement of Changes in Consolidated Shareholders' Equity

Consolidated Balance Sheet

			12/31/2018	12/31/2017
Assets	(Euro thousands)	NOIE		RESTATED
Cash and cash equivalents		1	53,193	15,259
Other financial assets		2	0	5,224
Tax assets		3	5,384	5,924
Other receivables		4	17,323	7,053
Trade receivables		5-30	40,882	40,618
<i>of which related parties</i>		5-30	9,535	8,359
Inventories		6	1,916	1,397
Total current assets			118,698	75,475
Assets held-for-sale			0	0
Property, plant & equipment		7	69,757	68,226
Airport Concession rights		8	481,041	398,872
Concessions		8	810,979	847,161
Other intangible fixed assets with finite useful life		8	5,324	4,722
Goodwill - other intangible fixed assets with indef. useful life		8	310,533	310,533
Equity investments in associates and JV's		9	99,997	99,667
Other equity investments		9	1,145	1,144
Other assets		10	2,931	7,426
<i>of which related parties</i>		10	0	4,500
Deferred tax assets		11	32,350	29,291
Total non-current assets			1,814,057	1,767,042
TOTAL ASSETS			1,932,755	1,842,517
			12/31/2018	12/31/2017
Liabilities	(Euro thousands)	NOIE		RESTATED
Trade payables		12	82,698	66,437
<i>of which related parties</i>		12	714	774
Other payables		13	47,510	43,635
<i>of which related parties</i>		13	1,258	1,258
Tax payables		14	2,983	2,799
Social security institutions		15	4,472	4,047
Bank payables		16	1,525	756
Other financial liabilities – current portion		17	3,251	1,380
<i>of which related parties</i>		17	0	0
Total current liabilities			142,439	119,053
Liabilities related to assets held-for-sale			0	0
Bank payables – less current portion		18	799,817	687,023
Other lenders – less current portion		19		25
Deferred tax liabilities		20	240,883	249,420
Post-employment benefits and other employee provisions		21	3,781	3,651
Other provisions for risks and charges		22-32-33	32,212	29,693
Total non-current liabilities			1,076,693	969,811
TOTAL LIABILITIES			1,219,132	1,088,864
			12/31/2018	12/31/2017
Shareholders' Equity	(Euro thousand)	NOIE		RESTATED
Share capital		23	189	2,049
Share premium reserve		23	27,651	746,032
Legal reserve		23	76	0
Other reserves and retained earnings		23	659,142	2,445
Net Profit/(loss)		23	16,340	(6,651)
Total Group shareholders' equity			703,398	743,875
Shareholders' equity - minority interest		23	10,225	9,778
TOTAL SHAREHOLDERS' EQUITY		23	713,623	753,653
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			1,932,755	1,842,517

The financial statements are presented with the comparative balance sheet at December 31, 2017 and the 2017 income statement, as “restated” following the definitive allocation of the acquisition price of Save S.p.A. on the net assets acquired. As June 30, 2017 was the date of initial consolidation of SAVE S.p.A., as described in greater detail in the “Business combinations” paragraph below and to which reference should be made, the SAVE H1 2017 income statement and those of the other Milione S.p.A. subsidiaries are not included in the comparative consolidated income statement.

Consolidated Income Statement

(Euro thousands)	NOTE	2018	2017 (RESTATED)
Operating revenue	24	214,516	101,961
Other income	24	12,907	5,278
Total operating revenue and other income		227,423	107,239
Costs of Production			
Raw and ancillary materials, consumables and goods	25	2,651	1,427
Services	26	43,141	34,335
Lease and rental costs	27	11,588	5,684
Personnel costs:			
wages & salaries & social security charges	28	54,168	25,351
post-employment benefits	28	2,512	1,118
other costs	28	846	405
Amortisation, depreciation & write-downs			
amortisation	29	53,949	26,948
depreciation	29	13,626	4,866
Write-downs of current assets	30-5	234	690
Cge. in invent. of raw & anc. Mat., consum. & goods	31	(493)	(116)
Provisions for risks	32-22	657	505
Replacement provision	33-22	5,157	1,533
Other charges	34	1,836	2,652
Total costs of production		189,872	105,398
EBIT		37,551	1,841
Financial income and revaluation of financial assets	35	7,712	438
Interest, other fin. charges & write-down of fin. assets	35	(27,610)	(14,214)
Profit/losses from Associates & JV's carried at equity	35	592	5,437
		(19,306)	(8,339)
Profit/(loss) before taxes		18,245	(6,498)
Income taxes	36	1,442	(127)
<i>current</i>		13,035	5,993
<i>deferred</i>		(11,593)	(6,120)
Profit/(loss) on Continuing Operations		16,803	(6,371)
Profit/(loss) from Discontinued Operations/Held-for-sale	37	0	0
Net Profit/(loss)		16,803	(6,371)
Minority interest		463	280
Group Net Profit/(loss)		16,340	(6,651)

The financial statements are presented with the comparative balance sheet at December 31, 2017 and the 2017 income statement, as "restated" following the definitive allocation of the acquisition price of Save S.p.A. on the net assets acquired.

As June 30, 2017 was the date of initial consolidation of SAVE S.p.A., as described in greater detail in the "Business combinations" paragraph below and to which reference should be made, the SAVE H1 2017 income statement and those of the other Milione S.p.A. subsidiaries are not included in the comparative consolidated income statement.

Consolidated Comprehensive Income Statement

(EURO THOUSANDS)	NOTE	2018	2017 RESTATE
Net Profit/(loss)		16,803	(6,371)
Hedging instruments	38	(377)	1,018
Total Gains/(Losses) on other comprehensive income statement items net of taxes which may be reclassified to the income statement		(377)	1,018
Actuarial gains/(losses) of employee defined plans, net of taxes	21	(16)	28
Total Gains/(Losses) on other comprehensive income statement items net of taxes which may not be reclassified to the income statement		(16)	28
Total comprehensive income/(charges)		16,409	(5,325)
Minority comprehensive income		462	281
Total comprehensive income/(charges) pertaining to the Group		15,947	(5,606)

The financial statements are presented with the comparative balance sheet at December 31, 2017 and the 2017 income statement, as “restated” following the definitive allocation of the acquisition price of Save S.p.A. on the net assets acquired.

As June 30, 2017 was the date of initial consolidation of SAVE S.p.A., as described in greater detail in the “Business combinations” paragraph below and to which reference should be made, the SAVE H1 2017 income statement and those of the other Milione S.p.A. subsidiaries are not included in the comparative consolidated income statement.

Consolidated Cash Flow Statement

(EURO THOUSANDS)	2018	2017 (RESTATE)	NOTE
Operating activities			
Profit/(loss) on continuing operations	16,340	(6,371)	
Profit on discontinued operations/held-for-sale		0	36
Amortisation, depreciation and write-downs	67,575	31,814	29
Net changes in post-employment benefit provisions	115	(120)	21 - 28
Net changes in provisions for risks and charges	4,499	1,056	22 - 32 - 33
(Gains)/Losses on disposal of assets	(1,605)	16	
Other adjustments	0	(522)	36
Income from securities and other financial assets	13,511	664	
Valuation of investments under the equity method	388	(4,484)	35
Change in deferred taxes	(11,595)	(6,111)	11 - 20
Sub-total self-financing (A)	89,227	15,942	
Decrease (increase) in trade receivables	(264)	773	5 - 30
Decrease (increase) in other current assets	4,580	(3,113)	4 - 6 - 10
Decrease (increase) in tax assets/liabilities	724	(12,061)	3 - 14
Increase (decrease) in trade payables	5,334	6,553	12
Increase (decrease) in social security payables	425	329	15
Increase (decrease) in other liabilities	4,334	974	13
Sub-total (B)	15,133	(6,545)	
CASH FLOW FROM OPERATING ACTIVITIES (A + B) = (C)	104,360	9,397	
Investing activities			
(Acquisition) of property, plant & equipment	(15,913)	(10,288)	7 - 29
Divestments of property, plant & equipment	535	(11)	7 - 29
(Acquisition) of intangible fixed assets	(116,214)	(25,384)	8 - 29
Divestments of intangible fixed assets	147	17	8 - 29
Change in Trade payables for investments	10,927	(7,264)	9
(Increase) in financial fixed assets	(717)	(1,187,151)	9
CASH FLOW FROM INVESTING ACTIVITIES (D)	(121,235)	(1,230,081)	
Financing activities			
New loans from other lenders	0	(21)	17 - 19
(Repayment) to other lenders	(66)		17 - 19
(Repayment) and other changes in loans	(728,566)	(482,557)	16 - 18
New loans proceeds	830,158	687,717	16 - 18
Incorporation parent and capital contribution		749,481	
(Increase)/Decrease in financial assets	9,724	711	2
Dividends paid	(56,434)	0	23
Other	(3)	284,141	
CASH FLOW FROM FINANCING ACTIVITIES (E)	54,813	1,239,472	
CASH FLOW FROM DISCONTINUED OPERATIONS (F)	0	0	
NET CASH FLOW FOR THE YEAR (C+D+E+F)	37,937	18,788	
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	15,256	(3,532)	
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	53,193	15,256	

The financial statements are presented with the comparative balance sheet at December 31, 2017 and the 2017 income statement, as “restated” following the definitive allocation of the acquisition price of Save S.p.A. on the net assets acquired.

As June 30, 2017 was the date of initial consolidation of SAVE S.p.A., as described in greater detail in the “Business combinations” paragraph below and to which reference should be made, the SAVE H1 2017 income statement and those of the other Milione S.p.A. subsidiaries are not included in the comparative consolidated income statement.

Statement of changes in Shareholders' Equity

Refer to Note 23

	S H A R E C A P I T A L L E G A L R E S E R V E	S H A R E P R E M I U M R E S E R V E	O T H E R R E S E R V E S A N D R E T A I N E D E A R N I N G S	G R O U P S H A R E H O L D E R S' E Q U I T Y	M I N O R I T Y I N T E R E S T	T O T A L N E T E Q U I T Y	
(Euro thousands)							
Balance at January 1, 2017	0	0	0	0	0	0	
Incorporation	100			100		100	
Share capital increase	1,949	746,032		747,981		747,981	
Capital contribution			1,400	1,400		1,400	
Minority interest Shareholders' Equity on initial consolidation					9,497	9,497	
Net Profit/(losses) for the year			(6,651)	(6,651)	280	(6,371)	
Other comprehensive profits			1,045	1,045	1	1,046	
Result of comprehensive income statement			(5,606)	(5,606)	281	(5,325)	
Acquisition of treasury shares							
Balance at December 31, 2017	2,049	0	746,032	(4,206)	743,875	9,778	753,653

	S H A R E C A P I T A L L E G A L R E S E R V E	S H A R E P R E M I U M R E S E R V E	O T H E R R E S E R V E S A N D R E T A I N E D E A R N I N G S	G R O U P S H A R E H O L D E R S' E Q U I T Y	M I N O R I T Y I N T E R E S T	T O T A L N E T E Q U I T Y	
(Euro thousands)							
Balance at January 1, 2018	2,049	0	746,032	(10,189)	737,892	9,778	747,670
Effect Definitive Purchase Price Allocation			5,983	5,983		5,983	
Balance at January 1, 2018 restated	2,049	0	746,032	(4,206)	743,875	9,778	753,653
Result of separate income statement				16,340	463	16,803	
Other comprehensive losses			(393)	(393)	(1)	(394)	
Other changes				0		0	
Result of comprehensive income statement			(393)	15,947	462	16,409	
Distribution dividends			(56,434)	(56,434)		(56,434)	
Other changes	(1,860)	(718,381)	720,253	12	(15)	(3)	
Balance at December 31, 2018	189	0	27,651	659,218	703,398	10,225	713,623

The financial statements are presented with the comparative balance sheet at December 31, 2017 and the 2017 income statement, as "restated" following the definitive allocation of the acquisition price of Save S.p.A. on the net assets acquired.

Notes
to the Consolidated Financial Statements
at December 31, 2018

MILIONE S.p.A.

Share capital: Euro 188,737.00 fully paid-in

Registered office: viale G. Galilei No. 30/1 - 30173 Venice

Venice REA No.: 418330

Venice Companies Registration Office, Tax and VAT No.: 03411340262

EXPLANATORY NOTES AT DECEMBER 31, 2018**Group activities**

Milione S.p.A. (hereafter also the “company” or “Milione”) holds a majority investment in SAVE S.p.A. – hereafter also “SAVE” –, an investment holding company which mainly operates in the airport management sector. Save directly manages Venice Marco Polo Airport and controls Treviso Antonio Canova Airport. The company also has significant holdings in Verona Valerio Catullo Airport and in Charleroi Airport (Belgium). Save also holds airport sector and related services sector companies.

The Parent Company’s registered offices are in Tessera (Venice), at Viale G. Galilei No. 30/1.

Accounting Standards adopted in the preparation of the 2018 Consolidated Financial Statements**Basis of preparation**

The present consolidated financial statements concern the year ended December 31, 2018.

The consolidated financial statements were prepared under the historic cost convention, except for derivative financial instruments and financial assets held-for-sale, which were recognised at fair value, and in accordance with the going concern principle.

The consolidated financial statements are presented in Euro, which is also the Group functional currency, and all amounts are rounded to the nearest thousands of Euro, where not otherwise indicated.

Compliance with IAS/IFRS and the enacting provisions of Article 9 of Legislative Decree 38/2005

The consolidated financial information at December 31, 2018 was prepared in compliance with International Financial Reporting Standards (IFRS), adopted by the European Union and in force at the preparation date of the financial statements.

Content and form of the consolidated financial statements

The present financial statements were prepared by the Board of Directors on the basis of the consolidation and accounting records updated to December 31, 2018.

For comparative purposes, the financial statements are presented with the comparative balance sheet at December 31, 2017 and the 2017 income statement.

The tables for the comparative period were restated compared to the financial statements at December 31, 2017 approved on April 19, 2018, following the definitive

allocation of the purchase price of Save S.p.A. on the net assets acquired. In those financial statements, the allocation was made provisionally, as permitted by the applicable accounting standards.

As June 30, 2017 was the date of initial consolidation of SAVE S.p.A., as described in greater detail in the “Business combinations” paragraph below and to which reference should be made, the SAVE H1 2017 income statement and those of the other Milione S.p.A. subsidiaries are not included in the comparative consolidated income statement.

The company opted to prepare separately the Separate Income Statement and the Comprehensive Income Statement, as permitted by IAS 1, considering this presentation preferable. In addition, considering this approach to better reflect company developments, the liquidity criterion was utilised for the balance sheet items, breaking down current and non-current assets and liabilities, the income statement with allocation of income and charges by type and the cash flow statement using the indirect method, with breakdown of operating, investing and financing activities.

Consolidation Scope

Subsidiaries

The consolidated financial statements at December 31, 2018 include, through the line-by-line method, the companies in which the Parent Company holds, directly or indirectly, control, as defined by IFRS 10, or the majority of share capital and voting rights.

All inter-company balances and transactions, including any unrealised gains and losses deriving from transactions between Group companies, are fully eliminated.

The subsidiary companies are fully consolidated from the date of acquisition, or from the date in which the Group acquires control, and ceases to be consolidated at the date on which the Group no longer has control.

The book value of the investments included in the consolidation scope is eliminated against the net equity of the investee companies according to the line-by-line method. Any difference between the acquisition cost and the book value of the net equity of the investees on the acquisition of the investment, is allocated to the specific assets, liabilities or contingent liabilities of the acquired companies, based on their fair value at the acquisition date and for the residual part, where fulfilling the requirements, to Goodwill. In this case, these amounts are not amortised but subject to an impairment test at least annually and where indicators of impairment exist.

Minority interests represent the part of profits or losses and of net assets not held by the Group and are shown in a separate income statement account and in the balance sheet under equity, separately from the Group net equity. The acquisition of minority interests in previous years are recognised utilising the “parent entity extension method”, on the basis of which the difference between the price paid and the book value of the share of net assets acquired is recorded as goodwill. Changes in ownership not resulting in a loss of control were treated as equity transactions and therefore recognised to net equity. The Group holds investments in subsidiaries which however are not consolidated as currently not considered operative, whose balance sheet and income statement effects from full consolidation would substantially be in line with the carrying value in the financial statements of the Group.

The companies included in the consolidation scope through the line-by-line method are listed below:

COMPANY	CURRENCY	SHARE CAPITAL	GROUP % HOLDING	
			12/31/2018	12/31/2017
PARENT COMPANY:				
Milione S.p.A.	Euro	188,737		
<i>its subsidiary:</i>				
SAVE S.p.A.	Euro	35,971,000	100	100
<i>its subsidiaries:</i>				
Marco Polo Park S.r.l.	Euro	516,460	100	100
Save International Holding SA	Euro	7,450,000	100	100
<i>its subsidiary:</i>				
Belgian Airports SA	Euro	5,600,000	65	65
Save Engineering S.r.l.	Euro	100,000	100	100
N-AITEC S.r.l.	Euro	50,000	100	100
Aer Tre S.p.A.	Euro	13,119,840	80	80
Società Agricola Save a r.l.	Euro	75,000	100	100
Triveneto Sicurezza S.r.l.	Euro	100,000	93	93
Archimede 1 S.p.A. (*)	Euro	25,000,000	-	100
Save Cargo S.p.A.	Euro	1,000,000	100	100
Archimede 3 S.r.l.	Euro	50,000	100	100
(*) merged by incorporation into Save S.p.A.				

Subsidiaries and JV's

Where control of an activity is assigned jointly to two or more operators a Joint Arrangement is deemed to be in place and as such is classified as a Joint Operation (JO) or as a Joint Venture (JV) on the basis of the contractually-established underlying rights and obligations. In particular, a JV is a Joint Arrangement in which the participants, although having control over the main strategic and financial decisions through voting mechanisms which provide for the unanimous approval of decisions, do not have significant legal rights over the individual assets and liabilities of the JV. In this case, joint control concerns the net assets of the JV. This form of control is represented in the financial statements through valuation at equity. Joint Operations are however Joint Arrangements in which the participants have rights upon assets and direct obligations for the liabilities. In this case, the individual assets and liabilities and the relative costs and revenues are recognised to the financial statements of the participant on the basis of the rights and obligations of each, independently of the interest held. The Group's Joint Arrangements have all been classified as Joint Ventures.

The companies over which significant influence is exercised, generally accompanied by a holding of between 20% and 50% (investments in associates) and Joint Ventures (as previously qualified) are valued at equity.

For the application of the equity method the value of the investment is aligned with the adjusted equity, where necessary, to reflect the application of international financial reporting standards and includes the recognition of the higher amount paid and subject of the purchase price allocation identified on acquisition, and the effects of the adjustments required by the standards relating to the preparation of the consolidated financial statements.

In the case in which the Group establishes losses in value in the investment greater than

already recognised through the equity method, the existence of an impairment is assessed to be recognised to the income statement, as the difference between the recoverable amount of the investment and its carrying amount.

The associates and JV's are detailed below:

COMPANY	CURRENCY	SHARE CAPITAL	GROUP % HOLDING	
			12/31/2018	12/31/2017
Associates				
Airest Retail S.r.l.	Euro	1,000,000	50	50
GAP S.p.A.	Euro	510,000	49.87	49.87
Venezia Terminal passeggeri S.p.A.	Euro	3,920,020	22.18	22.18
Brussels South Charleroi Airport SA (*)	Euro	7,735,740	27.65	27.65
Joint Ventures				
2A - Airport Advertising S.r.l.	Euro	10,000	50	50
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	Euro	52,317,408	41.27	40.82

(*) through Belgian Airport SA

Basis of consolidation

Change of accounting standards

The accounting standards adopted for the preparation of the consolidated financial statements conform with those for the preparation of the annual financial statements of the Group at December 31, 2017, with the exception of the adoption of the new standards and interpretations applicable from January 1, 2018, listed below.

Accounting standards, amendments and IFRS interpretations applied from January 1, 2018

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2018:

• On May 28, 2014, the IASB published **IFRS 15 *Revenue from Contracts with Customers*** which, together with additional clarifications published on April 12, 2016, replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts*, in addition to the 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 revenue recognition model, which will apply to all contracts with clients, with the exception of those falling under the application of other IAS/IFRS such as leasing, insurance contracts and financial instruments. The essential issues for the recognition of revenues according to the new model are:

- the identification of the contract with the client;
- the identification of the performance obligations contained in the contract;
- the establishment of the price;
- the allocation of the price to the performance obligations of the contract;
- the recognition criteria of the revenue where the entity satisfies the performance obligations.

This standard is effective as of January 1, 2018. The adoption of this standard did not have any effects on the Group consolidated financial statements.

• On July 24, 2014, the IASB published **IFRS 9 – *Financial Instruments: recognition and measurement***. The document incorporates the results of the IASB project to replace IAS 39. The new standard must be applied for financial statements beginning on or after January 1, 2018.

The standard introduces new criteria for the classification and measurement of financial assets and liabilities. In particular for financial assets the new standard utilises a single approach based on the management method of financial instruments and on the contractual cash flow characteristics of the financial assets in order to determine the measurement criteria, replacing the various rules established by IAS 39. For financial liabilities however the standard is amended with regard to the accounting treatment of the fair value changes of a financial liability designated as a financial liability at fair value through profit or loss, in the case in which these changes relate to changes in the credit rating of the issuer of the liability. According to the new standard, these changes must be recorded to “Other comprehensive income” and no longer to the income statement. In addition, in the non-substantial changes to financial liabilities it is no longer permitted to record the economic effects of the renegotiation on the residual duration of the

payable modifying the effective interest rate at that date, but it is necessary to record the relative effect in the income statement.

In relation to impairment, the new standard requires that the doubtful debts estimate is based on the expected losses model (and not on the incurred losses model under IAS 39), utilizing supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures. The standard establishes that this impairment model applies to all financial instruments, therefore financial assets valued at amortized cost, those valued at fair value through other comprehensive income and receivables deriving from rental contracts and trade receivables.

In fact, this standard introduces a new model of hedge accounting to adjust the requirements under the current IAS 39, which on occasion are considered too stringent and inappropriate to reflect the risk management policies of the company. The main amendments of the document relate to:

- increased number of transactions eligible for hedge accounting, in particular including also the risks of non-financial assets/liabilities eligible to be managed in hedge accounting;
- the change in the accounting method of the forward contracts and options when considered in a hedge accounting relationship in order to reduce the volatility of the income statement;
- the amendments to the effectiveness test through the replacement of the current methods based on the 80-125% parameter with the principle of the “economic relationship” between the item hedged and the hedge instrument; in addition, a retrospective evaluation of the effectiveness of the hedge relationship will no longer be required;

The greater flexibility of the new accounting rules is offset by the additional disclosure requirements on the risk management activities of the company.

This standard is effective as of January 1, 2018. The adoption of this standard did not have any particular effects on the Group consolidated financial statements.

• On June 20, 2016 the IASB published the amendment to **IFRS 2 “Classification and measurement of share-based payment transactions”** which contains clarifications upon the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, on the classification of share-based payments with characteristics of net settlement and the recognition of the amendments to the terms and conditions of a share-based payment which changes the classification from cash-settled to equity-settled. The amendments were applied from January 1, 2018: The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

• On December 8, 2016, the IASB published the document “**Annual Improvements to IFRSs 2014-2016 Cycle**” which partially reflects the amendments to some standards within the annual improvements process. The principal changes relate to:

- IFRS 1 *First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters*. The amendment was applied from January 1, 2018 and concerns the elimination of certain short-term exemptions under paragraphs E3-E7 of Appendix E of IFRS 1 as the benefit of these exemptions is now considered exhausted.
- 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. The amendment clarifies that the option for a venture capital organization or similarly qualifying entities (e.g. a mutual investment fund or similar entity) to measure investments in associates and joint ventures at fair value through profit or loss (rather than through application of the equity method) is exercised for each individual investment on initial recognition. The amendment was applied from January 1, 2018.

○ IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard. The amendment clarifies the scope of application of IFRS 12, specifying that the disclosure required by the standard, with the exception of that under paragraphs B10-B16, applies to all investments which are classified as held-for-sale, held-for-distribution to shareholders or as discontinued operations as per IFRS 5. This amendment was applied from January 1, 2018.

The adoption of these amendments does not have any effects on the Group consolidated financial statements.

● On December 8, 2016, the IASB published the amendment to **IAS 40 “Transfers of Investment Property”**. These amendments clarify the requirements necessary for the transfers of a building to, or from, investment property. In particular, an entity shall reclassify a building to, or from, investment property only when there is a clear indication of a change in the use of the building. This change must be attributable to a specific event that has occurred and shall not therefore be limited to only a change in intention by management of the entity. The amendments were applied from January 1, 2018. The adoption of these amendments does not have any effects on the Group consolidated financial statements.

● On December 8, 2016, the IASB published the interpretation “**Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)**”. The interpretation provides guidelines for transactions in foreign currencies where advances or non-monetary payments on account are recorded in the financial statements (against cash received/paid), before the recognition of the relative asset, cost or revenue. This document provides indications on how an entity should determine the date of a transaction, and consequently, the exchange rate to be utilised concerning operations in foreign currencies concerning payments made or received in advance.

The interpretation clarifies that the transaction date is the first between:

- a) the date on which the advance payment or payment on account received is recognized to the financial statements of the entity; and
- b) the date on which the asset, cost or revenue (or part of such) is recognized to the financial statements (with consequent reversal of the advance payment or payment on account received).

Where numerous payments or receipts in advance are made, a specific settlement date should be identified for each. IFRIC 22 was applied from January 1, 2018. The adoption of this interpretation did not have any effects on the Group consolidated financial statements.

IFRS and IFRIC Accounting Standards, Amendments and Interpretations approved by the EU, not yet mandatory and not adopted in advance by the Group at December 31, 2018

● On January 13, 2016, the IASB published the new standard **IFRS 16 - Leases**, which replaces IAS 17 – *Leases*, as well as the 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 leases and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract.

It establishes a single model to recognise and measure leasing contracts for the lessee, which provides also for the recognition of operating leases under assets with a related financial payable. This Standard does not contain significant amendments for lessors.

The standard will be effective from January 1, 2019, although advance application is permitted.

The Company completed its preliminary assessment of the potential impacts of the application of the new Standard as at the transition date (January 1, 2019). This process is divided into stages, including the full mapping and analysis of the contracts potentially including a lease in order to understand the main clauses of such contracts that are relevant to IFRS 16.

The Company has elected to apply the Standard retrospectively, and therefore to recognize the cumulative effect of the application of the Standard in other comprehensive income with effect from January 1, 2019, in accordance with IFRS 16:C7-C13. In particular, with regard to lease contracts previously classified as operating leases, the Company will measure the items below as follows:

- a) financial assets at the present value of the residual future payments at the transition date, discounted according to the incremental borrowing rate applicable to each contract at the transition date;
- b) a right of use equal to the value of the financial liability at the transition date, net of any prepayments and accruals associated with the lease carried in the balance sheet at the reporting date of these financial statements.

The ongoing analysis of the Group company figures did not indicate any significant effects for the consolidated financial statements from the adoption of this new standard.

•The IASB published an amendment to **IFRS 9 “Prepayment Features with Negative Compensation”** on October 12, 2017. This document specifies that instruments which provide for an advance repayment could comply with the Solely Payments of Principal and Interest (“SPPI”) test also in the case where the “reasonable additional compensation” to be paid in the event of advance repayment is a “negative compensation” for the lender. The amendment applies from January 1, 2019, although early application is permitted. The directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

•The IASB published the interpretation **IFRIC 23 “Uncertainty over Income Tax Treatments”** on June 7, 2017. The interpretation deals with uncertainties on the tax treatment to be adopted for income taxes. In particular, the interpretation requires an entity to analyse uncertain tax treatments (individually or collectively, depending on their characteristics), always assuming that the tax authority will examine the tax position in question, with access to all relevant information. Where the entity deems it improbable that the tax authority will accept the tax treatment adopted, the entity must reflect the uncertainty in the measurement of its current and deferred income taxes. In addition,

the document does not contain any new disclosure obligations, but underlines that an entity should establish whether it will be necessary to provide information on considerations made by management and the relative uncertainty concerning the accounting of income taxes, in accordance with IAS 1.

The new interpretation applies from January 1, 2019, although early application is permitted. The Directors do not expect this interpretation to have a significant impact on the company's financial statements.

IFRS Standards, Amendments and Interpretations not yet approved by the European Union

At the reporting date, the relevant bodies of the European Union had not yet concluded the process necessary for the implementation of the amendments and standards described below.

• On May 18, 2017, the IASB published **IFRS 17 - *Insurance Contracts*** which replaces IFRS 4 - Insurance Contracts.

The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The IASB developed the standard in order to eliminate inconsistencies and weaknesses in the existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer.

The new standard sets out in addition presentation and disclosure requirements to improve comparability between entities belonging to the same sector.

It measures insurance contracts on the basis of a General Model or a simplified version of such, called the Premium Allocation Approach ("PAA").

The main features of the General Model are:

- the estimates and assumptions of future cash flows always refer to the current portion;
- the measurement reflects the time value of money;
- the estimates include an extensive use of observable market information;
- a current and clear risk measurement exists;
- the expected profit is deferred and aggregated into groups of insurance contracts on initial recognition; and,
- the expected profit is recognised in the period of contractual coverage, taking account of adjustments from changes in the assumptions on cash flows for each group of contracts.

The PPA approach involves the measuring of the liability for the residual coverage of a group of insurance contracts on the condition that, on initial recognition, the entity expects that this liability reasonably reflects an approximation of the General Model. Contracts with a coverage period of one year or less are automatically considered appropriate for the PPA approach. The simplifications from application of the PPA method do not apply to the valuation of liabilities for existing claims, which are measured with the General Model. However, it is necessary to discount these cash flows where it is expected that the balance will be paid or received within one year from the date on which the claim occurred.

The entity should apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a discretionary participation feature (DPF).

The standard is effective from January 1, 2021, although advance application is permitted, only for entities applying IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers.

- On October 12, 2017, the IASB published the document “***Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)***”. This document clarifies the need to apply IFRS 9, including the impairment requirements, to other long-term interests in associates and joint ventures for which the equity method is not applied. The amendment applies from January 1, 2019, although early application is permitted.

The directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- On December 12, 2017 the IASB published the document “***Annual Improvements to IFRSs 2015-2017 Cycle***” which reflects the amendments to some standards within the annual improvements process. The principal changes relate to:

- IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements*: the amendment clarifies that when an entity obtains control a business which represents a joint operation, it must remeasure its previous holding in the business. This process however is not required in relation to obtaining joint control.

- IAS 12 Income Taxes: The amendment clarifies that all the tax effects related to dividends (including the payments on financial instruments classified within equity) must be recognised in line with the transaction which generated these profits (profit or loss, OCI or equity).

- IAS 23 Borrowing costs: the amendment clarifies that in the case of loans which remain in place even after the qualifying asset is ready for use or for sale, these become part of the overall financing utilised to calculate the borrowing costs.

The amendments are applicable from January 1, 2019, although advance application is permitted. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- The IASB published the document “***Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)***” on February 7, 2018. The document clarifies that an entity must recognise a change (i.e. a curtailment or a settlement) of a defined benefit plan. The amendments require the entity to update their assumptions and remeasure the net liability or asset from the plan. The amendments clarify that after the occurrence of this event, an entity utilises updated assumptions to measure the current service cost and interest for the remainder of the period. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- On October 22, 2018, the IASB published the document “***Definition of a Business (Amendments to IFRS 3)***”. The document provides clarification regarding the definition of business for the purposes of the proper application of IFRS 3. In particular, the amendment clarifies that while a business normally yields an output, the existence of an output is not strictly necessary to identify a business when there is an integrated set of activities and assets. However, in order to meet the

definition of a business, an integrated set of activities and assets must include, at minimum, an input and a substantial process that together contribute significantly to the capacity to create output. For this purpose, the IASB has replaced the term “capacity to create output” with “capacity to contribute to the creation of output” to clarify that a business may exist even without all the inputs and processes necessary to create an output.

The amendment also introduced an optional test (“concentration test”) for an entity to determine whether a set of activities and assets acquired is not a business. If the test yields a positive result, the set of activities and assets acquired does not constitute a business and the Standard does not require further verification. If the test yields a negative result, the entity must conduct additional analyses of the activities and assets acquired to identify the presence of a business. To this end, the amendment adds numerous examples illustrating IFRS 3 with the aim of ensuring an understanding of the practical application of the new definition of a business in specific cases. The amendments apply to all business combinations and acquisitions of activities after January 1, 2020, although advance application is permitted.

The directors do not expect this amendment to have effects on the Group consolidated financial statements.

- On October 31, 2018, the IASB published the document **“Definition of Material (Amendments to IAS 1 and IAS 8)”**. The document modified the definition of “material” in IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment aims to provide a more specific definition of “material” and introduce the concept of “obscured information” alongside the concepts of omitted or misstated information previously included in the two amended Standards. The amendment clarifies that information is obscured if it is described in a way that results in an effect for the primary users of the financial statements similar to that which would have resulted if the information in question had been omitted or misstated.

The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On September 11, 2014, the IASB published an amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10.

According to IAS 28, the profit or loss from the sale or conferment of a non-monetary asset to a joint venture or associate in exchange for a share of the capital of this latter is limited to the share held in the joint venture or associate by external investors to the transaction. On the other hand, IFRS 10 provides for the recognition of the entire profit or loss in the case of loss of control of a subsidiary, also if the entity continues to hold a non-controlling holding, including also upon the sale or conferment of a subsidiary to a joint venture or associate. The amendments introduced establish that for the disposal/conferment of an asset or of a subsidiary to a joint venture or associated company, the amount of profit or loss to be recognized to the financial statements of the disposing company/conferring company depends on whether the asset or the subsidiary disposed of/conferred constitutes a business, in the definition established by IFRS 3. In the case in which the assets or the subsidiary disposed of/conferred

represents a business, the entity should recognize the profit or the loss on the entire share previously held; while, in the contrary case, the share of the profit or loss concerning the stake still held by the entity should be eliminated. Currently, the IASB has suspended the application of this amendment. The directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

Seasonal activities

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 quarters rather than in the first and final quarters of the year. Higher revenues are concentrated in June-September, during the peak summer vacation period and the maximum usage levels of the directly managed infrastructure (airports).

Significant accounting estimates

The key future assumptions and those concerning other important sources of uncertainty in the estimates at the reporting date, that could result in adjustments to the carrying value of the assets and liabilities within the next financial year, are illustrated below.

Impairment on goodwill and other intangible assets

An impairment test is carried out on goodwill on an annual basis; this test requires an estimate of the value in use from the cash generating units of the cash flows to which the goodwill is attributed, in turn based on the expected future cash flows of the unit and discounted in accordance with an adequate discount rate.

The group undertakes an impairment test on goodwill recognised in the financial statements in accordance with the methods described in the paragraph “Impairments of intangible assets and property, plant and equipment”. The cash flows of the cash generating units attributable to the individual goodwill recognised was taken from the Business Plan approved by the Board of Directors.

In relation to the other intangible assets with finite useful life, an impairment test was carried out annually on the residual value, resulting from the allocation of the higher value paid on acquisition.

For more in-depth information and analysis of the impairment tests undertaken at December 31 on the individual goodwill amounts and other intangible assets, reference should be made to the paragraph “Tests on the recoverability of assets and groups of assets”, illustrated in the accounting principles.

Deferred tax assets

Deferred tax assets refer to the temporary differences between the amounts recorded in the financial statements and those recorded for tax purposes, attributable to the deferred deductibility of costs, principally relating to risk provisions, and tax losses carried forward by some Group companies.

These assets are recognised in the financial statements on the basis of a discretionary assessment by the Directors on the probability of their recovery, with particular regard to the capacity of the Parent Company and of the subsidiaries, also based on the effect

of the “tax consolidation” option, to generate future assessable income. They must estimate the probable timeframe and amount of future assessable income.

The calculation was made based on the expected tax rates for the year in which the temporary differences are expected to reverse.

Doubtful debt provision

The doubtful debt provision is based on a specific analysis of receivables in dispute and also an analysis of overdue receivables. The provision includes, in addition, the measurement of the residual receivables according to the Expected Loss method, calculated over the entire duration of the receivable as per the new IFRS 9. The overall valuation of the realisable value of trade receivables requires estimates on the probability of recovery of the above-mentioned receivables, in addition to the write-down percentages applied to receivables not in dispute and, therefore, is subject to uncertainty.

Assets under concession replacement provision

A provision was established against buildings held under concession by a number of Group companies including the amounts necessary for the maintenance or replacement of assets constituting the infrastructure held which must be returned to the State in optimal operating condition at the end of the concession.

The Replacement Provision is updated annually based on a technical evaluation of the estimated future charges relating to the cyclical maintenance of the assets which will be returned free at the end of the concession and is utilised based on the maintenance undertaken during the year.

Pension provision and other post-employment benefits

The cost of defined benefit plans and post-employment benefits are determined utilising actuarial valuations. The actuarial valuations require the consideration of statistical hypothesis concerning discount rates, the expected return on plan assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty.

Current taxes

Current income taxes are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as at the reporting date of the consolidated financial statements. Current income taxes relating to items recorded directly in equity are charged directly to net equity and not to the income statement.

Test on the recoverability of assets and group of assets

Impairment tests were undertaken to assess the existence of impairments on the amounts allocated to Goodwill and Concessions, recognised in the present and previous years.

The impairment test compares the carrying value of the asset or group of assets of the cash generating unit (CGU) with the recoverable value, arising from the higher between the fair value (net of selling costs) and the discounted net cash flows which are expected to be produced from the asset or group of assets of the CGU (value in use).

Value of concessions and goodwill allocated to the Venice CGU on the Purchase Price Allocation

An impairment test was carried out in order to determine the existence of an impairment loss on the amount of Euro 849.2 million allocated to “Concessions”, and on the amount of Euro 303.6 million allocated to “Goodwill” on the acquisition of the Save Group by Milione in 2017, with the allocation finalised in 2018.

The cash flows of the Cash Generating Unit were taken from the Business Plan which covers a time period between 2019 and 2041, based on the following key factors: (i) the presence of a forty-year full management concession, (ii) growth of commercial revenues (both aviation and non-aviation), thanks to major incisive investments in view of traffic development; (iii) the prudent consideration, in light of the continued challenging economic environment with minimal growth, of a number of growth drivers and related investments.

The period of the plan refers to the explicit cash flows prepared by SAVE S.p.A. Management, until the conclusion of the Concession.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 5.9%.

From the analyses, the value in use is higher than the carrying value of the CGU.

The identified value in use is Euro 1,437.8 million, compared to a carrying value of approx. Euro 1,266.5 million. The results were subject to sensitivity analysis in order to establish the sensitivity of the results to changes in a number of the principal estimate parameters, within reasonable intervals and with consistent assumptions. The modified variable rate is the discount rate (between 5.5% and 6.3%).

Value of goodwill from the acquisition of a further minority shareholding in Aer Tre S.p.A.

An impairment test was undertaken to determine the existence of any impairment loss on the Euro 6.9 million allocated to “Goodwill” on acquisition from third party shareholders, in 2007, of a 35% stake in the share capital of Aer Tre S.p.A..

The cash flows of the Cash Generating Unit were taken from the Business Plan which covers a time period between 2019 and 2052, based on the following key factors: (i) the presence of a forty-year full management concession, (ii) growth of commercial revenues, thanks to incisive investments; (iii) the prudent consideration, in light of the continued challenging economic environment with minimal growth, of a number of growth drivers and related investments.

The period of the plan was broken down into two phases: the first phase (2019-2030) refers to the explicit cash flows prepared by SAVE S.p.A. Management, while the second phase (2031-2052) refers to the cash flows from the application of a “g” growth rate of 0.5% on revenues of the year 2030, until the conclusion of the Concession.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 5.9%.

From the analyses, the value in use is higher than the carrying value of the CGU.

The identified value in use is Euro 44.7 million, compared to a carrying value of approx. Euro 28.8 million, while including also the net carrying value of the “*Concession right*” allocated to the Treviso CGU on the Purchase Price Allocation it would amount to Euro 39.9 million. The sensitivity analysis applied to the changes in the discount rate within the Plan shows that the post-tax WACC rate which renders the value in use of the CGU equal to the relative carrying amount is approx. 8.3% and considering also the “*Concession right*” would be 6.5%.

Value of Concession from the acquisition of a further minority shareholding in Aeroporto Valerio Catullo S.p.A.

An impairment test was undertaken to establish the existence of any impairment loss on the Euro 15.7 million allocated to “Goodwill” on the undertaking of a stake by Save in Aeroporto Valerio Catullo di Verona Villafranca S.p.A. (“Catullo S.p.A.”), a company which holds concessions for the management of the Verona Villafranca and Brescia airports, between 2014 and 2015.

The operation, carried out through an initial acquisition from the Municipality of Villafranca of 2% of the Share Capital, with subsequent subscription to a share capital increase and finally the exercise of the pre-emption right on a further 5.3% following the exercise of the right to withdrawal by shareholders, resulted in a holding at December 31, 2015 of 40.31% in the company Aeroporto Valerio Catullo di Verona Villafranca S.p.A..

The cash flows of the Cash Generating Unit were taken from the 2019 budget, upon which an economic plan was developed which covers a time period between 2019 and 2030, based on the following key factors: (i) development of Verona airport within its catchment area and the recovery therefore of a level of traffic in line with the regions potential through the entry of new carriers in a position to ensure significant traffic growth, the development of point-to-point destinations currently not served or significantly underserved (also through low-cost carriers), improved connectivity with hubs by network carriers; (ii) the improvement of operations at Brescia with increased courier traffic, the growth of the general cargo segment and the consolidation of postal

traffic; (iii) the growth of commercial revenues, thanks to targeted investments on the basis of increased traffic.

The second reference period of the plan, which runs from 2031 to the conclusion of the Verona concession in 2048 concerns cash flows from the application of a “g” growth rate of 0.5% on revenues and costs of the year 2030, until the conclusion of the Concession.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 5.9%.

From the analyses, the value in use is higher than the carrying value of the CGU.

The identified value in use is Euro 62.5 million, compared to a carrying value of approx. Euro 29.4 million. The sensitivity analysis applied to the change of the two discount rates utilised highlights that the values of the WACC’s net of taxes which results in a value in use of the CGU equal to the relative carrying amount is approx. 8.6%.

Value of Concession relating to the minority investment in the Airst Group

Under the shareholder agreements with the Lagardère Group within the sale of the Airst Group, on May 6, 2015, LSTR Food Services Italia S.r.l. exercised the call option on 50% of Lagardère Food Services S.r.l., the company resulting from the spin-off from Airst S.p.A. on May 1, 2015 and including all of the Airst Group operations, excluding the commercial activities at the airports in which the SAVE Group operates. Airst S.p.A., in fact, following the corporate operations in 2015 controls three companies in the Food & Beverage and Retail sectors, operating at Venice, Treviso and Verona airports. In order to simplify the Airst Group structure, in 2016 a merger was undertaken by a number of companies resulting in Airst Retail becoming the parent company which wholly-owns Collezioni Venezia S.r.l..

The cash flows of the Cash Generating Unit were taken from the 2019 budget approved by the Board of Directors of Airst Retail, on the basis of which a finance plan was drawn up which covers a time period between 2019 and 2028, coinciding with the duration of the concession contract for the F&B and Retail spaces at Venice and Treviso airports.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 5.8%. From the analyses, the value in use is significantly higher than the carrying value of the CGU.

The identified value in use is Euro 46 million, compared to a carrying value of approx. Euro 37.6 million. The sensitivity analysis applied to the changes in the discount rate within the Plan shows that the post-tax WACC rate which renders the value in use of the CGU equal to the relative carrying amount is approx. 12.8%.

Accounting policies

The IAS/IFRS accounting principles applied are illustrated below.

Intangible assets

An intangible asset is an asset without physical substance, identifiable, under control of the entity and capable of generating future economic benefits, and those derived from business combinations.

The useful life of the intangible assets is measured as finite or indefinite.

Intangible assets with a finite useful life are recorded at acquisition or production cost or, where deriving from business combinations, are capitalised at the fair value at the acquisition date; these assets include accessory charges, amortised on a straight-line basis for the period of their residual useful life in accordance with IAS 36 and undergo an impairment test whenever there are indications of loss in value.

The residual value at the end of the useful life is presumed to be zero unless there is a commitment by a third-party purchaser of the asset at the end of the useful life or an active market for the asset exists. The Directors review the estimate of the useful life of intangible assets at each reporting date.

The amortisation of finite intangible assets is recorded in the income statement under the category of costs relating to intangible assets.

The indefinite intangible assets undergo an impairment test for loss in value at individual level or at cash generating unit level.

The recoverability of the value recorded is verified adopting the criteria indicated below. These assets are not amortised. The useful life of an indefinite intangible asset is reviewed on an annual basis in order to assess whether the conditions exist for it to remain in this classification.

The useful life of the various intangible asset categories is illustrated below:

Category	Amortisation period
Patents and intellectual property rights software	3 years
Airport Concession rights	Duration of Airport concession
Patents and intellectual property rights	5 years
Licences, brands and similar rights	Duration of contract

“Patents and intellectual property rights” principally refers to costs for the implementation and tailoring of operational software.

“Airport concession rights” refer to the amount recognised under intangible assets against the airport infrastructure assets held in relation to the concession rights acquired for the management of the infrastructures which permits the right to charge for the utilisation of such infrastructure, in execution of a public service, in accordance with the provisions of IFRIC 12 – Service Concession Arrangements.

Business combinations and goodwill

Business combinations before January 1, 2010

Business combinations are recorded in accordance with the purchase method. The cost of the business combination is measured as the aggregate of the present values, at the date of exchange, of assets sold, liabilities incurred or assumed, and equity instruments issued by the purchaser, in exchange for control of the company acquired, plus any costs directly attributable to the business combination. The acquisition cost is allocated to the assets, liabilities and contingent liabilities of the company acquired measured at fair value at the acquisition date, which satisfy the criteria as per IFRS 3. The difference recorded between the business combination cost and the amount acquired at net fair value of the assets, liabilities and contingent liabilities is recorded as goodwill. Goodwill acquired in a business combination is not amortised; an impairment test is undertaken annually to verify any loss in value, or more frequently if specific events or changed circumstances indicate the possibility of an impairment, in accordance with IAS 36 "Impairment of assets". In the determination of the fair value of the assets and liabilities and the impairment tests, the evaluations of the Directors are supported by opinions from independent experts. The minority interests in the companies acquired are initially measured at the fair value of the assets, liabilities and contingent liabilities recognised.

Business combinations after January 1, 2010

Following the introduction of IFRS 3 Revised, from January 1, 2010, date of first prospective application of the standard, business combinations are recognised utilising the acquisition method. The acquisition cost is calculated as the total of the fair value at the date of acquisition and the value of any minority equity holding in the acquisition. For every business combination, the buyer must measure any minority holding at fair value or in proportion to the amount held in the identifiable net assets of the acquisition. The acquisition costs are expensed and classified under administration expenses. When the group acquires a business, the financial assets acquired or liabilities assumed under the agreement are classified or designated in accordance with the contractual terms, the economic conditions and the other conditions at the acquisition date. This includes the verification to establish whether an embedded derivative must be separated from the host contract. If the business combination is realised in a series of phases, the purchaser recalculates the fair value of the holding previously held and measures under the equity method and records to the income statement any resulting profit or loss. Every potential payment is recorded by the purchaser at fair value at the acquisition date. The change in the fair value of the potential payment classified as an asset or liability will be recorded in accordance with IFRS 9, in the income statement or in the statement of comprehensive income. If the potential payment is classified under equity, the value must not be recalculated until its elimination is recorded against equity. Goodwill is initially valued at cost calculated as the difference between the sum of the amount paid and the amount recognised for the minority interest holdings compared to the net identifiable assets acquired and liabilities assumed by the Group. If the amount is lower than the fair value of the net assets of the subsidiary acquired, the difference is recorded in the income statement. After initial recognition, goodwill is measured at cost, less any accumulated loss in value. For the purpose of impairment testing, goodwill acquired in a business combination must, from the acquisition date, be allocated to each

of the Group's cash-generating units which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units.

If the goodwill is allocated to a cash-generating unit and the entity sells part of the activities of this unit, the goodwill associated with the activity sold is included in the book value of the activity when determining the gain or loss deriving from the sale. The goodwill associated to assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash-generating unit.

Property, plant & equipment

Property, plant and equipment are initially recognised at purchase price or construction cost or, where deriving from business combinations, at fair value at the acquisition date; the value includes the price paid to acquire or construct the asset (net of discounts) and any directly attributable costs to the acquisition and necessary for the asset to enter into service. The assets held by third parties are measured at fair value on the basis of a specific valuation. The purchase price or construction cost is net of public grants which are recognised when the conditions for their concession are verified. Land, both constructible and relating to civil and industrial buildings, is accounted for separately and is not depreciated in that it has an indefinite useful life. Tangible assets are presented net of accumulated depreciation and any losses in value, calculated as described below. Depreciation is calculated, on a straight-line basis, based on the estimated useful life.

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.

At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the income statement in the year of its elimination.

Where a tangible fixed asset comprises a number of significant components with differing useful lives, the depreciation is carried out separately for each component. Land is not depreciated and fixed assets held-for-sale are valued at the lower of the subscription value and the fair value net of selling costs.

Maintenance and repair expenses, which do not increase the value and/or extend the residual useful life of the asset are expensed in the year in which they are incurred; where they increase the value and/or extend the residual life of the assets, they are capitalised.

Property, plant and equipment are depreciated on a straight-line basis based on the residual useful life of the asset, as follows:

CATEGORY	%
Buildings	3%
Runway vehicles and equipment	10% - 31.5%
Office machinery	12.5%
Other machinery/plant	15.0%
Communication plant	25.0%
Alarm systems	30.0%
Operating/loading/unloading machinery	10.0%
Equipment	35% - 15% - 12.5%
Motor vehicles	20% - 25%
Ordinary office machinery	12.0%
Furniture and fittings	15.0%
Telephones and EDP	20.0%

Leased fixed assets

Assets acquired through finance lease contracts, which substantially transfer the majority of the risks and benefits related to the ownership of an asset to the Group, are capitalised at commencement of the lease at the fair value of the asset or, if lower, at the present value of the minimum lease payments on the recording of a liability to the leasing company. Lease instalments are allocated to principal and interest to obtain application of a constant interest rate on the balance of the debt (principal). Financial expenses are charged to the income statement. Capitalised lease assets are depreciated over their estimated useful life.

Impairments on intangible assets and property, plant and equipment

The carrying amount of intangible assets and property, plant and equipment undergo an impairment test whenever there are signs internal or external to the entity which indicate the possibility of a loss in value of the assets or group of assets (defined as the Cash Generating Unit or CGU).

The recoverable value is the higher between the fair value of the asset or cash generating unit, net of selling costs, and its value in use. The recoverable value is determined by individual asset except when this asset generates cash flows which are not sufficiently independent from those generated by other assets or groups of assets.

If the carrying amount of an asset is higher than its recoverable value, this asset has incurred a loss in value and is consequently written down to the recoverable value. In the determination of the value in use, the estimated future cash flows are discounted by the Group at a pre-tax rate that reflects the market assessment of the current value of money and the risks specific to the asset. In determining the fair value less selling costs, an adequate valuation model is utilised. These calculations are made utilising appropriate

valuation multipliers, listed equity prices for publicly traded securities and other fair value indicators available.

The losses in value incurred by operating assets are recorded in the income statement in the category of costs relating to those assets.

At each reporting date, the Group also evaluates, in relation to the assets other than goodwill, the existence of indicators of a recovery in the loss of value previously recorded and, where these indicators exist, makes an estimate of the recoverable value. The value of an asset previously written down may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recording of a loss in value. The recovery of value cannot exceed the book value which would have been calculated, net of amortisation, where no such loss in value was recorded in previous years. This recovery is recorded in the income statement unless the fixed asset is recorded at revalued amount, in which case the recovery is treated as a revaluation gain.

The value of goodwill may not be reversed following an increase in the recoverable value.

The following criteria are utilised for the recording of impairments on specific categories of assets:

Goodwill

The Group undertakes an impairment test on goodwill annually or more frequently if events or changes in circumstances indicate that the carrying amount may have incurred a loss in value.

The loss in value on such intangible assets is determined through a valuation of the recoverable value of the cash-generating unit (or group of units) to which they relate. When the recoverable value of the cash-generating unit (or group of units) is lower than the carrying value of the cash-generating unit (or group of cash-generating units) to which the intangible assets are allocated, a loss in value is recognised.

The decrease in the value of goodwill cannot be restated in future years.

The Group undertakes the annual impairment test on the value of the above-mentioned intangible assets close to the end of the year.

The impairment test compares the carrying amount of the asset or of the cash-generating unit (CGU) with the recoverable value of the asset, arising from the higher between the fair value (net of selling costs) and the value of the net discounted cash flows which are expected to arise from the asset or from the CGU.

Each unit or Group of units to which the intangible asset is allocated represents the lowest level within the Group to which the goodwill is monitored at internal management level.

The conditions and the methods for any write-back of an asset previously written down applied by the Group, excluding in any case any recovery in the value of goodwill, are those as per IAS 36.

Non-current assets held-for-sale and discontinued operations

Non-current assets and discontinued groups classified as held-for-sale are measured at the lower of their carrying value and the fair value less selling costs. Non-current assets and discontinued groups are classified as held-for-sale when the carrying value will be recovered through a sales operation rather than through their continual use. This condition exists only when the sale is highly probable and the asset or discontinued group is available for an immediate sale in its current conditions. Management must be committed to the sale, whose completion must be expected within one year from the date of the classification.

In the consolidated income statement the gains and losses of discontinued operations must be classified separately from profits and losses from continuing operations, shown after taxes, even when the Group maintains a minority interest in the subsidiary after the sale. The resulting profit or loss, after income taxes, is shown separately in the income statement.

Plant, property and equipment and intangible assets once classified as held-for-sale are no longer amortised or depreciated.

Financial assets

During the current year, the Group applied IFRS 9 Financial instruments (as revised in July 2014) and the relative consequent amendments to other IFRS which are applicable for financial years beginning January 1, 2018 or subsequently.

With regards to the classification and measurement of financial assets, the Group applied IFRS 9 to the instruments recognised at January 1, 2018 and did not apply this standard to assets which had already been eliminated for accounting purposes at the initial application date.

All financial assets recognised which fall within the scope of IFRS 9 should subsequently be measured at amortised cost or at fair value on the basis of the business model of the entity managing the financial assets and the characteristics concerning the contractual cash flows of the financial asset.

Specifically:

- Debt instruments held within a business model whose objective is the holding of financial assets for the collection of the contractual cash flows, and whose cash flows are represented only by the payment of capital and interest on the amount of the capital to be repaid, are subsequently measured at amortised cost;
- Debt instruments held within a business model whose objective is achieved both through the collection of the contractual cash flows and the sale of the financial assets, and whose cash flows only derive from the payment of capital and interest on the amount of capital to be repaid, are subsequently measured at fair value with changes recognised to other comprehensive income (FVTOCI);
- All other debt instruments and capital instruments are subsequently measured at fair value, with changes recognised to profit or loss (FVTPL).

Despite that reported above, the Group may make the following irrevocable choice/designation on the initial recognition of financial assets:

- The Group may make the irrevocable choice to present subsequent changes to the fair value of an investment in a capital instrument which is neither held for trading, nor a potential payment from an acquirer as part of a business combination to other comprehensive income items;
- The Group may irrevocably designate an investment in debt instruments which satisfy the amortised cost or FVTOCI criteria as measured at fair value, with changes to profit or loss (FVTPL) if doing so eliminates or significantly reduces an accounting asymmetry.

During the year, the Group did not designate any investment in debt instruments which satisfy the amortised cost or FVTOCI criteria as valued at fair value to profit or loss.

Where an investment in a debt instrument measured as FVTOCI is eliminated, the cumulative profit (loss) recognised previously to other comprehensive income is reclassified from shareholders' equity to the profit (loss) for the year through a reclassification adjustment. On the other hand, when an investment in a capital instrument designated as measured at FVTOCI is eliminated, the cumulative profit (loss) recognised previously to other comprehensive income is subsequently transferred to retained earnings without transiting from the income statement.

Debt instruments subsequently valued at amortised cost or FVTOCI are subject to an impairment test.

The Directors reviewed and measured the financial assets of the Group held at January 1, 2018 on the basis of the facts and circumstances at that date and concluded that the initial application of IFRS 9 did not have an impact on the financial assets of the Group both in relation to their classification and measurement:

- The financial assets classified as held to maturity and the loans and receivables which based on IAS 39 were measured at amortised cost continue to be measured at amortised cost based on IFRS 9 as held within a business model whose objective is to collect the contractual cash flows and these cash flows comprise solely payments of principal and interest on the amount of the capital to be repaid;
- There were no changes in the measurement of Group investments in capital instruments other than investments in subsidiaries, associates and joint ventures; these instruments were and continued to be measured at fair value with changes recognised to profit (loss) for the year.

Impairment of financial assets

In relation to the loss in value of the financial assets, IFRS 9 requires the application of a model based on expected credit losses, instead of based on the losses on receivables already incurred required by IAS 39. The differing model based on expected losses on receivables requires the Group to consider these losses and their changes and at each balance sheet date to reflect changes in the credit risk since the initial recognition of the financial asset. In other words, it is no longer necessary that an event occurs to put in doubt the recoverability of the receivable before the recognition of a doubtful debt.

IFRS 9 requires the Group to recognise the doubtful debt provision for expected losses on receivables with regards to:

- 1) Investments in debt instruments valued subsequently at amortised cost or FVTOCI;
- 2) Financial lease receivables;
- 3) Commercial receivables and contract assets;
- 4) commitments to issue loans and guarantee contracts to which the reduction in value provisions of IFRS 9 apply.

In particular, IFRS 9 requires that the Group measures the provision to cover the losses of a financial asset at an amount equal to the expected losses over the lifetime of the receivable (lifetime expected credit losses, ECL), where the credit risk of this financial asset is significantly increased after initial recognition, or where the financial instrument is an acquired or arising deteriorated financial asset. Therefore, where the credit risk of a financial instrument has not increased significantly after initial recognition (except for an acquired or arising deteriorated financial asset), the Group should measure the coverage of losses provision for the financial instrument for an amount equal to the expected credit losses from a default event in the 12 subsequent months (12-months expected credit losses). IFRS 9 in addition, in such circumstances, requires the adoption of a simplified method to measure the provision for the coverage of losses for the trade receivables, the contract assets and the finance lease receivables, estimating the lifetime expected credit losses.

Treasury shares

Treasury shares acquired are recorded at cost and as a reduction of shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the carrying value and the payment received is recorded in the share premium reserve. The voting rights related to treasury shares are cancelled, as are the rights to receive dividends. In the case of the exercise of options on shares in the period, such are settled with treasury shares.

Inventories

Inventories, excluding contract work-in-progress, are recorded at the lower of purchase or production cost and realisable value represented by the amount that the Company expects to obtain from their sale in the normal course of operations. The cost of inventories is calculated using the weighted average cost method.

Contract work-in-progress is measured on the basis of the payments agreed in relation to the advancement of the work, determined utilising the cost-to-cost method. The

payments on account paid by clients are deducted from inventories up to the payments matured; the remaining part is recorded under liabilities. Any losses deriving from the completion of the contracts are recognised fully in the period in which such is ascertained.

Cash and cash equivalents

Cash and cash equivalents include those values which are available on demand at short notice, certain in nature and with no payment expenses.

Employee benefits

The benefits guaranteed to employees paid on the conclusion of employment or other long-term benefits are recognised in the period the right matures.

The liability, net of any plan assets, is calculated on the basis of actuarial assumptions and is recorded by the accrual method consistent with the years of employment necessary to obtain such benefits. The liability is calculated by independent actuaries utilising the projected unit credit method. The amount not only reflects the payables matured at the consolidated balance sheet date (only for companies with less than 50 employees) but also the future salary increases and related statistical data.

Provisions for risks and charges

Provisions for risks and charges relate to costs and expenses of a defined nature and of certain or probable existence whose amount or date of occurrence is uncertain at the present consolidated balance sheet date. The provisions are recorded when:

- (i) it is probable the existence of a current obligation, legal or implicit, deriving from a past event;
- (ii) it is probable that compliance with the obligation will result in a charge;
- (iii) the amount of the obligation can be estimated reliably.

Provisions are recorded at the value representing the best estimate, supported by expert opinion, of the amount that the Company would rationally pay to discharge the obligation or to transfer it to a third party at the balance sheet date. When the financial effect of the time is significant and the payment dates of the obligations can be reliably estimated, the provision shall be discounted at the average cost of debt to the company; the increase of the provision due to the passing of time is recorded in the income statement in the account "Net financial income/(charges)".

If the liability relates to a tangible fixed asset (demolition of assets), the provision is recognised in line with the asset to which it refers; the recognising of the charge to the income statement is made through depreciation.

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discounting rate; the revision of estimates is recorded in the same income statement accounts in which the provision was recorded, when the liability relates to tangible fixed assets, and in the asset account to which it refers.

Trade payables and other non-financial liabilities

Payables, which mature within the normal commercial terms, are recognised at cost (their nominal value). The payables in foreign currencies are recorded at the transaction exchange rate and, subsequently, translated at the year-end rate. The gains and losses deriving from the conversion are recorded in the income statement.

The other liabilities are recorded at cost (identified as nominal value).

Financial liabilities

Financial liabilities are recognised in accordance with IFRS 9 and, with the exception of derivative financial instruments, are initially recognised at cost, corresponding to the fair value of the liability plus transaction costs that are directly attributable at the issue of the liability.

After initial recognition, the financial liabilities are measured at amortised cost using the original effective interest rate, which is the rate that renders equal, on the initial recognition, the present cash flow value and the initial recognition value (amortised cost method).

All gains and losses are recognised in the income statement when the liability is settled, in addition through the amortisation process.

Derecognition of financial assets and liabilities

Financial assets

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised from the financial statements when:

- the right to receive the financial flows of the asset terminate;
- the Group retains the contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay the cash flows fully and without delay to a third party;
- the Group has transferred its right to receive the cash flows from the asset and (a) has transferred substantially all of the risks and rewards of ownership of the financial asset or (b) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control over same.

Where the Group has transferred all the contractual rights to receive the cash flows from an asset and has not transferred or withheld substantially all of the risks and rewards or has not lost control, the asset is recorded in the financial statements of the Group up to the amount of its residual holding in the asset. Residual involvement that takes the form of a guarantee on the transferred asset is valued at the asset's initial book value or the maximum consideration that the Group could be required to pay, whichever is less.

Financial liabilities

A financial liability is derecognised from the financial statements when the underlying liability is settled or cancelled.

Derivative financial instruments and hedging operations

In line with the strategy chosen, the Group does not carry out operations and derivatives for speculative purposes. However, in the case in which these operations were undertaken for hedging purposes not qualifying as hedges according to the rules of IFRS 9, such are recognised as trading operations.

Derivative financial instruments are classified as hedging instruments (therefore designated as Hedge Accounting) when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. In accordance with IFRS 9, the verification of the efficacy of the hedge is based on the evaluation of the “economic relationship” between the hedged element and the hedging element, favouring therefore qualitative aspects over quantitative aspects.

When the hedged derivatives cover the risk of change of the fair value of the instruments hedged (fair value hedge; e.g. hedge in the variability of the fair value of asset/liabilities at fixed rate), these are recorded at fair value through the income statement; therefore, the hedging instruments are adjusted to reflect the changes in fair value associated to the risk covered. When the derivatives hedge the risk of changes in the cash flows of the hedge instrument (cash flow hedge; e.g. coverage of changes in cash flow of asset/liabilities at variable interest rate due to changes in the interest rates), the changes in the fair value are initially recognised under equity and subsequently through the income statement in line with the economic effects produced from the operation hedged.

The changes in the fair value of the derivatives compared to their initial value, which do not satisfy the conditions for hedge accounting, are recorded through the income statement.

Revenues and other income components

Revenues are recognised as per IFRS 15 and for an amount which reflects the payment which the entity considers to have the right to in exchange for the transfer of goods or services to the customer. These are recognised when the contractual obligations have been complied with and in particular when control has been transferred to the customer. In addition, in the measurement of revenue it is necessary to take into account the probability of obtaining and/or collecting the economic benefit related to the income.

Revenues are recorded net of returns, discounts and premiums and promotional charges directly related to the sales revenue, in addition to direct sales taxes.

Airport management services can be broken into two categories: aviation and non-aviation.

Aviation revenues

The former category primarily consists of managing, maintaining and developing airport infrastructure, which also includes security checks and surveillance, as well as services related to the landing and departure of aircraft for passengers, other users and airport operators. Consideration for such services takes the form of airport fees of the following types paid by airlines, airport operators and passengers (defined by a regulated

tariff system). These principally comprise: passenger boarding fees, landing and departure fees, aircraft parking and storage fees. Other sources of revenues concern the fees for the checking of departing passengers, checked baggage safety control fees, PRM fees (reduced mobility passengers), fees for the exclusive use of assets and de-icing service fees. The General Aviation business includes the full range of services relating to business traffic.

Commercial discounts, recorded as a direct deduction of revenues, are measured on the basis of contracts signed with airlines and tour operators.

Non-aviation revenues

The main non-aviation activities include however a wide range of services, some provided directly and others indirectly through sub-concession contracts for commercial services for passengers and operators. This include parking management, retail and advertising. These revenues consist of the market fees for activities directly carried out by the Group and from activities carried out by third parties under license and of royalties based on a percentage of revenues generated by the licensee, usually with the provision of a guaranteed minimum.

Royalties are recorded based on the accruals principle, in accordance with the contracts in force and IFRS 15.

Interest income is recognised in accordance with the accruals principle, which takes into account the effective yield of the assets to which it refers.

Dividends are recorded when the shareholders have the right to receive them.

Measurement of costs and expenses

Costs are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.

Income taxes

Current income taxes

Current income taxes are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as at the reporting date of the consolidated financial statements. Current income taxes relating to items recorded directly in equity are charged directly to net equity and not to the income statement.

Deferred taxes

Deferred taxes are calculated using the liability method on temporary differences between values used for fiscal purposes and the assets and liabilities reported in the present consolidated financial statements. Deferred tax liabilities derive from all temporary timing differences, except for the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the profit for the year calculated for the financial statements or on the profit or loss calculated for tax purposes.

The reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recorded against all temporary deductible differences and fiscal losses carried forward, up to the amount it is probable there exists adequate future assessable profits against the utilisation of the temporary deductible differences and of the assets or liabilities carried forward, except in the case where the deferred tax asset related to the temporary deductible differences derives from the initial recording of an asset or a liability in a transaction that is not a business combination and that, at the time of the transaction, does not impact on the profit of the period calculated for the accounts or on the losses calculated for tax purposes. In the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognised to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilise such temporary differences.

The rates utilised for the calculation of deferred taxes, which reflect the expected rates on the basis of national legislation in force, are mainly the following:

IRES	24%
IRAP	4.20% (Airport Companies)
IRAP	3.90%

Translation of accounts in foreign currencies

The present consolidated financial statements are presented in Euro, which is the Company's operational currency. Each Group company decides the operative currency to be used to value the accounts in the financial statements. Transactions in foreign currency are initially recorded at the exchange rate (referred to the operative currency) at the transaction date. Monetary assets and liabilities in foreign currency are translated to the operative currency at the exchange rate at the consolidated balance sheet date. All exchange differences are recognised in the income statement. Non-monetary items valued at historical cost in foreign currency are translated by using the exchange rates in effect on the date the transaction was first recorded. Non-monetary items recorded at fair market value in foreign currency are translated by using the exchange rate on the date the value was calculated.

Regional overview

The Group focus on Airport operations resulted in the *de facto* concentration of the business in Italy, therefore no longer requiring disclosure upon the main geographic areas.

Main clients

Approx. 10.9% of the total revenues for 2018 of the subsidiary SAVE S.p.A. derive from the airline easyJet; the subsidiary Aer Tre S.p.A. derive however approx. 63.3% of its revenues from the airline Ryanair and approx. 9.7% from Wizz Air.

Business Combinations

Acquisition of SAVE S.p.A.

On August 9, 2017, with the acquisition of 43.09% of Agorà Investimenti S.p.A. and the entire share capital of Sviluppo 35 S.p.A., which holds the remaining investment of 56.91% in Agorà Investimenti S.p.A., Milione S.p.A. came to hold indirectly, through its subsidiaries, a total of 32,677,585 SAVE shares, equal to 59.05% of its share capital and thereby acquiring control. The legal requirements as per Article 106 of the CFA to pursue a mandatory takeover of SAVE were therefore satisfied, with Agorà Investimenti S.p.A. the direct bidder, seeking to acquire the entirety of the listed company's shares, beginning in September at a price of Euro 21 per share.

The Bid, concluding on October 13, 2017, permitted Agorà Investimenti S.p.A. to achieve (directly and indirectly) a holding of 97.56% in SAVE's share capital, fulfilling therefore the legal requirements to purchase the residual outstanding shares. On October 23, 2017, the ordinary shares of SAVE were withdrawn from listing on the MTA segment of the Italian Stock Exchange.

The acquisition of the majority holding in SAVE was recognised to the consolidated financial statements of Milione S.p.A. as per IFRS 3 - "Business Combinations", applying the "purchase method". According to the standard, for the correct recognition of the operation, it is necessary to:

- establish the acquisition control date;
- establish the total consideration for the acquisition;
- recognise and measure the identifiable assets acquired, the identifiable liabilities assumed and any minority holding;
- recognise and measure goodwill or the profit from an acquisition at favourable prices;
- define the measurement period and establish the elements included in the business combination, including the acquisition-related costs.

On recognising the operation, it was considered that the individual phases by which control was acquired should be considered as a single transaction. In addition, considering August 9, 2017 was the control acquisition date, for simplicity management assigned the date of June 30, 2017 as the initial consolidation date of SAVE S.p.A.. The consolidated financial statements of Milione S.p.A. for the year ending December 31, 2017 include therefore the figures of the SAVE Group from July 1, 2017. In these financial statements, the allocation of the price paid to the assets and liabilities of the SAVE Group was undertaken, as permitted by the applicable accounting standard, on a provisional basis and resulting in the full allocation of the price in excess of the carrying amount of the assets and liabilities to the Concessions account.

In this regard, in 2018 the process to identify the fair value of the assets and liabilities of the Save Group was completed and therefore a number of balance sheet accounts for 2017 were restated, which therefore present differences to those published in the Consolidated Financial Statements of the Milione Group at December 31, 2017.

The following table presents the carrying amounts of the assets and liabilities acquired, in addition to the definitive amounts of the relative fair values identified.

NET ASSETS ACQUIRED	VALUE AS PER	ADJUSTMENTS	FAIR VALUE
<i>(IN EURO THOUSANDS)</i>	<i>FINANCIAL STATE.</i>		
Intangible assets	397,383	865,400	1,262,783
Property, plant & equipment	61,210		61,210
Deferred tax assets	28,318		28,318
Equity Investments	79,651	16,172	95,823
Other assets	52,988		52,988
Financial assets	201		201
Cash and cash equivalents	5,223		5,223
Total assets	624,974	881,572	1,506,546
Deferred tax liabilities	10,332	244,236	254,568
Other liabilities	115,928		115,928
Financial liabilities	237		237
Bank payables	252,357		252,357
Post employment benefit provision and other risk provisions	34,235		34,235
Total liabilities	413,089	244,236	657,325
Total net assets acquired	211,885	637,335	849,220
Of which pre-existing goodwill	6,977		6,977
Non-controlling interest equity			9,483
Share of net assets acquired from Group			832,760
Goodwill		310,533	310,533
Total acquisition cost		947,868	1,143,293

The consideration for the net assets acquired (aggregation cost) was established as Euro 1,143 million.

On completion of the measurement activities, a net value of the fair value adjustments on the assets acquired of Euro 637.3 million emerged, against the recognition of:

- the higher value identified for the Venice (Euro 849.2 million) and Treviso (Euro 16.2 million) Airport Concessions, for a total of Euro 865.4 million;
- the higher value of the investments in associates and joint ventures for Euro 16.2 million;
- the deferred taxes concerning the activities at point a) of Euro 244.2 million.

Net of the minority share of Euro 9.5 million, the fair value of the net assets acquired by the Group amounted to Euro 832.8 million, resulting in the recognition of goodwill, recorded only for the Group share (on the basis of the partial goodwill method), of Euro 310.5 million allocated to Save S.p.A. and Aertre S.p.A..

As established by IFRS 3, the above amounts were retrospectively stated from the acquisition date, with the consequent amendment and integration of the balance sheet amounts already provisionally included in the consolidated financial statements at December 31, 2017. The restatement of the balances at December 31, 2017 resulted in a higher Group net equity and Group net result of Euro 6.0 million.

The tables for the notes to the individual accounts at December 31, 2018 are compared with the December 31, 2017 restated figures.

ANALYSIS OF THE MAIN BALANCE SHEET ACCOUNTS

(where not otherwise specified, the amounts are expressed in thousands of Euro)

The financial statements are presented with the comparative balance sheet at December 31, 2017 and the 2017 income statement, as “restated” following the definitive allocation of the acquisition price of Save S.p.A. on the net assets acquired.

ASSETS

Current Assets

at

12.31.2018	€	118,698
12.31.2017	€	75,475
cge.		43,223

The items of the above stated account are as follows:

1. Cash and cash equivalents

at

12.31.2018	€	53,193
12.31.2017	€	15,259
cge.		37,934

These concern the bank current accounts available and cash and cash equivalents at the reporting date. The main asset amounts are held by the parent company Milione S.p.A. with Euro 35.7 million and by the subsidiary Save S.p.A. with Euro 16.6 million.

Cash and cash equivalents are reported at their book value, which is considered a reasonable approximation of the fair value at the date of the present consolidated financial statements.

2. Other financial assets

at

12.31.2018	€	-
12.31.2017	€	5,224
cge.		(5,224)

The balance at December 31, 2017 comprises the restricted current account in accordance with contractual provisions for the settled credit lines.

3. Tax receivables

at

12.31.2018	€	5,384
12.31.2017	€	5,924
cge.		(540)

4. Other receivables

at

12.31.2018	€	17,323
12.31.2017	€	7,053
cge.		10,270

The analysis is as follows:

(Euro thousands)	12.31.18	12.31.17	CGE.
Veneto region for grants	309	664	(355)
Suppliers for advances	15,683	1,041	14,642
Misc. receivables	970	825	145
Other assets for suspended financial charges	362	4,523	(4,161)
Total other receivables	17,323	7,053	10,270

Receivables from the Region of Veneto for grants approved under Decree No. 59/2009 concern the “Completion of the Rainwater runoff system and the First flush treatment system within the airport” for the part of the works completed at Venice. Euro 355 thousand was received in the year.

Suppliers for advances refers mainly to contractual advances for investments.

Euro 4.5 million was recognised to the income statement for up front fees concerning the credit lines not yet utilised at December 31, 2017 following the restructuring of funding undertaken at the end of the previous year.

5. Trade receivables

at

12.31.2018	€	40,882
12.31.2017	€	40,618
cge.		264

The breakdown of trade receivables is outlined below:

(Euro thousands)	12.31.18	12.31.17	CGE.
Trade receivables – third parties	31,348	32,259	(911)
Trade receivables - related parties	9,534	8,359	1,175
Total trade receivables	40,882	40,618	264

This principally concerns receivables from airlines for aviation activities and receivables from sub-agents for commercial spaces.

The table below illustrates the trade receivables and the relative doubtful debt provision:

(Euro thousands)	12.31.18	12.31.17	CGE.
Trade receivables	33,829	34,995	(1,166)
Doubtful debt provision	(2,481)	(2,736)	255
Total trade receivables	31,348	32,259	(911)

The Group doubtful provision amounts to Euro 2.5 million; this considers both the analysis of individual positions, for a number of which a credit recoverability risks exists, and an analysis concerning the aging of the receivable. This is in line with the valuation methods applied over time and is considered compliant with IFRS 9 described above.

The movements in the doubtful debt provision during the year were as follows:

(Euro thousands)	
Balance at 12/31/2017	(2,736)
Utilisations and other movements	489
Provisions	(234)
Balance at 12/31/2018	(2,481)

An analysis of the aging of the Group's net trade receivables from third parties at December 31, 2018 is reported below (in thousands of Euro):

TRADE RECEIV. FROM THIRD PARTIES	TOTAL	NOTYET DUE	DUE < 30 DAYS	DUE 30- 60 DAYS	DUE 60- 90 DAYS	DUE 90- 120 DAYS	DUE > 120 DAYS
12/31/2018							
Net receivables	31,348	17,685	7,946	2,247	664	393	2,412
12/31/2017							
Net receivables	32,259	14,345	6,810	2,126	3,765	2,671	2,543

The monitoring and reminder activities continued in order to limit credit risk. In relation to trade receivables, it is considered that, following the actions, also of a legal nature, undertaken for credit protection and receipt, based on the information currently available, supported by the legal experts handling the relative disputes and in view of the

guarantees received, including sureties, the net value indicated above prudently reflects the expected realisable value.

Trade receivables are reported at their book value net of write-downs; it is considered that this value reasonably approximates the fair value of such receivables, as at Group level there are no medium/long-term receivables which require discounting.

Trade receivables from related parties entirely concern investee companies not consolidated line-by-line:

(Euro thousands)	12.31.18	12.31.17	CGE.
Airest Group	8,121	7,292	829
2A - Airport Advertising S.r.l.	1,162	840	322
Aeroporto Valerio Catullo S.p.A.	249	217	32
Other minor	2	10	(8)
Total	9,534	8,359	1,175

6. Inventories

at

12.31.2018	€	1,916
12.31.2017	€	1,397
Cge.	€	519

The value of inventories substantially relates to Save S.p.A. and concerns material inventories for airport activities.

Non-current assets

at

12.31.2018	€	1,814,057
12.31.2017	€	1,767,054
cge.		47,015

The account is comprised as follows:

7. Property, plant & equipment

at

12.31.2018	€	69,757
12.31.2017	€	68,226
cge.		1,531

The increase relates mainly to new investments of approx. Euro 15.9 million, net of depreciation.

The composition of these tangible assets is outlined in Attachment “B”, which highlights the historic cost, accumulated depreciation and net values, for each asset category.

8. Intangible assets

at

12.31.2018	€	1,607,877
12.31.2017	€	1,561,288
cge.		46,589

The intangible asset items are indicated separately:

In detail:

(Euro thousands)	12.31.18	12.31.17	CGE.
Airport Concession rights	481,041	398,872	82,169
Concessions	810,979	847,161	(36,182)
Other intangible fixed assets with finite useful life	5,324	4,722	602
Goodwill – other intangible assets with indefinite life	310,533	310,533	-
Total intangible assets	1,607,877	1,561,288	46,589

The composition of these intangible assets is outlined in Attachment “A”, which highlights the historic cost, accumulated amortisation and net values, for each asset category.

A net increase of Euro 46.6 million was reported in the period, with amortisation of approx. Euro 53.9 million.

The breakdown of the account Goodwill, with reference to the cash-generating units deriving from the acquisition operations which generated the value, is outlined below:

(Euro thousands)	12.31.18	12.31.17	CGE.
Save S.p.A.	303,556	303,556	-
Aer Tre S.p.A.	6,937	6,937	-
N-Aitec S.r.l.	40	40	-
Total Goodwill	310,533	310,533	-

For details on the “Concessions” and “Goodwill” accounts, reference should be made to the paragraph in the Explanatory Notes concerning Business Combinations in the year.

9. Investments

at

12.31.2018	€	101,142
12.31.2017	€	100,811
cge.		331

The “Investments in companies carried at equity” and “Other investments” are reported separately.

(Euro thousands)	12.31.18	12.31.17	CGE.
Investments in companies carried at equity	99,997	99,667	330
Other investments	1,145	1,144	1
Total investments	101,142	100,811	331

“Investments in companies carried at equity” are outlined below.

(Euro thousands)	% HELD	12.31.18	12.31.17	CGE.
Venezia Terminal Passeggeri S.p.A.	22.18	14,678	14,733	(55)
GAP S.p.A.	49.87	271	319	(48)
Brussels South Charleroi Airport SA	27.65	17,882	17,921	(39)
2A – Airport Advertising S.r.l.	50	76	9	67
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	41.27	29,412	31,328	(1,916)
Airest Retail S.p.A.	50	37,679	35,358	2,321
Tot. Investments carried at equity		99,997	99,667	330

The valuation at equity relates to the pro-quota revaluation following the net profit reported in the year.

10. Other assets

at

12.31.2018	€	2,931
12.31.2017	€	7,426
cge.		(4,495)

This account principally includes a receivable for guarantees paid to ENAC by Aer Tre S.p.A. under advanced airport occupancy totals approx. Euro 2.9 million, calculated as 10% of the monthly fees. The Directors, despite the delay in the receipt of this deposit from ENAC and supported by the opinion of the legal consultants involved in the case, still consider it collectible.

A breakdown is provided in the following table:

(Euro thousands)	12.31.18	12.31.17	CGE.
Other guarantee deposits	55	50	5
Receivables from Group companies	-	4,500	(4,500)
ENAC guarantee deposits	2,876	2,876	-
Total	2,931	7,426	(4,495)

The receivables from Group companies for the comparative period (Euro 4,500 thousand) concern a receivable of Milione S.p.A. (previously Agorà Investimenti S.p.A.) from the previous majority shareholder Finanziaria Internazionale Holding S.p.A..

11. Deferred tax assets

at

12.31.2018	€	32,350
12.31.2017	€	29,291
cge.		3,059

Deferred tax assets have a total value of Euro 32.4 million and are fully utilisable in the medium/long-term period. The principally temporary differences on which deferred tax assets are recognised concern:

- deferred tax assets on the realignment of the higher tax values of the controlling investments allocated to goodwill and concessions, in application of Article 15, paragraphs 10 *bis* and 10 *ter* of Legislative Decree No. 185/2008 and the Tax Agency provision of November 22, 2011;
- fiscally deductible provisions in subsequent periods such as the assets under concession replacement provision, the risks and charges provision and the doubtful debt provision;
- tax losses carried forward;
- adjustments related to the application of international accounting standards (principally non-capitalised non-current charges);
- other expense items concerning subsequent periods;
- other consolidation adjustments which generate deferred tax assets.

(AMOUNTS IN THOUSANDS)

<i>Rate 24 %</i>	12/31/2017	INCREASES	DECREASES	12/31/2018	12/31/2017	INCREASES	DECREASES	12/31/2018
DOUBTFUL DEBT PROVISION	2,364	104	270	2,198	615	25	69	571
AMORISATION, DEPRECIATION & WRITE-DOWNS	9,183	5,267	84	14,366	2,190	1,264	20	3,434
DEFERRED CHARGES	4,556	3,237	1,426	6,367	1,094	777	342	1,529
TAX LOSSES CARRIED FORWARD	1,896	-	1,896	0	455	-	455	0
ASSETS UNDER CONCESSION REPLACEMENT PROVISION	21,717	2,186	676	23,227	5,575	524	162	5,937
RISKS PROVISION AND OTHER FUTURE DEDUCTIBLE COSTS	4,697	3,547	1,280	6,964	1,128	850	309	1,669
GOODWILL AMORISATION	6,937	-	694	6,243	1,686	-	167	1,519
CONCESSIONS AMORISATION	62,877	-	6,288	56,589	15,091	5,031	6,540	13,582
POST-EMPLOYMENT BENEFITS	188	6	8	186	48	1	1	48
OTHER	24	30	7	47	8	7	2	14
IRRES DEFERRED TAX ASSETS	114,440	14,377	12,629	116,188	27,890	8,480	8,067	28,303

(AMOUNTS IN THOUSANDS)

<i>Rate 3.9% - 4.2%</i>	12/31/2017	UTILISATION	INCREASES	12/31/2018	12/31/2017	UTILISATION	INCREASES	12/31/2018
AMORISATION, DEPRECIATION & WRITE-DOWNS	8,192	5,159	2	13,349	344	217	-	561
DEFERRED CHARGES	679	-	55	624	27	-	2	25
ASSETS UNDER CONCESSION REPLACEMENT PROVISION	15,389	4,901	2,090	18,200	697	205	87	814
RISKS PROVISION AND OTHER FUTURE DEDUCTIBLE COSTS	1,440	113	919	634	60	5	39	26
GOODWILL AMORISATION	6,937	62,877	6,982	62,832	271	2,641	293	2,619
CONCESSIONS AMORISATION	-	-	-	-	-	-	-	-
OTHER	-	30	-	30	-	1	-	1
IRAP DEFERRED TAX ASSETS	32,637	73,080	10,048	95,669	1,399	3,069	421	4,047

TOTAL MOVEMENTS IN DEFERRED TAX ASSETS 29,289 11,549 8,488 32,350

LIABILITIES

Current Liabilities

at

12.31.2018	€	142,439
12.31.2017	€	119,053
cge.		23,386

The account is comprised as follows:

12. Trade payables

at

12.31.2018	€	82,698
12.31.2017	€	66,437
cge.		16,261

Trade payables principally concern Italian suppliers and are reported at their book value, which approximates their reasonable fair value, as at Group level the amount of medium/long-term payables are insignificant and therefore do not require discounting processes.

The breakdown of trade payables is shown below:

(Euro thousands)	12.31.18	12.31.17	CGE.
Trade payables – third parties	81,984	65,663	16,321
Trade payables - related parties	714	774	(60)
Total trade payables	82,698	66,437	16,261

The breakdown of trade payables to related parties is as follows:

(Euro thousands)	12.31.18	12.31.17	CGE.
Airest Group	672	762	(90)
2A - Airport Advertising S.r.l.	28	-	28
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.		3	(3)
Other related parties	14	9	5
Total	714	774	(60)

13. Other payables

at

12.31.2018	€	47,510
12.31.2017	€	43,635
cge.		3,875

The following table provides greater details on the account “Other Payables”

(Euro thousands)	12.31.18	12.31.17	CGE.
Payables to related parties	1,258	1,258	-
Customer advances	250	198	52
Personnel for deferred compensation	7,016	6,510	506
Airport concession fee	24,806	22,060	2,746
Municipal surtax	10,260	10,142	118
Other payables	3,920	3,466	454
Total	47,510	43,635	3,875

14. Tax payables

at

12.31.2018	€	2,983
12.31.2017	€	2,799
cge.		184

For a breakdown of the account reference should be made to the following table:

(Euro thousands)	12.31.18	12.31.17	CGE.
Employee withholding taxes	1,347	1,076	271
Other tax payables	1,290	1,080	210
Direct income taxes	346	643	(297)
Total	2,983	2,799	184

15. Payables to social security institutions

at

12.31.2018	€	4,473
12.31.2017	€	4,047
cge.		426

16. Bank payables

at

12.31.2018	€	1,525
12.31.2017	€	756
cge.		769

The account is comprised as follows:

(Euro thousands)	12.31.18	12.31.17	CGE.
Ordinary current accounts	1	3	(2)
Current portion of bank loans	1,524	753	771
Total	1,525	756	769

The nominal portion of loans due within 12 months totals Euro 1.5 million.

The following table provides a breakdown of bank credit lines utilised and available at December 31, 2018.

TYPE	GRANTED	USED	RESIDUAL
CASH CREDIT FACILITIES	40,001	0	40,001
ENDORSEMENT CREDIT	1,728	(217)	1,511
MORTGAGES / LOANS	1,154,231	(824,231)	330,000
TOTAL	1,195,960	(824,448)	371,512

17. Other financial liabilities – current portion

at

12.31.2018	€	3,251
12.31.2017	€	1,380
cge.		1,871

The payable deriving from the fair value measurement of derivative financial instruments amounts to Euro 3.3 million.

The Group holds financial derivatives in order to cover its exposure to interest rate risk regarding specific liabilities.

In particular, Milione S.p.A. subscribed in 2017, in accordance with the loan restructuring as part of the SAVE investment operation, derivative financial instruments to hedge cash flows on the loan at a variable rate. In the case where these operations may not be accounted for as hedging operations, they are recorded as speculative operations. The accounting policies applied establish that derivative financial instruments are recorded in accordance with the “hedge accounting” method only when at the beginning of the hedge the formal designation and documentation relating to the hedge exists and it is presumed that the hedge is highly effective initially and over the

accounting periods. In the absence of these requirements, if hedge accounting cannot be applied, the profits or losses deriving from the fair value of the derivative financial instruments are immediately recognised in the income statement.

Milione S.p.A. in relation to the bank loan subscribed on August 10, 2017:

- two IRS contracts, with a total notional amount of Euro 222,243 thousand; as a result of these contracts, the company pays a fixed rate of -0.022%, which is exchanged for a variable rate of Euribor at 3M.
- two swaption contracts with a total notional amount of Euro 222,243 thousand; payment date of September 28, 2020 and total premium of Euro 1,304 thousand, to be paid on maturity.

On October 19, 2017, Milione S.p.A. undertook additional hedging contracts:

- two IRS contracts with efficacy from November 10, 2017, with a total notional amount of Euro 158,957 thousand; as a result of these, the company pays a fixed rate of -0.048%, which exchanges the variable rate at Euribor 3M.
- two swaption contracts exercisable in September 2020 with a total notional amount of Euro 107,757 thousand and a total premium of Euro 619 thousand, to be paid on maturity.

The fair value of the above described IRS amounts to Euro 1,511 thousand, while that concerning the options (swaptions) is Euro 1,741 thousand.

The change in the fair value of the derivative financial instruments, for the ineffective component, in addition to the swaptions, are presented as financial charges in the income statements.

Non-current liabilities

at

12.31.2018	€	1,076,693
12.31.2017	€	969,823
cge.		106,882

The account is comprised as follows:

18. Bank payables – less current portion

at

12.31.2018	€	799,817
12.31.2017	€	687,023
cge.		112,794

(Euro thousands)	12.31.18	12.31.17	CGE.
Medium/long-term loans	502,233	687,023	(184,790)
Bond loan	297,584	-	297,584
Total	799,817	687,023	112,794

At the end of December 2018, the parent company undertook a restructuring of the Group's funding.

In particular, all Save S.p.A. loans were settled, while with regards to Milione S.p.A. the syndicate loan of an original nominal amount of Euro 440 million was renegotiated, changing the amount (now totalling Euro 695 million), the conditions and the duration (which now extends to 2025 with bullet repayment on maturity). The renegotiation of this loan resulted in the recognition of financial income of Euro 7.7 million.

A loan subscribed by Aer Tre S.p.A. in November 2017 with Mediocredito Italiano remains outstanding, of a total nominal amount of Euro 10 million with equal half-yearly repayments from September 30, 2018 and final payment on September 30, 2024.

In addition, a contract was undertaken with the European Investment Bank for a total of Euro 150 million, with a drawdown option within 4 years and subsequent repayment in instalments up to 18 years from the drawdown date.

MATURITY	CAPITAL PORTION	UP-FRONT FEE	INTEREST PORTION (*)	TOTAL
12/31/2019	1,538	(4,367)	15,770	12,941
12/31/2020	1,539	(4,170)	16,105	13,474
12/31/2021	1,538	(3,333)	16,950	15,155
12/31/2022	1,539	(3,400)	16,939	15,078
12/31/2023	1,538	(2,941)	17,450	16,047
12/31/2024	1,539	(2,479)	18,012	17,072
12/31/2025	515,000	(1,906)	17,937	531,031
12/31/2026	300,000	(293)	7,266	306,973
TOTAL	824,231	(22,889)	126,429	927,771

Finally, the issue of a bond on the Extra Mot market was completed for Euro 300 million, with 2026 maturity and bullet repayment. This bond was subscribed by a single banking counterparty and stipulates the payment of half-year interest in arrears at a fixed rate.

<i>(In Euro thousands)</i>						
COMPANY	NOMINAL VALUE	CARRYING AMOUNT	CURR.	RATE	COUPON	COMP. DATE
SENIOR SECURED BONDS	300,000	297,584	EURO	2.47%	SIX-MONTHLY	20/12/2026

These financial payables stipulate a number of covenants for the company (to be verified on a half-yearly basis) and which at December 31, 2018, on the basis of the calculations made, had been complied with.

19. Other lenders – less current portion

at

12.31.2018	€	-
12.31.2017	€	25
cge.		(25)

20. Deferred tax liabilities

at

12.31.2018	€	240,883
12.31.2017	€	249,420
cge.		(8,537)

Deferred tax liabilities amount to Euro 240.9 million.

The principal reasons for recognition of deferred tax liabilities include:

- The higher price paid on the acquisition of control of the Save Group allocated definitively to Concessions.
- adjustments to IFRIC 12 - “Service concession arrangements”;
- adjustments concerning the measurement of leases according to the finance criterion under IAS 17;

Rate 24 %	ASSESSABLE				TAX			
	12/31/2017	UTILISATION	INCREASES	12/31/2018	12/31/2017	UTILISATION	INCREASES	12/31/2018
Leasing	7,255	314	-	6,941	1,755	75	-	1,680
Other amortisation & depreciation	392	21	-	371	108	5	-	103
Assets under concession accumulated amortisation	28,806	526	299	28,579	6,983	126	73	6,930
Other provisions and other future deductible costs	142	6	-	136	34	1	-	32
Exempt income	-	-	7,606	7,606	-	-	1,825	1,825
Concessions	847,161	36,181	-	810,980	203,500	8,683	-	194,817
IRES deferred tax liabilities	883,756	37,048	7,905	854,613	212,380	8,892	1,898	205,387

(amounts in thousands)

Rate 3.9% - 4.20%	ASSESSABLE				TAX			
	12/31/2017	UTILISATION	INCREASES	12/31/2018	12/31/2017	UTILISATION	INCREASES	12/31/2018
Leasing	7,255	314	-	6,941	279	13	-	266
Assets under concession accumulated amortisation	28,013	526	299	27,786	1,176	23	13	1,166
Other Provisions	91	6	-	85	4	0	-	4
Exempt income	-	-	-	-	-	-	-	-
Concessions	847,161	36,181	-	810,980	35,581	1,520	-	34,061
IRAP deferred tax liabilities	882,520	37,027	299	845,792	37,040	1,556	13	35,496
TOTAL DEFERRED TAX LIABILITIES					249,420	10,448	1,911	240,883

21. Post-employment benefits and other employee provisions

at

12.31.2018	€	3,781
12.31.2017	€	3,651
cge.		130

The change in the post-employment benefit liabilities at December 31, 2018 are outlined below:

BALANCE AT 12/31/2017	3,651
Utilisations and other changes	(39)
Advances granted in period and transfers	(62)
Payments to suppl. provision and INPS Treasury	(2,289)
Substitute tax	(13)
Provisions and revaluations	2,513
Change due to actuarial calculation	21
BALANCE AT 12/31/2017	3,781

The actuarial estimates of post-employment benefits are carried out on the basis of the "benefits accrued" using the Projected Interest Credit Method, as per IAS 19. Under this method the valuation is based on the average present value of the pension obligations matured based on the employment service up to the time of the valuation, without projecting the remuneration of the employee in accordance with the regulatory modifications introduced by the Pension Reform.

The method can be divided into the following components:

- projection for each employee in service at the measurement date, of the post-employment benefit already provisioned which will mature up to the payment date;
- determination for each employee of the probable post-employment benefit payments which will be made by the company in the case of the employee leaving due to dismissal, resignation, injury, death or pension, as well as the advanced payments requested;
- discounting, at the measurement date, of each probable payment.

For the actuarial calculation of the post-employment benefit provision, the Group utilised the valuations of an independent actuary, carried out on the basis of the following fundamental assumptions:

- mortality rate: table IPS55
- inability rate: table INPS - 2000
- employee turnover: 1.5%
- discount rate: 1.57%
- growth rate of salaries: 1.5%
- rate of advances: 1%
- inflation rate: airline inflation 1.5%

22. Other provisions for risks and charges

at

12.31.2018	€	32,212
12.31.2017	€	29,693
cge.		2,519

The account comprises:

(Euro thousands)	12.31.18	12.31.17	CGE.
Provisions for risks and charges	4,914	5,383	(469)
Assets under concession replacement provision	27,298	24,310	2,988
Total other provisions for risks and charges	32,212	29,693	2,519

“Provisions for risks and charges” comprise provisions to cover the estimated risk undertaken by the Group companies, principally against disputes with suppliers and ex-employees. The provisions are considered sufficient to cover legal case and dispute risks of a specific nature where the Group is plaintiff or respondent, based on a reasonable estimate according to the available information and having consulted with legal experts.

Assets under concession replacement provision

at

12.31.2018	€	27,298
12.31.2017	€	24,310
cge.		2,988

This concerns an estimate for the necessary maintenance and replacement on assets under concession, which require free transfer to the state in optimal working condition on the conclusion of the Group airport concession. The entire provision concerns cyclical restoration and maintenance at the Venice and Treviso airports.

The Replacement Provision is updated annually based on a technical evaluation of the estimated future charges relating to the cyclical maintenance of the assets which will be returned free at the end of the concession and is utilised based on the maintenance undertaken during the year. The entire provision concerns restoration and maintenance at the Venice and Treviso airports.

Shareholders' Equity

23. Shareholders' Equity

at

12.31.2018	€	713,623
12.31.2017	€	753,653
cge.		(40,030)

The Shareholders' Equity comprises the Group Shareholders' equity of Euro 703.4 million and Minority interest shareholders' equity for Euro 10.2 million.

As a result of the above-outlined merger, the accounts reported below incurred changes as per the statement of changes in Shareholders' Equity. The merger also resulted in reclassifications between the individual shareholders' equity reserves compared to the 2017 consolidated financial statements, without impact on their total value.

Shareholders' Equity consists of:

Share capital

at

12.31.2018	€	189
12.31.2017	€	2,049
cge.		(1,860)

Share premium reserve

at

12.31.2018	€	27,651
12.31.2017	€	746,032
cge.		(718,381)

Legal reserve

at

12.31.2018	€	76
12.31.2017	€	-
cge.		76

Other reserves and retained earnings

at

12.31.2018	€	659,142
12.31.2017	€	2,445
cge.		656,697

Minority interest shareholders' equity

at

12.31.2018	€	10,225
12.31.2017	€	9,778
cge.		447

The minority interest shareholders' equity concerns the share of shareholders' equity and the net result concerning the minority interests of the subsidiaries not fully held.

ANALYSIS OF THE PRINCIPAL INCOME STATEMENT ACCOUNTS

(where not otherwise specified, the amounts are expressed in thousands of Euro)

The financial statements are presented with the comparative balance sheet at December 31, 2017 and the 2017 income statement, as “restated” following the definitive allocation of the acquisition price of Save S.p.A. on the net assets acquired.

As June 30, 2017 was the date of initial consolidation of SAVE S.p.A., as described in greater detail in the “Business combinations” paragraph below and to which reference should be made, the SAVE H1 2017 income statement and those of the other Milione S.p.A. subsidiaries are not included in the comparative consolidated income statement.

OPERATING REVENUE AND OTHER INCOME

24. Operating revenue and other income

at

2018	€	227,423
2017	€	107,239
cge.		120,184

Other operating revenues

at

2018	€	214,516
2017	€	101,961
cge.		112,555

Other income

at

2018	€	12,907
2017	€	5,278
cge.		7,629

For a detailed analysis of revenues and income, reference should be made to the Directors' Report.

COSTS OF PRODUCTION

at

2018	€	189,872
2017	€	105,398
cge.		84,474

The costs of production are broken down in the following table:

25. Raw materials and goods

at

2018	€	2,651
2017	€	1,427
cge.		1,224

26. Services

at

2018	€	43,141
2017	€	34,335
cge.		8,806

(Euro thousands)	2018	2017	CGE.
Utilities	5,246	2,123	3,123
Maintenance	9,070	4,567	4,503
Professional services	5,839	18,187	(12,348)
Cleaning and waste removal	4,944	2,447	2,497
Development charges and traffic promo	3,145	606	2,539
Other general services	3,858	1,404	2,454
Corporate board fees	1,843	1,000	843
Other personnel charges	2,003	893	1,110
Recovery of expenses	2,619	1,062	1,557
Insurance	1,321	633	688
Operating services	899	431	468
IT Systems	1,061	366	695
Other sales expenses	1,293	616	677
Total	43,141	34,335	8,806

The following table reports the fees concerning the auditing of accounts and other services provided in relation to the 2018 financial statements of the Milione Group by

the Independent Audit Firm and its network.

TYPE OF SERVICE	PARTY PROVIDING THE SERVICE	COMPANY	TOTAL GROUP
Audit	Deloitte & Touche S.p.A.	Parent Company	53
Audit	Deloitte & Touche S.p.A.	Subsidiaries	136
Audit	Deloitte Bedrijfsrevisoren/Reviseurs d' entreprises	Subsidiaries	7
Other services	Deloitte & Touche S.p.A.	Parent Company	90
Other services	Deloitte & Touche S.p.A.	Subsidiaries	75
Total Remuneration			361

27. Lease and rental costs

at

2018	€	11,588
2017	€	5,684
cge.		5,904

They consist of:

(Euro thousands)	2018	2017	
Airport concession fee	10,888	5,443	5,445
Rentals and other	700	241	459
Tot. Lease and rental costs	11,588	5,684	5,904

28. Personnel costs

at

2018	€	57,526
2017	€	26,874
cge.		30,652

29. Amortization, depreciation & write-downs

at

2018	€	67,575
2017	€	31,814
cge.		35,761

This account is divided as follows:

(Euro thousands)	2018	2017	
Amortisation & write-down of intangible assets	53,949	26,948	27,001
Depreciation & write-down of tangible assets	13,626	4,866	8,760
Total amortization & depreciation	67,575	31,814	35,761

30. Write down of current assets

at

2018	€	234
2017	€	690
cge.		(456)

The account "write-down of current assets" includes the doubtful debt provisions; in calculating the allocation, further account was taken of the provision compared to total overdue receivables.

The provisions cover the risk concerning specific positions for which payment difficulties may arise.

31. Changes in inventories of raw materials and goods

at		
2018	€	(493)
2017	€	(116)
cge.		(377)

Change in inventories principally concerns consumable material stores.

32. Provisions for risks

at		
2018	€	657
2017	€	505
cge.		152

Reference should be made to the note "Other risks and charges provisions" for further comment.

33. Assets under concession replacement provision

at		
2018	€	5,157
2017	€	1,533
cge.		3,624

34. Other charges

at		
2018	€	1,836
2017	€	2,652
cge.		(816)

Other charges comprise:

(Euro thousands)	2018	2017	
Sector association contributions	379	189	190
Taxes	749	2,135	(1,386)
Gifts and donations	148	48	100
Other costs	560	281	279
Total other charges	1,836	2,653	(816)

FINANCIAL INCOME AND CHARGES

35. Financial income and charges

at

2018	€	(19,306)
2017	€	(8,339)
cge.		(10,967)

"Financial income and charges" are broken down as follows:

(Euro thousands)	2018	2017	
Financial income and revaluation of financial assets	7,712	438	7,274
Interest, other financial charges	(27,610)	(14,214)	(13,396)
Profit/losses from associates carried at equity	592	5,437	(4,845)
Total financial income and expenses	(19,306)	(8,339)	(10,967)

Financial income of Euro 7.7 million mainly stems from the positive effect from the re-negotiation of the syndicate loan as permitted by IFRS9 in the applicable circumstances.

(Euro thousands)	2018	2017	CGE.
Interest expenses	64	98	(34)
Interest expense on loans	12,642	10,569	2,073
Other financial charges	13,368	1,648	11,720
Change mtm derivative instruments	1,536	1,899	(363)
Total	27,610	14,214	(13,396)

Profit/losses from associates carried at equity

(Euro thousands)	2018	2017	
Valuation at equity of GAP S.p.A.	(48)	-	(48)
Valuation at equity of BSCA SA	(40)	151	(191)
Valuation at equity of Aeroporto Catullo di Verona Villafranca S.p.A.	(2,258)	563	(2,821)
Valuation of equity of 2A S.r.l.	(308)	(124)	(184)
Valuation at equity of Airst S.p.A.	2,321	4,492	(2,171)
Valuation at equity of VTP S.p.A.	925	355	570
Total	592	5,437	(4,845)

INCOME TAXES

36. Income taxes

at

2018	€	1,442
2017	€	(127)
cge.		1,569

Income taxes in the year comprised:

(Euro thousands)	2018	2017	
Current taxes	13,035	5,993	7,043
Deferred tax income & charges	(11,593)	(6,120)	(5,474)
Total income taxes	1,442	(127)	1,569

The analysis of tax adjustments, resulting in a change in the effective tax rate compared to the notional rate, is outlined in the following table.

TAX RATE RECONCILIATION (EURO THOUSANDS)	2018	%	2017	%
PROFIT/(LOSS) BEFORE TAXES	18,244		-6,498	
NOTIONAL TAXES	4,379	24.00%	-1,560	24.00%
EFFECTIVE TAXES	1,442	7.90%	-127	1.95%
PROFIT/(LOSS) FOR THE YEAR	16,802		-6,371	
DIFFERENCE FROM EFFECTIVE TAX RATE OF 24%	-2,937	-16.10%	1,433	-22.05%
PERMANENT DIFFERENCES:				
I) IRAP AND OTHER LOCAL TAXES	1,955	10.72%	2,182	-33.58%
II) TAX AGENCY DISPUTE SETTLEMENT				
III) OTHER NON-DEDUCIBLE COSTS / EXEMPT INCOME	-2,458	-13.47%	-960	14.77%
IV) INCOME TAXES OF PRIOR YEARS	-2,528	-13.86%		
V) VALUATION OF INVESTMENTS AT EQUITY	94	0.52%	211	-3.25%
VII) TAX RECEIVABLES				
	-2,937	-16.10%	1,433	-22.05%

The effective tax rate for 2018 of 7.9% on the profit before taxes was mainly due to the deductibility of interest charges as a result of the utilisation of the ROL of the Group and the recognition in the year by the subsidiary Save of IRAP deferred tax assets.

37. RESULT FOR THE YEAR

at

12.2018	€	16,803
12.2017	€	(6,371)
cge.		23,174

The Group and minority interest results are broken down as follows:

(Euro thousands)	2018	2017	
Profit for the year	16,803	(6,371)	23,174
Minority interest loss (profit)	463	280	183
Group Net Profit	16,340	(6,651)	22,991

38. Types of financial risks and management

The Group strategy for the management of financial risks is based on the Company objectives and focuses on the minimisation of interest rate risk and the relative optimisation of the cost of debt, the credit risk and the liquidity risk.

The management of these risks is undertaken in compliance with the principles of prudence and market best practices, with all risk management operations managed centrally.

Interest rate risk

The pre-fixed Group objectives concern:

- hedging of the interest rate risk and financial liabilities;
- compliance with, in the hedging of risk, the general balance criteria between loans and usages for the Group (variable rate and fixed rate portion, short-term and medium/long-term portion).

The Group, in the pursuit of the above-stated objectives and in consideration of the current continually monitored market conditions, decided to implement hedges in the period, which at the date of the present Report overall accounted for 46.2% of the value of the loans.

The current hedging operations concern the loan of Milione S.p.A. for a value to date issued of Euro 515 million, of seven-year duration, with bullet repayment and supported by a set of secured guarantees.

The loans stipulate, among other conditions, compliance by the company with a series of financial covenants, to be verified on a half-yearly basis.

The following table provides a breakdown of the derivative instruments in place at Group level at December 31, 2018:

STATEMENT ON THE RECORDING OF HEDGING TRANSACTIONS
(EURO THOUSANDS; THE POSITIVE VALUES ARE RECEIVABLES FOR THE COMPANY, WHILE THE NEGATIVE VALUES ARE PAYABLES)

TYPE OF INSTRUMENT	GROUP COMPANY	NATURE OF HEDGED RISK	COUNTERPARTY BANK	CONTRACT DATE	MATURITY	CONTRACTUAL AMOUNT	AMOUNT OUTSTANDING AT 12/31/2018	AMOUNT OUTSTANDING AT 12/31/2017	FAIR VALUE (MARK TO MARKET) AT 12/31/2018	FAIR VALUE (MARK TO MARKET) AT 12/31/2017
IRS	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDIT SPA	08/10/2017	09/30/2020	111,122	111,122	111,122	(460)	(227)
IRS	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	08/10/2017	09/30/2020	111,122	111,122	111,122	(464)	(229)
IRS	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDIT SPA	10/19/2017	09/30/2020	79,478	79,478	79,478	(293)	(104)
IRS	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	10/19/2017	09/30/2020	79,478	79,478	79,478	(295)	(106)
SWAPTION (PAY FIX)	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDIT SPA	08/10/2017	09/28/2020	111,122	111,122	111,122	(594)	(236)
SWAPTION (PAY FIX)	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	08/10/2017	09/28/2020	111,122	111,122	111,122	(589)	(232)
SWAPTION (PAY FIX)	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDIT SPA	10/19/2017	09/28/2020	53,898	53,898	53,898	(280)	(103)
SWAPTION (PAY FIX)	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	10/19/2017	09/28/2020	53,898	53,898	53,898	(278)	(101)
TOTAL						711,240	711,240	711,240	(3,253)	(1,338)

An analysis of non-discounted cash flows is broken down by the timing of the derivative instruments is also presented.

On the basis of the same maturities, the table also presents a summary of cash flows for medium/long term, including the capital and interest portions.

	TOTAL ESTIMATED			
	CASH FLOWS	WITHIN 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS
	12/31/2018	12/31/2018	2/31/2018	12/31/2018
DERIVATIVE INSTRUMENTS WITH NEGATIVE MTM	(1,868)	(529)	(1,339)	0
MEDIUM/LONG-TERM LOANS	(941,233)	(15,710)	(67,314)	(858,209)
TOTAL	(943,101)	(16,239)	(68,653)	(858,209)

Cash flow sensitivity analysis

The Group prepared a cash flow analysis concerning loans in place. The analysis begins with the market position at December 31, 2018 and on the basis of interest rate increases/decreases of 0.25% and of 0.50%.

The impact of these changes on future cash flows is Euro +/-0.1 million for a 0.25% interest rate increase/decrease, and Euro +5.8 million for an increase in the interest rate of 0.50% and Euro -0.2 million for a decrease in the interest rate also of 0.50%.

Credit risk

This concerns the risk that either of the parties undertaking a contract, which provides for deferred settlement over a period, does not fulfil a payment obligation, resulting therefore in a financial loss for the other party.

This risk may therefore give rise to more strictly technical-commercial or administrative-legal repercussions (disputes on the nature/quantity of supply, on the interpretation of the contractual clauses, on the supporting invoices etc.), in addition to issues of a typically financial nature, i.e. the credit standing of the counterparty.

For the Group, exposure to credit risk is principally related to the commercial activities concerning the sale of aviation services and property activities.

In order to control this risk, the Group has implemented procedures and actions under which the customers may be evaluated according to the assigned level of attention.

The credit risk concerning other financial assets of the Group, which comprise cash and cash equivalents, presents a maximum value equal to the book value of these activities in the case of insolvency of the counterparty.

Liquidity risk

The liquidity risk management policy, i.e. the strategy put in place to avoid cash flow difficulties constituting a problem for the Group is considered prudent.

Unutilised credit lines of the banking system at Group level amount to Euro 40 million, while the credit lines not yet utilised concerning the loan contract subscribed amount to Euro 330 million.

For the breakdown of the medium/long-term loans in place, reference should be made to the notes to the consolidated financial statements and the paragraph "Bank payables less current portion".

Fair value hierarchy levels

A list of derivative financial instruments at December 31, 2018, measured at fair value, is reported in the table of the "Interest rate risk" paragraph above.

In relation to the financial instruments recorded in the balance sheet at fair value, IFRS 7 requires that these values are classified based on the hierarchy levels which reflects the significance of the input utilised in the determination of fair value. The following levels are used:

- Level 1 - assets or liabilities subject to valuation listed on an active market;
- Level 2 - input based on prices listed at the previous point, which are directly observable (prices) or indirectly (derivatives from the prices) on the market;
- Level 3 - input which is not based on observable market data.

The derivative instruments measured at fair value at December 31, 2018 are classifiable to hierarchy Level 2 of the fair value measurement. During 2018, no transfers occurred from Level 1 to Level 2 or Level 3 or vice-versa.

39. Investments in subsidiaries, associates and other companies

The Parent Company controls the following companies, fully consolidated. The figures reported are based on the financial statements and accounting situations prepared in accordance with the accounting standards adopted by each company.

- **Save S.p.A.**

Holding: 100%

98.81% net of treasury shares held by the company.

SAVE S.p.A. is an investment holding company which principally operates as an airport manager. It directly manages Venice Marco Polo Airport and controls Treviso Antonio Canova Airport. The company also has significant holdings in Verona Valerio Catullo Airport and in Charleroi Airport (Belgium).

Save in addition holds investments mainly in companies operating in the airport management sector. A value of production of Euro 187.1 million was reported in 2018 and a pre-tax profit of Euro 60.7 million.

- **Marco Polo Park S.r.l.**

Holding: 100%

The company manages airport parking under sub-concession from SAVE and Aer Tre.

A value of production of approx. Euro 19.3 million was reported in 2018, and a pre-tax profit of Euro 4 million.

- **Save International Holding SA**

Holding: 100%

The company was incorporated in 2009 as a vehicle company for the acquisition of Brussels South Charleroi Airport SA in December 2009.

The company holds the investment in Belgian Airport SA, through which the acquisition was made together with minority shareholders.

- **Belgian Airport SA**

Holding: 65%

The company was incorporated in the fourth quarter of 2009, also as a vehicle company for the acquisition of Brussels South Charleroi Airport SA in December 2009.

The company incorporates the investment in Brussels South Charleroi Airport SA, consolidated at equity.

- **Save Engineering S.r.l.**

Holding: 100%

The company is involved in the design and coordination of works concerning the airport development programmes carried out by the Parent Company SAVE as part of the Airport Masterplan.

In 2018, the value of production totalled Euro 4.5 million; the company reported a pre-tax profit of Euro 0.5 million.

- **Nord Est Airport I.T. S.r.l. (N-AITEC)**

Holding: 100%

The company is involved in the implementation of IT projects for airports in the operational and administrative management areas. The company also develops and commercialises software products in this field.

A value of production of Euro 4.4 million was reported in 2018, with a pre-tax profit of Euro 1.4 million.

• **Aeroporto di Treviso AER TRE S.p.A.**

Holding: 80%

The Company Aer Tre S.p.A. holds the concession for the management of Treviso airport.

The value of production totalled Euro 30 million; a pre-tax profit of Euro 2.4 million was reported for 2018.

• **Società Agricola Save a r.l.**

Holding: 100%

The company is wholly-owned by Save S.p.A., following the spin-off of Agricola Cà Bolzan a r.l. in 2013 and is exclusively involved in the activities established by Article 2135 of the Civil Code. The value of production amounted to Euro 1.3 million, with a pre-tax profit of Euro 883 thousand.

• **Triveneto Sicurezza S.r.l.**

Holding: 93%

The Company carries out airport security control in accordance with Ministerial Decree No. 85 of January 29, 1999.

The value of production amounted to Euro 16.9 million, with a pre-tax profit of Euro 373 thousand.

• **Archimede 3 S.r.l.**

Holding: 100%

The company was acquired in 2004. This company did not record significant revenues or costs in the year; in 2017 the company Idea 2 S.r.l. was merged by incorporation into its parent company Archimede 3 S.r.l.

• **Save Cargo S.p.A.**

Holding: 100%

The company provides cargo and postal assistance services at Venice's Marco Polo airport. In 2016, Save conferred the "Cargo" business unit to the subsidiary Save Cargo S.p.A..

The value of production amounted to Euro 5.3 million, with a pre-tax profit of Euro 261 thousand.

Associates and joint ventures

The key financial highlights of the joint ventures and associated companies considered significant are reported. The figures reported below are based on the financial statements at year-end of the respective companies, prepared in accordance with the accounting standards adopted by each company.

Reference should be made to the supplementary table Attachment D for the key quantitative disclosure required by IFRS 12.

• **Airest Retail S.r.l.**

Holding: 50%

The company manages food & retail sales points within the airports where the Save Group operates at Venice, Treviso and Verona and wholly-owns the company Airest Collezioni Venezia S.r.l. which manages through sub-license some retail sales points at the Venice airport.

The value of the investment at the date of these consolidated financial statements amounts to Euro 37.7 million; this includes the effect of the valuation at equity reflected in the income statement in a revaluation of Euro 2.3 million. The investment is considered an associate as the shareholder agreements establish that control is exercised exclusively by the shareholder Lagardère.

• **Aeroporto Valerio Catullo di Verona Villafranca S.p.A.**

Holding: 41.27%

The value of the investment at the date of these consolidated financial statements amounts to Euro 29.4 million; this includes the effect of the valuation at equity reflected in the income statement in a write-down of Euro 2.3 million. The shareholder agreements provide for joint control of the company.

• **Brussels South Charleroi Airport S.A.**

Holding: 27.65% through Belgian Airport SA.

The company manages Charleroi airport. The company was consolidated at equity and the value of the investment of Euro 17.9 million, including Euro 4 million allocated to “Concessions” on acquisition in 2009, of a holding of 27.65% in the company by Belgian Airport SA, in turn held, with a share of 65%, by Save International Holding S.A..

• **V.T.P. S.p.A. (Venezia Terminal Passeggeri)**

Holding: 22.18%.

The company, founded by the Venice Port Authority, provides embarkation/disembarkation services for cruise ships, ferries, hydrofoils, recreational craft and all other passenger vessels using Venice Port.

It was consolidated at equity; the investment was recognised for Euro 14.7 million.

• **G.A.P. S.p.A.**

Holding: 49.87%

The company, held 49.87%, operates in the airport sector, principally carrying out land assistance activities at Pantelleria Airport.

• **2A – Airport Advertising S.r.l.**

Holding: 50%

The company was incorporated in 2012 for the management of advertising spaces. The shareholder agreements provide for joint control of the company.

Related party transactions

The transactions with associated companies and related parties were undertaken at the respective average market values for similar services and of a similar quality.

In relation to transactions in the period with Group Companies, reference should be made to the comments of the Balance Sheet and Income Statement accounts of the Explanatory Notes and attachment C for payable/receivable and cost/revenue transactions.

Supplementary Statements

Supplementary Statements

Attachment A

Statement of changes in intangible assets and relative amortisation

(In Euro/000)

	Historical cost					Accumulated amortisation						Net Intangible assets
	Value at 01/01/18	Acquisitions	Decreases	Grants	Reclassifications/ Other movements	Value at 12/31/18	Value at 01/01/18	Increases	Utilisations	Reclassifications/ Other movements	Value at 12/31/18	
Airport concession rights	475,911	43,098	(54)	0	5,379	524,334	108,541	15,261	(25)	0	123,776	400,558
Assets in progress and payments on account	31,501	55,053	(117)	0	(5,954)	80,483						80,483
Sub-total airport concession rights	507,413	98,151	(172)	0	(575)	604,817	108,541	15,261	(25)	0	123,776	481,041
Concessions (*)	865,401	0	0	0	0	865,401	18,241	36,182	0	0	54,423	810,979
Other intangible fixed assets with finite useful life	21,120	2,836	(104)	0	1,065	24,918	17,634	2,507	(104)	0	20,037	4,880
Assets in progress and payments on account	1,236	273	0	0	(1,065)	444	0	0	0	0	0	444
Subtotal other intangible fixed assets with finite useful life	22,357	3,109	(104)	0	0	25,361	17,634	2,507	(104)	0	20,037	5,324
Goodwill and other intangible assets with indefinite useful life (*)	310,533	0	0	0	0	310,533	0	0	0	0	0	310,533
Total intangible assets	1,705,704	101,260	(276)	0	(575)	1,806,113	144,416	53,949	(129)	0	198,236	1,607,877

(*) Value restated following definitive allocation of purchase price of Save S.p.A. on net assets acquired.

Supplementary Statements

Attachment B

Statement of changes in tangible assets and relative depreciation

(In Euro/000)

	Historical cost					Accumulated depreciation						Net tangible assets
	Value at 01/01/18	Acquisitions	Decreases	Grants	Reclassifications/ Other movements	Value at 12/31/18	Value at 01/01/18	Increases	Utilisations	Reclassifications/ Other movements	Value at 12/31/18	
Land and Buildings	44,073	553	(1,157)	0	1	43,471	1,258	335	0	0	1,593	41,877
Plant and machinery	65,792	11,241	(1,275)	0	1,626	77,384	44,390	5,225	(1,136)	0	48,479	28,906
Industrial & commercial equipment	7,411	633	(17)	0	33	8,059	5,111	540	(17)	0	5,634	2,425
Other assets	25,797	2,924	(1,131)	0	24	27,615	17,750	2,366	(983)	0	19,134	8,482
Impairment							7,556	5,046	0	0	12,602	(12,602)
Assets in progress and payments on account	1,218	561	0	0	(1,109)	669						669
Total tangible assets	144,291	15,912	(3,579)	0	575	157,198	76,064	13,513	(2,136)	0	87,441	69,757

Attachment C1

Balance sheet transactions with group companies incl. in the financial statements and associates

amounts stated in Euro thousands

AMOUNTS STATED IN EURO THOUSANDS	OTHER RECEIVABLES	TRADE RECEIVABLES	TRADE PAYABLES	OTHER PAYABLES
Milione S.p.A.	-	-	-	-
Airest Retail S.r.l.		7,488	672	1,258
Airest Collezioni Venezia S.r.l.		633		
2A - Airport Advertising S.r.l.		1,162	28	
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.		249		
Gabriele D'Annunzio Handling S.p.A.		0		
Brussels South Charleroi Airport (BSCA) SA		0		
GAP S.p.A. Aeroporto di Pantelleria		1		
Finanziaria Internazionale Holding S.p.A. (PC)		1		
Finint & Wolfson Associati S.r.l. (PC)			14	
TOTAL	-	9,535	714	1,258

Attachment C2

Income statement transactions

with group companies incl. in the financial statements

AMOUNTS STATED IN EURO THOUSANDS	OPERATING REVENUE	OTHER INCOME	RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS	SERVICES	RENTS, LEASE AND SIMILAR	OTHER CHARGES	FINANCIAL INCOME
Milione S.p.A.		-					
Airest Retail S.r.l.	12,152	564	0	2,391		22	
2A - Airport Advertising S.r.l.	3,139	67				-	
Airest Collezioni Venezia S.r.l.	1,808	1					
Airest S.p.A.							
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	558	295	3	44		34	
Gabriele D'Annunzio Handling S.p.A.	5	8					
Brussels South Charleroi Airport (BSCA) SA	51	12					
Venezia Terminal Passeggeri (VTP) S.p.A.	2	13		2			980
GAP S.p.A. Aeroporto di Pantelleria	0	2					
Finanziaria Internazionale Holding S.p.A.		1					
Finint & Wolfson Associati S.r.l.				11			
Fininvest Fiduciarie S.r.l.				11			
Centostazioni S.p.A.		-					
Aeroporto Civile di Padova S.p.A.						-	-
Nicelli S.p.A. Aeroporto del Lido di Venezia		-					
Banca Finint S.p.A. (PC)						39	
Finint Corporate Advisors S.r.l.				31			
TOTAL	17,715	963	4	2,491	39	56	980

Supplementary Statements

Attachment D1

Key Financial Highlights of the subsidiaries with minority holdings

(in Euro/1000 as per IFRS before inter-company eliminations)	Aertre S.p.A.		Belgian Airport SA	
	12 31 2018	12 31 2017	12 31 2018	12 31 2017
Dividends paid to minority interests	0	0	0	0
current assets	10,334	0	689	717
assets held-for-sale				
non-current assets	48,916	47,754	11,249	11,249
current liabilities	18,992	21,621	6	6
liabilities held-for-sale				
non-current liabilities	13,339	14,189	0	1
revenues	20,970	20,970	0	0
net profit (loss) on continuing operations	2,363	2,512	(28)	84
profit (loss) on Discontinued Operations				

Supplementary Statements

Attachment D2

Key Financial Highlights of the associates/Joint Ventures communicated to the Parent Company at
December 31, 2018 as per local GAAP

	Aeroporto Valerio Catullo di Verona Villafranca S.p.A.		Venezia Terminal Passeggeri S.p.A.		Brussels South Charleroi Airport SA		Airest Retail S.p.A.	
(in Euro/1000)	12 31 2017	12 31 2016	12 31 2017	05 31 2017	12 31 2018	12 31 2017	12 31 2018	12 31 2017
Dividends received from joint ventures or associates		o					o	o
Dividends paid to joint ventures or associates		o	4,418	3,863		96	o	o
Key Financial Highlights								
current assets	38,957	33,170	19,917	19,684	42,529	84,503	21,639	19,602
non-current assets	65,463	79,444	24,762	26,855	44,633	40,998	65,331	68,979
current liabilities	(50,645)	(51,139)	(3,423)	(5,899)	(26,709)	(66,067)	(26,435)	(34,645)
non-current liabilities	(16,618)	(13,994)	(853)	(792)	(16,691)	(16,774)	(1,818)	(1,699)
equity	(37,157)	(47,481)	(40,403)	(39,848)	(43,762)	(42,660)	(58,716)	(52,238)
Revenues	44,689	38,615	24,007	33,658	104,628	105,217	93,928	85,248
Raw materials and goods	(1,243)	(1,206)	(78)	(121)	(482)	(561)	(35,586)	(33,186)
Services	(21,336)	(19,094)	(9,921)	(14,352)	(54,388)	(58,493)	(11,746)	(10,452)
Rents, leases and similar	(2,462)	(1,305)	(3,264)	(5,453)			(15,371)	(13,936)
Personnel costs	(11,257)	(7,436)	(2,164)	(3,407)	(39,999)	(34,794)	(14,654)	(14,113)
Other charges	(718)	(618)	(65)	(103)	(2,628)	(2,146)	(245)	(403)
EBITDA	7,674	8,956	8,515	10,222	7,131	9,223	16,326	13,158
Amortisation, depreciation & write-downs	(5,219)	(5,483)	(2,678)	(4,571)	(6,697)	(5,940)	(7,091)	(7,317)
Provisions	(991)	(1,466)	(32)	(36)	(178)	(857)	(12)	(16)
EBIT	1,463	2,007	5,805	5,615	256	2,426	9,223	5,824
Financial income	98	45	304	33	117	40	4	1
Financial charges	(243)	(263)	(1)	(10)	(369)	(404)	(320)	(438)
Impairments on financial assets and write downs	(58)	592	(61)	(142)			391	400
Extraordinary income and charges					42	10		
Profit before taxes	1,260	2,381	6,047	5,494	46	2,072	9,299	5,787
Income taxes	(7)	(2,186)	(1,630)	(1,631)	(289)	(999)	(2,820)	5,631
net profit (loss) on continuing operations	1,253	195	4,418	3,863	(243)	1,073	6,479	11,418
net profit (loss) on discontinued operations / held-for-sale								
Net Profit (loss)	1,253	195	4,418	3,863	(243)	1,073	6,478	11,418
Cash and cash equivalents	16,611	13,202	16,632	13,099			811	1,104
Financial receivables							8,020	3,940
Current financial liabilities	(500)	(500)	(9)	(3)			(73)	(5,069)
Non-current financial liabilities	(500)	(1,000)	o	o			(5,000)	(5,000)
Financial position	15,611	11,702	16,623	13,096	o	o o	3,758 o	(5,025)

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.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Milione Group (the Group), which comprise the consolidated balance sheet as at December 31, 2018, and the consolidated income statement, consolidated comprehensive income statement, statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018, 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.

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 Directors' report of Milione Group as at December 31, 2018, 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 Directors' report with the consolidated financial statements of Milione Group as at December 31, 2018 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned Directors' report is consistent with the consolidated financial statements of Milione Group as at December 31, 2018 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
April 2, 2019

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

MILIONE S.P.A.

Milione S.p.A.

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