

# **MILIONE S.P.A.**

**Consolidated Half-Year Report at June 30, 2019**

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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

## **Shareholder**

According to the Shareholder Register, at June 30, 2019, the share capital of Milione S.p.A. was broken down as follows:

	%
	<b>HELD</b>
INFRA HUB S.R.L.	43.9942
LEONE INFRASTRUCTURE S.R.L.	43.9942
SVILUPPO 87 S.R.L.	12.0079
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 June 30, 2019 were:

<b>Name</b>	<b>Office</b>
Enrico Marchi	Chairman
Hamish Macphail Massie Mackenzie	Vice Chairman
Athanasios Zoulovits	Vice Chairman
Fabio Battaglia	Director
Gregoire Parrical De Chammard	Director
Zeynep Lucchini Gilera	Director (*)
Francesco Lorenzoni	Director
Walter Manara	Director
Monica Scarpa	Director (**)

*(\*) Director co-opted by the Board of Directors in accordance with Article 2386 of the Civil Code on April 18, 2019 and confirmed by the Shareholders' AGM of April 18, 2019.*

*(\*\*) Director co-opted by the Board of Directors in accordance with Article 2386 of the Civil Code on July 31, 2018 and confirmed by the Shareholders' AGM of April 18, 2019.*

## **Board of Statutory Auditors**

The Board of Statutory Auditors appointed by the Shareholders' AGM of August 10, 2017 and in office at June 30, 2019 were:

<b>Name</b>	<b>Office</b>
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.

## Interim Directors' Report

## Consolidated Financial Highlights

	H1 2019	H1 2018 RESTATED	% CHANGE	2018
<i>(Euro millions)</i>				
Revenue	109.3	99.9	9.5%	227.4
EBITDA	52.5	46.0	14.2%	111.2
EBIT	16.7	11.5	45.3%	37.6
Net Profit	3.3	2.0	66.6%	16.8
Fixed Capital Employed	1,633.8	1,503.5	8.7%	1,537.2
Net operating working capital	(143.3)	(73.9)	94.0%	(72.2)
				.0
<b>Net capital employed</b>	<b>1490.5</b>	<b>1429.6</b>	<b>4.3%</b>	<b>1465.0</b>
- Own funds	656.1	688.9	-4.8%	703.4
- Minority shareholders	10.5	10.0	5.7%	10.2
<b>SHAREHOLDERS' EQUITY</b>	<b>666.7</b>	<b>698.9</b>	<b>-4.6%</b>	<b>713.6</b>
<b>NET FINANCIAL POSITION</b>	<b>823.8</b>	<b>730.8</b>	<b>12.7%</b>	<b>751.4</b>
EBIT/Revenue (ROS)	15.3%	11.5%		16.5%
Venice-Treviso Airport System Passenger Nos.	6,927,688	6,571,105	5.4%	14,493,563

For comparative purposes, the figures illustrated above and the financial statements are presented with the comparative balance sheet at December 31, 2018 and the H1 2018 income statement. These latter were restated following the definitive purchase price allocation of Save S.p.A. on the net assets acquired after the preparation of the Consolidated Half-Year Report at June 30, 2018.

In addition, in June 2019 the subsidiary Save S.p.A. undertook a corporate restructuring operation which involved, through two separate phases, the sale of 50% of its full holding in Save Cargo S.p.A. and thereby no longer controls the company as per IFRS 10. The residual holding, equal to 50% of the share capital, is recognised as a Joint Venture as per IFRS 11 and is recorded at the transaction's fair value.

This transaction resulted in the following presentation in this Consolidated Half-Year Report:

- at balance sheet level, the assets and liabilities relating to Save Cargo S.p.A. at June 30, 2019 were eliminated and the residual investment was recognised, equal to 50% of the share capital of the investee, under non-current assets (investments in associates and joint ventures);
- at income statement level, the costs and revenues of Save Cargo S.p.A. until the date of sale were classified to the account "Profit/(Loss) of Discontinued Operations", together with the gains realised from the sale and to income from the measurement of the residual investment at the transaction's fair value as well as the relative tax impact;
- in addition, for comparative purposes, for the presentation of the transactions between Continuing and Discontinued Operations, the option was taken to present the income statement accounts without taking into account the elimination of inter-company transactions.

The Consolidated Half-Year Report also includes the first-time adoption of IFRS 16 Leases (published on January 13, 2016), utilising the modified retrospective method, recognising the cumulative effect of the initial application of the new standard to adjust the opening balances of retained earnings without any adjustments to the comparative figures.

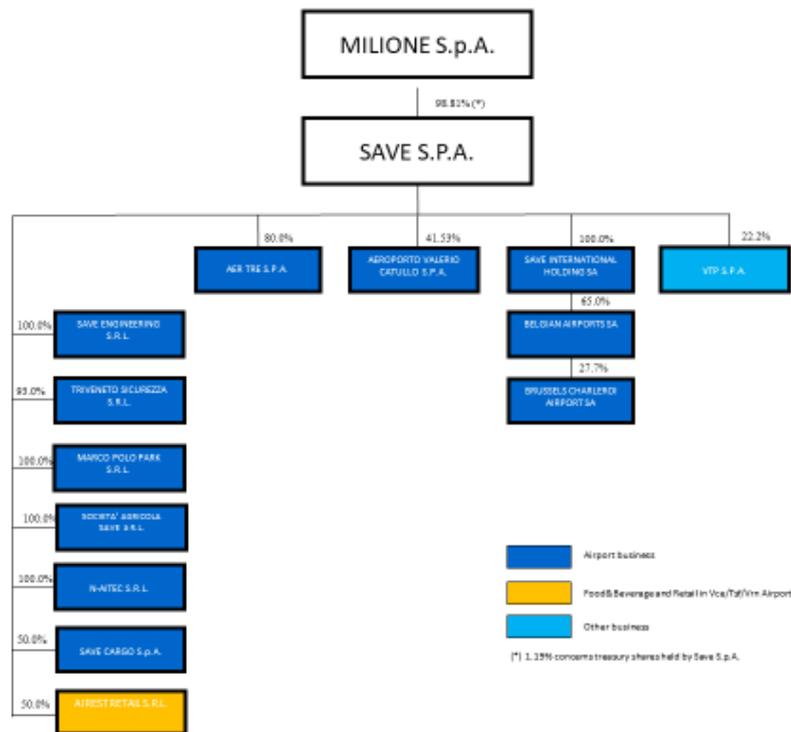
A number of alternative performance indicators not governed by IFRS are utilised in this Consolidated Half-Year Report, as described in the dedicated paragraph of the Directors' Report.

## The Group

Milione S.p.A. (hereafter also the “Company” or “Milione”), 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. 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 controlling shareholdings in companies which operate in the airport and related services sector. Milione and its subsidiaries are hereafter also identified as the “Milione Group” or the “Group”.

We report below the Group structure and shareholdings, in terms of the main operating companies at June 30, 2019.



## Market performance

In a 2019 in which geopolitical risk is again a central concern (Brexit, international trade policies, regions with ongoing conflict potential), the European economy remains weak and subject to downside risks, with the European Central Bank in fact calling for a review of its monetary policy and an extension to the period for which it expects to keep interest rates unchanged, setting out the details of the new series of refinancing operations and announcing that further monetary accommodation will be necessary if an improvement is not forthcoming.

In this general economic environment, also air traffic - after a long period of continued sustained growth - in the first five months of 2019 reported a contained expansion, with the month of May (although +3.1% globally) reporting for the first time a contraction for the minor regional airports (-0.3%).

These figures, together with the seventh month of decline for cargo traffic (-2.2% in May), frame a less rosy short-term picture and indicate the heightened competition among the various international airports.

Italian traffic grew 5% in the first 6 months of the year against the previous year. This indicates the sector's strength, although confirms its complete dependence for development on the particularly aggressive commercial policies taken by the low-cost airlines.

## H1 significant events

In June 2019, the agreement with B-Cube Air Cargo was completed for the sale of 50% - with the consequent loss of control - of SAVE Cargo S.p.A..

Consequently, the application of the accounting policies in force for 2019 and, for comparative purposes for 2018, required the recognition of the costs and revenues of this company, until the date of sale, to the account “Profit/loss) of Discontinued Operations” of the income statement. Specifically, in the current period this account includes the operating result until the date of sale, the gain to be realised on the portion of the investment sold and the higher value of the residual investment resulting from its fair value measurement, represented by that recognised in the afore-mentioned transaction.

## Consolidated Operational Overview

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

EURO / 1000	H1 2019		H1 2018 RESTATED		CHANGE	
<b>Operating revenue and other income</b>	<b>109,290</b>	<b>100.0%</b>	<b>99,852</b>	<b>100.0%</b>	<b>9,438</b>	<b>9.5%</b>
Raw materials and goods	935	0.9%	1,167	1.2%	(232)	-19.9%
Services	20,807	19.0%	19,229	19.3%	1,578	8.2%
Lease and rental costs	5,236	4.8%	5,262	5.3%	(26)	-0.5%
Personnel costs	28,757	26.3%	26,618	26.7%	2,139	8.0%
Other operating charges	1,034	0.9%	1,601	1.6%	(567)	-35.4%
<b>Total operating costs</b>	<b>56,769</b>	<b>51.9%</b>	<b>53,877</b>	<b>54.0%</b>	<b>2,892</b>	<b>5.4%</b>
<b>EBITDA</b>	<b>52,521</b>	<b>48.1%</b>	<b>45,975</b>	<b>46.0%</b>	<b>6,546</b>	<b>14.2%</b>
Amortisation & write-down of intangible assets	27,643	25.3%	26,796	26.8%	847	3.2%
Depreciation & write-down of tangible assets	5,826	5.3%	4,843	4.8%	983	20.3%
Replacement provision	2,185	2.0%	2,560	2.6%	(375)	-14.6%
Losses and doubtful debt provision	107	0.1%	106	0.1%	1	0.6%
Provision for risks and charges	85	0.1%	191	0.2%	(106)	-55.5%
<b>Total amortisation, depreciation, provisions &amp; write-downs</b>	<b>35,846</b>	<b>32.8%</b>	<b>34,496</b>	<b>34.5%</b>	<b>1,350</b>	<b>3.9%</b>
<b>EBIT</b>	<b>16,675</b>	<b>15.3%</b>	<b>11,479</b>	<b>11.5%</b>	<b>5,196</b>	<b>45.3%</b>
Financial income and (charges)	(12,129)	-11.1%	(10,541)	-10.6%	(1,588)	-15.1%
Profit/losses from Associates & JV's carried at equity	(190)	-0.2%	(1,939)	-1.9%	1,749	90.2%
<b>Profit/(loss) before taxes</b>	<b>4,357</b>	<b>4.0%</b>	<b>(1,001)</b>	<b>-1.0%</b>	<b>5,358</b>	<b>535.2%</b>
Income taxes	2,187	2.0%	(2,805)	-2.8%	4,992	178.0%
<b>Profit from Continuing Operations</b>	<b>2,170</b>	<b>2.0%</b>	<b>1,804</b>	<b>1.8%</b>	<b>365</b>	<b>20.3%</b>
Profit from Discontinued Operations/Held-for-sale	1,131	1.0%	177	0.2%	954	537.9%
<b>Net Profit</b>	<b>3,301</b>	<b>3.0%</b>	<b>1,982</b>	<b>2.0%</b>	<b>1,319</b>	<b>66.6%</b>
Minorities	(306)	-0.3%	(200)	-0.2%	(106)	-53.0%
<b>Group Net Profit</b>	<b>2,995</b>	<b>2.7%</b>	<b>1,782</b>	<b>1.8%</b>	<b>1,213</b>	<b>68.1%</b>

We recall that for comparative purposes the financial statements are presented with the comparative balance sheet at December 31, 2018 and the H1 2018 income statement as "restated" following the definitive purchase price allocation of Save S.p.A. on the net assets acquired.

In addition, the application of IFRS 5, following the sale of 50% of Save Cargo S.p.A. required for 2019 and 2018, the classification of the cost and revenue accounts concerning Discontinued Operations to "Profit/(Loss) of Discontinued Operations" in the income statement.

Finally, we report that the figures for the first half of 2019 are not fully comparable with the figures for the first half of 2018 following the adoption of IFRS 16 in accordance with the modified retrospective method, which resulted in the recognition of the cumulative effect of the first-time application of the standard to adjust the shareholders' equity at January 1, 2019, without any impact on the income statement comparative figures.

**Revenue** in the first half of the year totalled Euro 109.3 million, up 9.5% on H1 2018. They principally derive from Group operations at Venice and Treviso airports and is broken down as follows:

EURO / 1000	H1 2019				H1 2018				CHANGE				CHANGE %			
	TOTAL	VENCE	TREVISSO	OTHERS	TOTAL	VENCE	TREVISSO	OTHERS	TOTAL	VENCE	TREVISSO	OTHERS	TOTAL	VENCE	TREVISSO	OTHERS
Aviation fees and tariffs	71,012	63,017	7,995	0	65,876	58,240	7,636	0	5,136	4,777	359	0	7.8%	8.2%	4.7%	0.0%
Cargo Handling Depot	2	0	2	0	0	0	0	0	2	0	2	0	0.0%	0.0%	0.0%	0.0%
Handling	1,270	437	833	0	1,144	389	755	0	126	48	78	0	11.0%	12.3%	10.3%	0.0%
<b>Aviation Revenue</b>	<b>72,284</b>	<b>63,454</b>	<b>8,830</b>	<b>0</b>	<b>67,020</b>	<b>58,629</b>	<b>8,391</b>	<b>0</b>	<b>5,264</b>	<b>4,825</b>	<b>439</b>	<b>0</b>	<b>7.9%</b>	<b>8.2%</b>	<b>5.2%</b>	<b>0.0%</b>
Ticketing	57	12	45	0	37	14	23	0	20	(2)	22	0	54.1%	-14.3%	95.7%	0.0%
Parking	9,343	8,259	1,084	0	8,766	7,822	944	0	577	437	140	0	6.6%	5.6%	14.8%	0.0%
Advertising	1,301	1,232	69	0	1,164	1,101	63	0	137	131	6	0	11.8%	11.9%	10.2%	0.0%
Commercial	18,773	16,910	1,863	0	16,198	14,482	1,716	0	2,575	2,428	147	0	15.9%	16.8%	8.6%	0.0%
<b>Non-Aviation Revenue</b>	<b>29,474</b>	<b>26,413</b>	<b>3,061</b>	<b>0</b>	<b>26,165</b>	<b>23,419</b>	<b>2,746</b>	<b>0</b>	<b>3,309</b>	<b>2,994</b>	<b>315</b>	<b>0</b>	<b>12.6%</b>	<b>12.8%</b>	<b>11.5%</b>	<b>0.0%</b>
Other income	7,532	3,624	240	3,668	6,667	2,782	213	3,672	865	842	27	(4)	13.0%	30.3%	12.8%	-0.1%
<b>Total Revenue</b>	<b>109,290</b>	<b>93,491</b>	<b>12,131</b>	<b>3,668</b>	<b>99,852</b>	<b>84,830</b>	<b>11,350</b>	<b>3,672</b>	<b>9,438</b>	<b>8,661</b>	<b>781</b>	<b>(4)</b>	<b>9.5%</b>	<b>10.2%</b>	<b>6.9%</b>	<b>-0.1%</b>

The most significant events impacting revenue were:

- *aviation revenue* growth of approx. Euro 5.3 million (+7.9%), substantially due to increased system passenger traffic (+5.4%) and the higher tariffs applied at Venice airport, in part offset by increased incentives to attract traffic to the airport.
- *non-aviation revenue* growth of approx. Euro 3.3 million (+12.6%) - outstripping the increased passenger numbers and particularly thanks to the strong commercial revenue (+15.9%) which benefits, in comparative terms, from the full operability of the duty-free shops (not fully operative in H1 2018);
- *other revenue* up by Euro 0.9 million. The account includes Capitalisations of internal costs, Costs to be recharged, Revenues from minor companies and income from the review of estimates at year-end.

**EBITDA** totalled Euro 52.5 million, up 14.2% on the first half of 2018. The improved result, up two percentage points on H1 2018, follows higher revenue against operating costs which increased Euro 2.9 million (+5.4%), mainly due to increased personnel costs (+Euro 2.1 million and approx. +55 average FTE in the period) due to the strengthened Group operating structure and higher operating costs (+Euro 0.9 million) due to maintenance, in view of higher service standards, utilities and promo traffic costs, partially offset by lower consultancy costs and one-off costs incurred in 2018 and those regarding the corporate transactions undertaken by the SAVE Group.

**EBIT** was Euro 16.7 million (+Euro 5.2 million) after amortisation, depreciation and provisions of Euro 35.8 million, up Euro 1.4 million as a result of the major investments undertaken at Venice airport and which includes, for Euro 17.9 million, the amortisation of the gain allocated to the account “Concessions” as part of the acquisition of the investment in Save S.p.A..

The **financial management** result was a loss of Euro 12.3 million (substantially in line with H1 2018). Financial Income and Charges of Euro 12.1 million include approx. Euro 0.9 million regarding the fair value change of derivative financial instruments. The contribution from the valuation at equity of the associates and joint ventures improved from -Euro 1.9 million to -Euro 0.2 million, thanks to the improved contributions from the companies operating the Verona-Brescia and Charleroi airports, in addition to that of Airst Retail.

The **profit before taxes** was therefore approx. Euro 4.4 million, improving Euro 5.4 million on H1 2018.

The **Profit from discontinued operations** was Euro 1.1 million, as a sum of the effects from the sale of 50% of the company Save Cargo S.p.A..

The **Group net result** was a profit of approx. Euro 3 million, compared to Euro 1.8 million in H1 2018. The reduced tax impact in the first half of 2018 was due to the recognition in the previous year of a tax benefit of approx. Euro 2.4 million following the positive outcome to the appeal presented by the company to the Tax Agency.

## Group Reclassified Balance Sheet

EURO/000	06/30/2019	12/31/2018	CHANGE	06/30/2018 RESTATE
Property, plant & equipment	74,426	69,757	4,669	67,662
Airport concession rights	590,531	481,041	109,490	436,387
Intangible fixed assets	1,108,608	1,126,836	(18,228)	1,144,564
Financial fixed assets	101,159	104,073	(2,914)	100,992
Deferred tax assets	31,455	32,350	(895)	31,227
<b>TOTAL FIXED ASSETS</b>	<b>1,906,179</b>	<b>1,814,057</b>	<b>92,122</b>	<b>1,780,833</b>
Post-employment benefits	(3,867)	(3,781)	(86)	(3,759)
Provision for liabilities and deferred taxes	(268,471)	(273,095)	4,624	(273,539)
<b>FIXED CAPITAL</b>	<b>1,633,841</b>	<b>1,537,181</b>	<b>96,660</b>	<b>1,503,534</b>
Inventories	2,288	1,916	372	1,895
Trade receivables	50,762	40,882	9,880	51,658
Tax assets	3,472	5,384	(1,912)	3,533
Other receivables and other current assets	9,190	17,324	(8,134)	9,987
Trade payables and advances	(144,503)	(82,698)	(61,805)	(80,969)
Tax payables	(9,389)	(2,983)	(6,406)	(5,219)
Payables to social security institutions	(4,399)	(4,473)	74	(4,232)
Other payables	(50,769)	(47,510)	(3,259)	(50,539)
<b>TOTAL NET WORKING CAPITAL</b>	<b>(143,348)</b>	<b>(72,158)</b>	<b>(71,190)</b>	<b>(73,886)</b>
<b>TOT. CAPITAL EMPLOYED</b>	<b>1,490,493</b>	<b>1,465,023</b>	<b>25,470</b>	<b>1,429,648</b>
Group Net Equity	656,125	703,398	(47,273)	688,908
Minority interest	10,527	10,225	302	9,963
<b>SHAREHOLDERS' EQUITY</b>	<b>666,652</b>	<b>713,623</b>	<b>(46,971)</b>	<b>698,871</b>
Cash and current assets	(4,091)	(53,193)	49,102	(15,923)
Current bank payables	16,527	1,525	15,002	31,524
Non-current bank payables	801,222	799,817	1,405	716,972
Other lenders	9,895	3,251	6,644	2,702
Financial receivables from group & related companies	0	0	0	(4,498)
Financial payables to group & related companies	288	0	288	0
<b>TOTAL NET FINANCIAL POSITION</b>	<b>823,841</b>	<b>751,400</b>	<b>72,441</b>	<b>730,777</b>
<b>TOT. FINANCING SOURCES</b>	<b>1,490,493</b>	<b>1,465,023</b>	<b>25,470</b>	<b>1,429,648</b>

The reclassified balance sheet at June 30, 2018 was restated following the definitive allocation of the purchase price of Save S.p.A. on the net assets acquired.

The Fixed capital increased approx. Euro 96.7 million as a result of the investments made in the period of approx. Euro 124.9 million, net of amortisation and depreciation which includes, among others, amortisation on the gain allocated to Concessions deriving from the acquisition of the investment in Save S.p.A., equal to Euro 17.9 million.

**Working capital** was negative for Euro 143.3 million, increasing approx. Euro 71.2 million on December 31, 2018, principally due to the increase in trade payables following the significant investments undertaken in the second quarter of the year.

**Shareholders' equity** totalled Euro 666.7 million, compared to approx. Euro 713.6 million at December 31, 2018; the principal movements in the period were as follows:

- the payment of dividends to shareholders in the first half of the year of Euro 50 million;
- the net profit, including minority interests, of approx. Euro 3.3 million.

## Net Financial Position

The Group **net debt** increased from Euro 751.4 million at December 31, 2018 to Euro 823.8 million at June 30, 2019.

(EURO THOUSANDS)	06/30/2019	12/31/2018	06/30/2018
Cash and cash equivalents	4,091	53,193	15,923
Other financial assets	0	0	4,498
<b>Financial assets</b>	<b>4,091</b>	<b>53,193</b>	<b>20,421</b>
Bank payables	16,527	1,525	31,524
Other financial liabilities – current portion	5,348	3,251	2,702
<b>Current liabilities</b>	<b>21,875</b>	<b>4,776</b>	<b>34,226</b>
Bank payables – less current portion	801,222	799,817	716,972
Other lenders – less current portion	4,835	0	0
<b>Non-current liabilities</b>	<b>806,057</b>	<b>799,817</b>	<b>716,972</b>
<b>Net financial position</b>	<b>(823,841)</b>	<b>(751,400)</b>	<b>(730,777)</b>
of which liabilities for derivative contracts carried at fair value	4,430	3,251	2,702
Total gross payables to banks	817,749	801,342	748,496

Current assets available totalled Euro 4 million, reducing approx. Euro 49 million on December 2018.

In terms of the cash flow statement, available liquidity (the difference between “Cash and cash equivalents” and “Current bank payables”, excluding the current portion of loans) decreased approx. Euro 64.1 million, from a positive approx. Euro 53.2 million at the end of 2018 to a negative approx. Euro 10.9 million at June 30, 2019. Bank loan repayments totalled approx. Euro 0.8 million, with other lender repayments of approx. Euro 0.7 million. Operating activities generated cash flows of approx. Euro 41.8 million, which permitted partial self-financing.

Investing activities absorbed cash of approx. Euro 54.9 million relating to significant investments in tangible and intangible assets.

An additional outflow was the payment of dividends totalling Euro 50 million, in June 2019.

Group bank loans, measured under the amortised cost method, totalled Euro 802.8 million. The nominal capital instalments maturing in the coming 12 months amount to Euro 1.5 million, of which none relating to the parent company. The nominal capital instalments due beyond one year amount to Euro 821.9 million; Euro 815.8 million of which matures beyond five years.

We report that the net financial position at June 30, 2019 includes the financial liabilities deriving from the first-time application of IFRS 16 equal to Euro 5.5 million, of which Euro 4.8 million due beyond one year.

## Guarantees granted

### GUARANTEES GRANTED

(EURO THOUSANDS)

AMOUNT

<b>SURETIES:</b>	<b>893</b>
- AS A GUARANTEE FOR LEASE CONTRACTS	306
- AS A GUARANTEE FOR PUBLIC GRANTS	559
- OTHER	28
<b>MORTGAGES AND PRIVILEGES IN GUARANTEE OF LOANS</b>	<b>54,781</b>
<b>TOTAL GUARANTEES GRANTED</b>	<b>55,674</b>

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 June 30, 2019 was approx. Euro 100 thousand, 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	06/30/2019		12/31/2018		06/30/2018		CGE. 6/30 - 12/31		CGE. 06/19 - 06/18	
	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
Executives	22	0	20	0	22	0	2	0	0	0
Managers	60	1	59	1	58	1	1	0	2	0
White-collar	666	311	620	285	649	318	46	26	17	(7)
Blue-collar	136	116	168	51	168	104	(32)	65	(32)	12
Apprentices	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>884</b>	<b>428</b>	<b>867</b>	<b>337</b>	<b>897</b>	<b>423</b>	<b>17</b>	<b>91</b>	<b>(13)</b>	<b>5</b>
<b>TOTAL WORKFORCE</b>	<b>1,312</b>		<b>1,204</b>		<b>1,320</b>		<b>108</b>		<b>(8)</b>	

Employees at June 30, 2019, including both full-time and part-time, in addition to fixed contract employees, reached 1,312, increasing 108 compared to December 31, 2018. The full-time equivalent of the total airport activity workforce at June 30, 2019 was 1,199 employees, compared to 1,118 at December 31, 2018.

At June 30, 2019 Save Cargo S.p.A. was deconsolidated and therefore its workforce was not included in the figures at June 30, 2019 and which totalled respectively 65 and 70 employees at December 31, 2018 and June 30, 2018.

The average full-time equivalent in the first six months of 2019 was 1,081.39, an increase - at like-for-like consolidation scope - of 54.60 employees compared to the first six months of 2018.

## Airport Management Review

## Traffic performance

### Venice-Treviso Airport System

The Venice Airport System transported almost 7 million passengers in the first six months of 2019, up 5.4% on the previous year, for over 57 thousand movements (+5% on H1 2018).

The following table reports the key traffic data for H1 2019 (compared to H1 2018):

VENICE AIRPORT SYSTEM					
Year-to-date June					
	H1 2019	% of system	H1 2018	% of system	CGE. % '19/'18
<b>SAVE</b>					
Movements	44,740	78%	43,148	79%	3.7%
Passengers	5,281,885	76%	4,963,549	76%	6.4%
Tonnage	3,271,947	82%	3,093,909	82%	5.8%
Cargo (Tonnage)	31,224	100%	32,988	100%	-5.3%
<b>AERTRE</b>					
Movements	12,361	22%	11,233	21%	10.0%
Passengers	1,645,803	24%	1,607,556	24%	2.4%
Tonnage	695,973	18%	666,387	18%	4.4%
Cargo (Tonnes)	0		0	0%	
<b>SYSTEM</b>					
Movements	57,101		54,381		5.0%
Passengers	6,927,688		6,571,105		5.4%
Tonnage	3,967,920		3,760,296		5.5%
Cargo (Tonnes)	31,224		32,988		-5.3%

The breakdown of traffic by type was as follows:

## VENICE AIRPORT SYSTEM

Year-to-date June

	H1 2019	H1 2018	C.G.E. % '19/'18
<b>Commercial aviation</b>			
<b>Scheduled + Charter</b>			
Movements (no.)	51,963	50,125	3.7%
Passengers (no.)	6,919,196	6,563,025	5.4%
Cargo (tonnes)	31,189	32,945	-5.3%
Mail (tonnes)	35	42	-17.7%
Aircraft (tonnes)	3,895,741	3,706,257	5.1%
<b>General Aviation</b>			
Movements (no.)	5,138	4,256	20.7%
Passengers (no.)	8,492	8,080	5.1%
Aircraft (tonnes)	72,179	54,039	33.6%
<b>Overall</b>			
Movements (no.)	57,101	54,381	5.0%
Passengers (no.)	6,927,688	6,571,105	5.4%
Cargo/Mail (tonnes)	31,224	32,988	-5.3%
Aircraft (tonnes)	3,967,920	3,760,296	5.5%

## Venice

Venice passenger numbers in H1 2019 totalled over 5.2 million, up 6.4% on the first half of the previous year, for over 44 thousand movements (+3.7% on 2018).

This strong performance concerned both international destinations (up 6.6% in the first six months) and domestic traffic (+5.4% on the previous year).

Passengers on long-haul flights numbered nearly 400 thousand in the first six months of the year, in line with the first half of 2018, thanks to the direct scheduled connections operated by 8 carriers between Venice and 10 long-haul destinations (7 in North America, 2 in the Middle East and 1 in the Far East).

22% of passengers departing from Venice connected with an intermediate airport for onward travel in the period (the main connecting airport was Frankfurt, followed by Rome Fiumicino, Madrid, Paris CDG and Munich).

New operations were again launched in 2019: Easyjet for Cefalonia and Kos, Ryanair for London Southend, in addition to London Stansted transferred from Treviso, Pegasus Airlines for Istanbul Sabiha Gökçen and Silver Air for Lusinj.

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

Origin/destination areas - Venice  
Year-to-date June

	H1 2019	CGE. % '19/'18
Domestic traffic	677,577	5.4%
EU Traffic	3,566,813	8.2%
Non-EU Traffic	1,032,324	1.3%
<b>Total commercial aviation</b>	<b>5,276,714</b>	<b>6.4%</b>
General Aviation	5,171	-14.0%
<b>Total</b>	<b>5,281,885</b>	<b>6.4%</b>

Non-EU traffic, with over 1 million passengers, grew 1.3% on the previous year. The following is highlighted:

- nearly 120 thousand passengers travelled on direct connections between Venice and the United States, while an additional 45 thousand passengers travelled to and from Canada (Toronto and Montreal);
- nearly 40 thousand passengers were carried by Asiana between Seoul and Venice;
- nearly 180 thousand passengers have flown Emirates to Dubai and Qatar Airways to Doha, with the option to connect to destinations across the Middle and Far East, Oceania and the African continent;
- over 130 thousand passengers flew between Venice and Istanbul in H1 2019; Istanbul is the main hub for the African continent and Middle East /Sub Indian continent final destinations;
- passengers travelling to Russia numbered over 90 thousand in the first 6 months of the year, thanks to Aeroflot and Ural Airlines operations to Moscow;
- over 50 thousand passengers were carried on Ukrainian and Moldovan routes, through flights operated by Ukraine International Airlines to Kiev, by Air Moldova to Chisinau and by Fly Ernest to Lviv;
- over 45 thousand passengers flew between Venice and Tel Aviv (El Al and Easyjet operations);
- over 50 thousand passengers travelled between Venice and Albania (Tirana) on flights operated by Fly Ernest and Albawings;
- direct passengers between Venice and Morocco (Casablanca) numbered over 30 thousand in the first half of the year, on direct flights operated by Air Arabia Maroc and Royal Air Maroc, in addition to 12 thousand passengers carried on Tunisair flights with Tunis;
- Air Serbia carried an additional 5 thousand passengers to Belgrade and for the connecting network.

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-date June

<u>Country</u>	HI 2019	CGE. % '19/'18
Great Britain	834,435	21.1%
France	791,691	-3.6%
Italy	677,577	5.4%
Germany	623,191	6.6%
Spain	584,400	25.7%
Netherlands	200,468	-10.4%
Switzerland	199,787	-2.4%
Turkey	131,818	-4.7%
United States	121,970	-15.6%
UAE	104,975	-9.5%
Others	1,006,402	8.5%
General Aviation	5,171	-14.0%
<b>Total</b>	<b>5,281,885</b>	<b>6.4%</b>

The leading country is Great Britain, with passenger flows up 21%, particularly thanks to Ryanair operations to London Stansted, transferred from Treviso. France and the domestic market follow. Domestic destination traffic (13% of the total) rose 5.4% on the first 6 months of 2018, thanks to the operations of Alitalia, Easyjet and Volotea. The table below highlights the breakdown of Venice airport traffic by major airline (passengers transported).

Principal Venice airlines  
Year-to-date June

<u>Airline</u>	HI 2019	CGE. % '19/'18
Easyjet	1,564,401	14.0%
Volotea	269,214	-13.1%
British Airways	242,151	-1.2%
Alitalia	239,255	-9.3%
Lufthansa	229,550	3.9%
Ryanair	226,172	89.4%
Air France	216,675	8.2%
Vueling	195,486	3.7%
Iberia	168,600	4.3%
Klm	146,389	-4.1%
Others	1,778,821	3.2%
General Aviation	5,171	-14.0%
<b>Total</b>	<b>5,281,885</b>	<b>6.4%</b>

Easyjet was confirmed as the leading carrier with over 1.5 million passengers in the first 6 months of 2019, up 14% on the first half of 2018 (30% of total airport traffic).

Volotea is the second largest airline, with traffic down 13% on the same period of the previous year, for nearly 270 thousand passengers: the drop relates to domestic traffic, with Catania down in particular, mainly in response to Easyjet's openings. British Airways, Alitalia and Lufthansa follow.

General aviation passenger traffic at Venice contracted 14% in the first half of 2019 (movements -2.6%), due to time and apron restrictions related to the runway works.

The overall cargo traffic performance (including couriers and mail) indicated a contraction of 5.3% on the first half of 2018, related to air cargo (-5.9% on H1 2018). This may be attributed to the challenging European picture, with general volumes at 2016 levels.

### **Future developments**

The 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.

The strengthening of a number of Mediterranean markets, including Greece, Turkey and Spain and of the domestic market, also continued.

### **Long haul**

Long-haul traffic remains central to the strategy for the development of the Group's network, which in 2018 added two new intercontinental connections: Venice-Chicago by American Airlines and Venice-Seoul by Asiana Airlines.

The two areas, North America and the Far East, remain the key pillars on which development is focused:

- North America, with over one million annual passengers, has the potential for additional direct flights, in particular to the United States;
- 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 are contributing to improving connections via Venice thanks to a changed scenario:

- the presence at Venice of two based carriers (Volotea and Easyjet), both with a fleet of 7 based aircraft (Easyjet positioned two additional aircraft in 2018), has contributed to developing domestic connections with Southern Italy, with an expanded range of routes, frequencies operated and seats available;

- 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.

Through the 'Venice Connects' service passengers may purchase a guaranteed connection, similar to those offered by ordinary carriers, but at a more advantageous price.

## Treviso

Treviso passenger numbers in the first half of 2019 totalled over 1.6 million, up 2.4% on the first half of 2018 (for over 12 thousand movements, +10% on the previous year).

The airport accounts for 24% of total System traffic.

Ryanair carried 1.4 million passengers, up 1.8% on the previous year. It should be considered that the London Stansted operations were transferred from Treviso to Venice from the beginning of summer 2019. Ryanair's range of destinations operating out of Treviso was extended with the introduction of direct connections to Bordeaux, Oporto and Prague.

Wizzair traffic was stable on the previous year (with over 190 thousand passengers).

Pobeda Airlines carried over 27 thousand passengers between Treviso and Moscow Vnukovo, with an average flight load of 91%.

Over 17 thousand passengers opted for the new flights to Stockholm by Laudamotion.

## Future developments

The goal for Treviso airport is to manage the maximum number of movements in order to eliminate non-daytime operations.

## Verona

With nearly 1.6 million passengers carried in the first half of 2019, traffic was up 8% on the previous year.

Movements also rose (over 15 thousand), increasing 5% on the same period of 2018.

Scheduled traffic, covering more than 90% of Verona traffic, was up 10%, with the most significant volumes concerning: Volotea, which carried over 300 thousand passengers, expanding its network by 21% on the previous year to reach 21 connections; Ryanair which, with 10 routes served, generated over 220 thousand passengers, although slightly declining (-3%) compared to 2018; Neos, up 26% on 2018, carrying over 150 thousand passengers and confirming itself as the leisure traffic leader, offering over 30 summer destinations; hub feeding traffic also continued to rise, with the main carriers at Verona in fact up 14%, carrying nearly 400 thousand passengers.

Charter traffic has entirely changed, with a drop of 11%; in recent years, in fact, a shift from the charter to scheduled segment has taken place as a result of tour operators acquiring seats on scheduled flights partially and not exclusively as was the case in the past.

The domestic market is the main traffic market (scheduled + charter), expanding 13% and with over half a million passengers during the summer, serving over 10 Italian cities and covering more than 30% of Verona traffic.

The international segment, with over 70 more or less seasonal destinations, carried over one million passengers, up 5% over H1 2018.

During the period, the following operations were launched: WizzAir's flight to London Luton, serving skiing traffic and operative until March, from the Summer season the Stockholm flight of Lauda Motion, operative until the end of June, from April 2 EasyJet's annual flights to Amsterdam with 3 weekly frequencies, from May 11 and for the entire summer season the Birmingham route of Jet2.com, and from June until the end of October Malta and Zante by Volotea. WizzAir expanded its offer, already having a presence in Verona with other airlines, on the Chisinau route.

### **Future developments**

Thanks to the consolidation of existing flights, again in the period scheduled traffic continued to grow, gradually becoming the main segment also for leisure demand.

The airport's development strategy centres on:

- increasing outgoing operations, in synergy with Volotea (airline based at the airport) and other point-to-point airlines;
- consolidation and development of both scheduled and charter incoming flights;
- extension of the Eastern European network;
- Improving the airport's connectivity, with the introduction of new direct destinations by the European network carriers;
- Adding to the range of leisure destinations available to the region's user base.

### **Brescia**

In the first half of 2019, Brescia cargo expanded overall by 4.2% on the same period of 2018, reporting over 11 thousand tonnes of cargo/mail transported.

Mail - accounting for 75% of total cargo traffic in volume terms - rose 10.8%. The segment is undergoing a new phase of expansion, thanks to the commercial strategy focused on developing the "packages" business, compared to traditional correspondence. Air cargo dropped 22.4%, impacted by the residual presence of the last SW Italia operations, which discontinued flights in February last year. A recovery is expected during the year thanks to the new express courier operations of DHL.

With regards to road traffic, featuring the trucked air cargo for Lufthansa Cargo, a decline of 8.6% was reported as a result of the unfavourable international environment.

### **Future developments**

With regards to Poste Italiane, the postal product on behalf of the client Amazon will last at least until October, with negotiations for subsequent developments ongoing.

The contacts with Turkish Airlines Cargo and with Air Senegal continued, while from July 15 DHL re-launched operations. Frequent contacts were again undertaken with the client in this case to ensure positive developments over the coming months.

### **Charleroi Airport**

Passengers carried at Charleroi in H1 2019 numbered over 3.9 million (up 2.6% on the same period of the previous year).

The main airline at the airport is Ryanair, with a market share of 77.3% and carrying over 3 million passengers. Ryanair's operations to June 2019 comprised of 84 regular destinations.

The carrier Wizzair, operating out of the airport with 12 routes, in Q1 2019 carried over 423 thousand passengers; Jetairfly (TUI fly Airlines Belgium) operates 23 regular routes and carried over 320 thousand passengers.

## **Investments at Venice and Treviso airports**

Investments totalled Euro 124.9 million, of which approx. Euro 0.7 million allocated to the assets under concession replacement provision. The main investments in the first half of 2018 included:

Euro 92.9 million for the design and execution of works for the development of the runway and aprons; Euro 13 million for the design and execution of works on the lot 2 Terminal extension (South Pier); Euro 5.6 million for other investments and works to maintain the existing infrastructure; Euro 3.6 million for parking works; Euro 2.4 million for expansion and other auxiliary works; Euro 1.6 million for the acquisition of the new VVFF building at Treviso; Euro 1.2 million in relation to the construction of the new customs checkpoint.

## **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, 2012 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, 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. 136/2014 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.

Finally, the unified sections, following the restart of the process suspended ahead of the Constitutional Court’s pronouncement, with judgment No. 3162/2019 published on February 1, 2019 declared the contribution to the Fire Fighting Fund as of a tax nature, consequently declaring the tax court to have exclusive jurisdiction.

### **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.

**Law No. 37 of May 3, 2019 - Provisions for the fulfilment of the obligations deriving from Italy's membership of the European Union - 2018 European Law. Published in Official Gazette No. 109 of May 11, 2019.**

In accordance with Article 10 of the above-stated law, entering into force on 05/26/2019, it is established that: Article 73 of Legislative Decree No.1 of January 24, 2012, converted with amendments by law No. 27 of March 24, 2012, is replaced by the following:

*«Article 73 (National Oversight Authority). - 1. The transport regulation authority, set up in accordance with Article 37 of Legislative Decree No. 201 of December 6, 2011, converted with amendments by law No. 214 of December 22, 2011, acts as the National oversight authority as per this decree also with regards to the regulatory agreements established by Article 17, paragraph 34-bis, of Legislative Decree No. 78 of July 1, 2009, converted with amendments by law No. 102 of August 3, 2009. The above Authority undertakes the functions transferred with the human resources, tools and funding available in its financial statements, without new or additional charges for public funding».*

With this provision, it is therefore provided that the Transport Authority carries out the functions of the national oversight authority also for the supplementary regulatory agreements governed by Article 17, paragraph 34-bis, Legislative Decree No. 78 of July 1, 2009, converted with amendments by law No. 102 of August 3, 2009. These functions were previously reserved to ENAC.

## **Alternative performance indicators**

In addition to the financial indicators established by IFRS, within this Consolidated Half-Year Financial Report, a number of alternative performance indicators are presented to provide more complete disclosure on the operating performance and financial position.

A description follows of the means to calculate these alternative indicators, as not uniform and comparable with those applied by other operators.

“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 derivative financial instruments.

“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.

## **Financial Risks**

The management of financial risks is in line with 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. 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 this consolidated half-year report.

## **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, 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 Interim Directors' Report.

### **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 to the half-year financial statements for information concerning transactions undertaken during the period 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 financial statements took place after the reporting date.

Venice Tesserà, July 30, 2019

*The Chairman of the Board of Directors*  
**Mr. Enrico Marchi**

CONDENSED CONSOLIDATED  
HALF-YEAR FINANCIAL STATEMENTS  
AT JUNE 30, 2019

FINANCIAL STATEMENTS

Consolidated Balance Sheet  
Consolidated Income Statement  
Consolidated Comprehensive Income Statement  
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## Consolidated Balance Sheet

<b>Assets</b> (Euro thousands)	<b>NOTE</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
Cash and cash equivalents	1	4,091	53,193
Tax assets	2	2,714	5,384
Other receivables	3	9,190	17,323
<i>of which related parties</i>	3	88	0
Trade receivables	4	50,762	40,882
<i>of which related parties</i>	4	9,233	9,535
Inventories	5	2,288	1,916
<b>Total current assets</b>		<b>69,045</b>	<b>118,698</b>
<b>Assets held-for-sale</b>		<b>0</b>	<b>0</b>
Property, plant & equipment	6	74,426	69,757
Airport Concession rights	7	590,531	481,041
Concessions	7	793,037	810,979
Other intangible fixed assets with finite useful life	7	5,039	5,324
Goodwill - other intangible fixed assets with indef. useful life	7	310,533	310,533
Equity investments in associates and JV's	8	97,082	99,997
Other equity investments	8	1,145	1,145
Other assets	9	2,932	2,931
<i>of which related parties</i>	9	0	0
Deferred tax assets	10	31,455	32,350
<b>Total non-current assets</b>		<b>1,906,180</b>	<b>1,814,057</b>
<b>TOTAL ASSETS</b>		<b>1,975,225</b>	<b>1,932,755</b>

<b>Liabilities</b> (Euro thousands)	<b>NOTE</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
Trade payables	11	144,503	82,698
<i>of which related parties</i>	11	1,111	714
Other payables	12	50,771	47,510
<i>of which related parties</i>	12	1,491	1,258
Tax payables	13	8,631	2,983
Social security institutions	14	4,399	4,472
Bank payables	15	16,527	1,525
Other financial liabilities – current portion	16	5,348	3,251
<i>of which related parties</i>	16	288	0
<b>Total current liabilities</b>		<b>230,179</b>	<b>142,439</b>
<b>Liabilities related to assets held-for-sale</b>		<b>0</b>	<b>0</b>
Bank payables – less current portion	17	801,222	799,817
Other lenders – less current portion	18	4,835	0
Deferred tax liabilities	19	235,521	240,883
Post-employment benefits and other employee provisions	20	3,867	3,781
Provisions for other risks and charges	21	32,949	32,212
<b>Total non-current liabilities</b>		<b>1,078,394</b>	<b>1,076,693</b>
<b>TOTAL LIABILITIES</b>		<b>1,308,573</b>	<b>1,219,132</b>

<b>Shareholders' Equity</b> (Euro thousands)	<b>NOTE</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
Share capital	22	189	189
Share premium reserve	22	27,651	27,651
Legal reserve	22	76	76
Other reserves and retained earnings	22	625,214	659,142
Net Profit	22	2,995	16,340
<b>Total Group shareholders' equity</b>		<b>656,125</b>	<b>703,398</b>
Shareholders' equity - minority interest	22	10,527	10,225
<b>TOTAL SHAREHOLDERS' EQUITY</b>	22	<b>666,652</b>	<b>713,623</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,975,225</b>	<b>1,932,755</b>

## Consolidated Income Statement

(Euro thousands)	NOTE	H1 2019	H1 2018 RESTATED
Operating revenue	23	102,702	94,414
Other income	23	6,588	5,438
<b>Total operating revenue and other income</b>		<b>109,290</b>	<b>99,852</b>
<b>Costs of Production</b>			
Raw and ancillary materials, consumables and goods	24	1,021	1,396
Services	25	20,807	19,229
Lease and rental costs	26	5,236	5,262
Personnel costs:			
wages and salaries & social sec. charges	27	27,256	25,212
post-employment benefits	27	1,268	1,200
other costs	27	233	207
Amortisation, depreciation & write-downs			
amortisation	28	27,643	26,795
depreciation	28	5,826	4,843
Write-downs of current assets	29	107	106
Change in inv. of raw & ancillary materials, consum. & goods	30	(86)	(230)
Provisions for risks	31	85	191
Replacement provision	32	2,185	2,560
Other charges	33	1,034	1,600
<b>Total costs of production</b>		<b>92,615</b>	<b>88,371</b>
<b>EBIT</b>		<b>16,675</b>	<b>11,481</b>
Financial income and revaluation of financial assets	34	1	69
Interest, other financial charges & write-down of fin. assets	34	(12,130)	(10,610)
Profit/losses from Associates & JV's carried at equity	34	(190)	(1,939)
		<b>(12,319)</b>	<b>(12,480)</b>
<b>Profit/(loss) before taxes</b>		<b>4,357</b>	<b>(999)</b>
Income taxes	35	2,187	(2,805)
<i>current</i>		6,652	4,173
<i>deferred</i>		(4,465)	(6,978)
<b>Profit from Continuing Operations</b>		<b>2,170</b>	<b>1,806</b>
Profit from Discontinued Operations/Held-for-sale	36	1,131	177
<b>Net Profit</b>		<b>3,301</b>	<b>1,983</b>
Minority interest		306	200
<b>Group Net Profit</b>		<b>2,995</b>	<b>1,783</b>

For comparative purposes the financial statements are presented with the H1 2018 income statement as “restated” following the definitive purchase price allocation of Save S.p.A. on the net assets acquired.

In addition, the application of IFRS 5, following the sale of 50% of Save Cargo S.p.A. in the first half of 2019, required for 2019 and 2018, the classification of the cost and revenue accounts concerning Discontinued Operations to “Profit/(Loss) of Discontinued Operations” in the income statement.

## Consolidated Comprehensive Income Statement

(EURO THOUSANDS)	NOTE	H1 2019	H1 2018
<b>Net Profit for the period</b>		<b>3,301</b>	<b>1,983</b>
Hedging instruments	37	(228)	(320)
<b>Total Gains/(Losses) on other comprehensive income statement items net of taxes which may be reclassified to the income statement</b>		<b>(228)</b>	<b>(320)</b>
Actuarial gains/(losses) of employee defined plans, net of taxes	20	(7)	(8)
<b>Total Gains/(Losses) on other comprehensive income statement items net of taxes which may not be reclassified to the income statement</b>		<b>(7)</b>	<b>(8)</b>
<b>Total comprehensive income</b>		<b>3,066</b>	<b>1,655</b>
Minority comprehensive income		306	200
<b>Total comprehensive income pertaining to the Group</b>		<b>2,760</b>	<b>1,455</b>

## Consolidated Cash Flow Statement

(EURO THOUSANDS)	H1 2019	H1 2018 RESTATE	NOTE
<b>Operating activities</b>			
Profit from continuing operations	2,170	1,983	
Amortisation, depreciation and write-downs	33,469	31,667	28
Net changes in post-employment benefit provisions	78	104	28
Net changes in provisions for risks and charges	1,351	2,459	31 - 32
(Gains)/Losses on disposal of assets	(22)	54	
Financial income (charges)	3,127	2,172	
Valuation of investments under the equity method	4,160	2,919	34
Change in deferred taxes	(4,473)	(6,985)	11 - 20
<b>Sub-total self-financing (A)</b>	<b>39,859</b>	<b>34,373</b>	
Decrease (increase) in trade receivables	(10,631)	(11,040)	4
Decrease (increase) in other current assets	8,336	(3,433)	3 - 9
Decrease (increase) in tax assets/liabilities	8,407	4,811	2 - 13
Increase (decrease) in trade payables	(8,066)	(3,266)	11
Increase (decrease) in social security payables	177	185	14
Increase (decrease) in other liabilities	3,679	4,202	12
<b>Sub-total (B)</b>	<b>1,902</b>	<b>(8,541)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES (A + B) = (C)</b>	<b>41,761</b>	<b>25,832</b>	
<b>Investing activities</b>			
(Acquisition) of property, plant & equipment	(5,235)	(4,175)	6
Divestments of property, plant & equipment	22	36	6
(Acquisition) of intangible fixed assets	(119,623)	(47,068)	7
Divestments of intangible assets	25	30	7
Change in Trade payables for investments	70,099	17,798	
Decrease in financial fixed assets	()	0	8
(Increase) in financial fixed assets	(194)	(100)	8
<b>CASH FLOW FROM INVESTING ACTIVITIES (D)</b>	<b>(54,906)</b>	<b>(33,479)</b>	
<b>Financing activities</b>			
New loans from other lenders	0		16 18
(Repayment) to other lenders	(677)	(67)	16 18
(Repayment) and other changes in loans	(771)	0	15 17
New loans proceeds	15,000	59,590	15 17
Incorporation parent and capital contribution		5,225	2
(Increase)/Decrease in financial assets		(56,434)	22
Dividends paid	(50,000)		
Change in net debt arising from change in consolidation scope	(2)	0	
Other		(3)	
<b>CASH FLOW FROM FINANCING ACTIVITIES (E)</b>	<b>(36,450)</b>	<b>8,312</b>	
<b>CASH FLOW FROM DISCONTINUED OPERATIONS (F)</b>	<b>492</b>	<b>0</b>	<b>37</b>
<b>NET CASH FLOW FOR THE PERIOD (C+D+E+F)</b>	<b>(49,103)</b>	<b>665</b>	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>53,193</b>	<b>15,256</b>	
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>4,089</b>	<b>15,921</b>	

For comparative purposes the financial statements are presented with the comparative balance sheet at December 31, 2018 and the H1 2018 income statement as “restated” following the definitive purchase price allocation of Save S.p.A. on the net assets acquired.

In addition, the application of IFRS 5, following the sale of 50% of Save Cargo S.p.A. in the first half of 2019, required for 2019 and 2018, the classification of the cost and revenue accounts concerning Discontinued Operations to “Profit/(Loss) of Discontinued Operations” in the income statement.

## Statement of Changes in Consolidated Shareholders' Equity

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	OTHER RESERVES AND RETAINED EARNINGS	GROUP SHAREHOLDERS' EQUITY	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
(Euro thousands)							
<b>Balance at January 1, 2018</b>	<b>2.049</b>	<b>0</b>	<b>746.032</b>	<b>(10.189)</b>	<b>737.892</b>	<b>9.778</b>	<b>747.670</b>
<b>Effect Definitive Purchase Price Allocation</b>				<b>5.983</b>	<b>5.983</b>		<b>5.983</b>
<b>Balance at January 1, 2018 restated</b>	<b>2.049</b>	<b>0</b>	<b>746.032</b>	<b>(4.206)</b>	<b>743.875</b>	<b>9.778</b>	<b>753.653</b>
Result of separate income statement					1.783	200	1.983
Other comprehensive profits / losses				(320)	(328)	(8)	(328)
Other changes							
<b>Result of comprehensive income statement</b>				<b>(320)</b>	<b>1.463</b>	<b>192</b>	<b>1.655</b>
Distribution dividends				(56.434)	(56.434)		(56.434)
Other movements	(1.860)	76	(718.381)	720.177	12	(15)	(3)
<b>Balance at June 30, 2018</b>	<b>189</b>	<b>76</b>	<b>27.651</b>	<b>659.217</b>	<b>688.916</b>	<b>9.955</b>	<b>698.871</b>

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	OTHER RESERVES AND RETAINED EARNINGS	GROUP SHAREHOLDERS' EQUITY	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
(Euro thousands)							
<b>Balance at January 1, 2019</b>	<b>189</b>	<b>76</b>	<b>27.651</b>	<b>675.482</b>	<b>703.398</b>	<b>10.225</b>	<b>713.623</b>
<b>Effect of application of IFRS 16</b>				<b>(34)</b>	<b>(34)</b>	<b>(4)</b>	<b>(38)</b>
Result of separate income statement					2.995	306	3.301
Other comprehensive profits / losses				(235)	(235)		(235)
Other changes					0		0
<b>Result of comprehensive income statement</b>				<b>(235)</b>	<b>2.760</b>	<b>306</b>	<b>3.066</b>
Distribution dividends				(50.000)	(50.000)		(50.000)
<b>Balance at June 30, 2019</b>	<b>189</b>	<b>76</b>	<b>27.651</b>	<b>625.213</b>	<b>656.125</b>	<b>10.527</b>	<b>666.652</b>

For comparative purposes the financial statements are presented with the comparative balance sheet at December 31, 2018 and the H1 2018 income statement as "restated" following the definitive purchase price allocation of Save S.p.A. on the net assets acquired.

Notes to the Condensed Consolidated  
Half-Year Financial Statements  
at June 30, 2019

**Milione S.p.A.**

Registered Office: Viale G. Galilei n. 30/1  
30173 Tessera Venice

**EXPLANATORY NOTES AT JUNE 30, 2019****Group activities**

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.

**Accounting Standards adopted for the preparation of the Condensed Consolidated Half-Year Financial Statements at June 30, 2019****Basis of preparation**

These condensed consolidated financial statements of the Group concern the period ended June 30, 2019.

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

**Statement of compliance with IAS/IFRS**

The condensed consolidated half-year financial statements were prepared in compliance with IFRS adopted by the European Union and in force at the preparation date of the financial statements and in particular IAS 34 “Interim Financial Statements” for interim financial disclosure.

**Content and form of the condensed consolidated half-year financial statements**

These explanatory notes were prepared by the Board of Directors on the basis of the consolidation and accounting records updated to June 30, 2019. The company opted to apply the Separate and Comprehensive Income Statements, the Balance Sheet, the Cash Flow Statement and the Statement of changes in Shareholders’ Equity, as permitted by IAS 1, considering such more representative of operations. In particular, the balance sheet was broken down between 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.

For comparative purposes, the financial statements are presented with the comparative balance sheet at December 31, 2018 and the H1 2018 income statement.

The Group, following the definitive purchase price allocation of Save S.p.A. on the net assets acquired after the preparation of the Consolidated Half-Year Report at June 30, 2018, restated the comparative income statement.

In addition, in June 2019 the subsidiary Save S.p.A. undertook a corporate restructuring operation which involved, through two separate phases, the sale of 50% of its full holding in Save Cargo S.p.A. and thereby no longer controls the company as per IFRS 10. The residual holding, equal to 50% of the share capital, is recognised as a Joint Venture as per IFRS 11 and recorded at the transaction's fair value.

This transaction resulted in the following presentation in this Consolidated Half-Year Report:

- at balance sheet level, the assets and liabilities relating to Save Cargo S.p.A. at June 30, 2019 were eliminated and the residual investment was recognised, equal to 50% of the share capital of the investee, under non-current assets (investments in associates and joint ventures);
- at income statement level, the costs and revenues of Save Cargo S.p.A. until the date of sale were classified in the account "Profit/(Loss) of Discontinued Operations", together with the gains realised from the sale and to income from the measurement of the residual investment at fair value, represented by the amounts expressed in the above transaction, as well as the relative tax impact;
- in addition, for comparative purposes, for the presentation of the transactions between Continuing and Discontinued Operations, the option was taken to present the income statement accounts without taking into account the elimination of inter-company transactions.

The Consolidated Half-Year Report also reflects the first-time adoption of IFRS 16 Leases (published on January 13, 2016), utilising the modified retrospective method, recognising the cumulative effect of the initial application of the new standard to adjust the opening balances of retained earnings. This presentation therefore did not result in any change in the comparative figures.

## **Consolidation Scope**

### **Subsidiaries**

The Group condensed consolidated financial statements at June 30 include, through the line-by-line method, the companies in which it 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	CURR	SHARE CAPITAL	GROUP % HOLDING	
			06/30/2019	12/31/2018
PARENT COMPANY:				
<b>Milione S.p.A.</b>	<b>Euro</b>	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
Save Cargo S.p.A.	Euro	1,000,000	-	100
Archimede 3 S.r.l.	Euro	50,000	100	100

As already described, at the end of June 2019 Save S.p.A. sold 50% of the investment in Save Cargo.

## 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.

A breakdown of the companies consolidated at equity (associates and JV's) are reported below.

COMPANY	CURR	SHARE CAPITAL	GROUP % HOLDING	
			06/30/2019	12/31/2018
<b>Associates and Joint Ventures</b>				
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
Save Cargo S.p.A.	Euro	1,000,000	50.0	-
2A - Airport Advertising S.r.l.	Euro	10,000	50	50
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	Euro	52,317,408	41.53	41.27
<i>(*) through Belgian Airport SA</i>				

The residual investment in Save Cargo S.p.A. was measured at fair value, represented by the values in the above-mentioned sales transaction and not as per the equity method.

## Basis of consolidation

### Change of accounting standards

The accounting standards adopted for the preparation of the condensed consolidated half-year financial statements conform with those for the preparation of the annual financial statements of the Group at December 31, 2018 and the condensed consolidated financial statements at June 30, 2018.

### Accounting standards, amendments and interpretations applied from January 1, 2019

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2019:

- On January 13, 2016, the IASB published the 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 standard provides a new definition of leases and introduces a criterion based on control (right of use) of an asset to distinguish lease 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 Group has elected to apply the standard retrospectively, and therefore to recognize the cumulative effect of the application of the Standard in shareholders' equity with effect from January 1, 2019 (not restating the 2018 comparative figures), in accordance with IFRS 16:P7-P13. In particular, with regard to lease contracts previously classified as operating leases, the Group recognised the following:

- a) a financial liability, 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.

For some contracts, the Group availed of the possibility to quantify the usage right for an amount equal to the net book value which would have existed if the Standard had been applied since the commencement date of the lease contract.

The following table shows the impact of the adoption of IFRS 16 at the transition date

Euro millions	Impact at the transition date (01.01.2019)
<b>ASSETS</b>	
<b>Non-current assets</b>	
Right of Use Buildings	2.7
<b>Total</b>	<b>2.7</b>
<b>LIABILITIES</b>	
<b>Non-current liabilities</b>	
Financial liabilities for non-current leases	2.3
<b>Current liabilities</b>	
Financial liabilities for current leases	0.4
<b>Total</b>	<b>2.7</b>

We report that the weighted average incremental borrowing rate applied to the financial liabilities recorded at January 1, 2019 was 2.82%.

The Group opted for the exemption permitted by IFRS paragraph 16:5(b)) concerning lease contracts where the underlying asset qualifies as a low-value asset. The contracts for which the exemption has been applied primarily fall within the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices;
- Furniture and fittings.

In addition, with regard to the transition rules, the Group opted for the following practical expedients available in the event of the selection of the modified retrospective transition method:

- Classification of contracts set to expire within 12 months of the transition date as short-term leases. The lease payments for such contracts are taken to the income statement on a straight-line basis;
  - Exclusion of the initial direct costs from the measurement of the right of use at January 1, 2019.
- 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 adoption of this amendment does not have effects on the condensed consolidated half-year financial statements of the Group.

- The IASB published the interpretation “**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 was applied from January 1, 2019. The adoption of this amendment does not have effects on the condensed consolidated half-year financial statements of the Group.

- 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 net 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 adoption of this amendment does not have effects on the condensed consolidated half-year financial statements of the Group.

- 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 adoption of this amendment does not have effects on the condensed consolidated half-year financial statements of the Group.

- 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 adoption of this amendment does not have effects on the condensed consolidated half-year financial statements of the Group.

## 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. The Directors do not expect this standard 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 amendments resulting from the document apply to all transactions after January 1, 2020.

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 contribution 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.

- On January 30, 2014 the IASB published **IFRS 14 Regulatory Deferral Accounts** which permits only those adopting IFRS for the first time to continue to recognise amounts concerning Rate Regulation Activities according to the previous accounting standards adopted. As the Company/Group is a first-time adopter, this standard is not applicable.

### **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. Air traffic is concentrated in June-September, during the peak summer vacation period and the maximum usage levels of the directly managed infrastructure.

### **Significant accounting estimates**

The key future assumptions and those concerning other important sources of uncertainty in the estimates at the reporting date of the present condensed consolidated half-year financial statements 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. In order to identify any impairments on goodwill, the Group carried out an update of the valuations undertaken in the preparation of the last annual financial statements.

#### *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*

The Replacement provision, in line with the contractual obligations in place, includes the allocations for maintenance and restoration on assets comprising infrastructure on the Balance Sheet which must be returned to the state in perfect operating condition on conclusion of the concession.

The 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 (2041) 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. Actuarial profits and losses concerning defined benefit plans are recognised to the comprehensive income statement and are not subsequently recognised to the income statement; the cost for interest is however recognised to the income statement. 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 condensed consolidated half-

year financial statements. Current income taxes relating to items recorded directly in net equity are charged directly to equity and not to the income statement.

## Accounting policies

The 2019 condensed consolidated half-year financial statements were prepared in accordance with IAS 34 Interim Financial Reporting.

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 definite 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 IAS 39, 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 period 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	%
Runway vehicles and equipment	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**

The assets acquired under finance lease contracts, which provide for the right of use of the asset, 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) are recognised as per IFRS 16 Leases. This latter provides also for the recognition of operating leases under assets with a related financial payable. 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 of the Group 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 and Concessions**

The Group undertakes an impairment test on goodwill and concessions 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.

### **Investments in subsidiaries and associates**

The Group may hold some investments in subsidiaries or associates which however are not consolidated as not considered operative and/or significant, whose balance sheet and income statement effects from full consolidation or consolidation at equity would substantially be in line with the carrying value in the financial statements of the Group.

### **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.

In the consolidated income statement and the previous year comparative period, 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**

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).

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.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not listed on an active market. After initial recognition, these assets

are measured in accordance with the amortised cost criteria using the effective discount rate method net of all provisions for loss in value.

The amortised cost is calculated taking into consideration all discounts or purchase premiums and includes the commissions which are an integral part of the effective interest rate and of the transaction costs. The gains and losses are recognised to the income statement when the loans and receivables are eliminated or if there is a loss in value, also through the amortisation process.

#### *AFS financial assets*

The financial assets available-for-sale are those financial assets, excluding derivative financial instruments, which were designated as such or are not classified in any of the other preceding categories. After initial recognition, the financial assets held for sale are measured at fair value and the gains and losses are recorded in a separate equity reserve. The fair value is determined with reference to the market value (bid price) at the reporting date; in the case of non-quoted instruments they are determined through technical financial valuation methods commonly used. When the assets are eliminated, the gains or losses accumulated in equity are recognised in the Income Statement. Interest matured or paid on these investments is recorded as interest income or expense, utilising the effective interest rate. Dividends matured on these investments are recognised in the Income Statement as “dividends received” when the right for collection arises.

#### *Fair value*

In the case of shares widely traded in regulated markets, the fair value is determined with reference to the stock market prices recorded at the end of trading at the reporting date. For the investments for which no active market exists, the fair value is determined through valuation techniques based on recent transaction prices between independent parties; the current market value of a substantially similar instrument; the analysis of the discounted cash flows; option pricing models.

### **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

condensed half-year 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 & 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 condensed half-year 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)”.

Where the liability relates to an intangible asset (infrastructure), it includes the amounts necessary for initial maintenance or replacement of all assets comprising the infrastructure held, necessary for the proper maintenance of the asset conditions until the conclusion of the concession.

### **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).

### **Loans**

Other financial liabilities, with the exception of the derivatives, are recognised initially 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).

Any gain or loss is recognized in the income statement when the liability is extinguished, as well as through the amortization process.

### **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).

Any gain or loss is recognized in the income statement when the liability is extinguished, as well as through the amortization process.

### **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.

### **Measurement of 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 the following:

IRES	24%
IRAP	4.2% (Airport Companies)
IRAP	3.9%

### **Translation of accounts in foreign currencies**

The present condensed half-year 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 condensed half-year consolidated balance sheet date. All exchange differences are recognized 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. 11.9% of total revenue in H1 2019 of the subsidiary SAVE S.p.A. derived from the airline Easy Jet; the subsidiary Aer Tre S.p.A., which manages the Treviso airport, derived however approx. 63.2% of revenue in H1 2019 from the airline Ryanair.

## Net Financial Position

The Group **net debt** increased from Euro 751.4 million at December 31, 2018 to Euro 823.8 million at June 30, 2019.

(EURO THOUSANDS)	06/30/2019	12/31/2018	06/30/2018
Cash and cash equivalents	4,091	53,193	15,923
Other financial assets	0	0	4,498
<b>Financial assets</b>	<b>4,091</b>	<b>53,193</b>	<b>20,421</b>
Bank payables	16,527	1,525	31,524
Other financial liabilities – current portion	5,348	3,251	2,702
<b>Current liabilities</b>	<b>21,875</b>	<b>4,776</b>	<b>34,226</b>
Bank payables – less current portion	801,222	799,817	716,972
Other lenders – less current portion	4,835	0	0
<b>Non-current liabilities</b>	<b>806,057</b>	<b>799,817</b>	<b>716,972</b>
<b>Net financial position</b>	<b>(823,841)</b>	<b>(751,400)</b>	<b>(730,777)</b>
of which liabilities for derivative contracts carried at fair value	4,430	3,251	2,702
Total gross payables to banks	817,749	801,342	748,496

We report that the net financial position at June 30, 2019 includes the financial liabilities deriving from the first-time application of IFRS 16 equal to Euro 5.5 million, of which Euro 4.8 million due beyond one year.

## ANALYSIS OF THE MAIN BALANCE SHEET ACCOUNTS

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

### ASSETS

#### Current Assets

at

06.30.2019	€	69,045
12.31.2018	€	118,698
cge.		(49,653)

The items of the above stated account are as follows:

#### 1. Cash and cash equivalents

at

06.30.2019	€	4,091
12.31.2018	€	53,193
cge.		(49,102)

These concern the bank current accounts available and cash and cash equivalents at the reporting date. The main asset amounts are held by the subsidiary Save S.p.A. with approx. Euro 3 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 condensed half-year consolidated financial statements.

#### 2. Tax receivables

at

06.30.2019	€	2,714
12.31.2018	€	5,384
cge.		(2,670)

The account includes for Euro 2.5 million the receivable relating to the IRES repayment request from IRAP for the 2007-2011 period, presented by SAVE S.p.A. as the parent company of the tax consolidation, in accordance with Article 2, paragraph 1-quater of Legislative Decree No. 201/2011.

#### 3. Other receivables

at

06.30.2019	€	9,190
12.31.2018	€	17,323
cge.		(8,133)

The composition of the account is as follows:

(Euro thousands)	06.30.19	12.31.18	CHANGE
Veneto region for grants	309	309	-
Suppliers for advances	6,688	15,683	(8,995)
Misc. receivables	1,783	970	813
Other assets for suspended financial charges	322	362	(40)
Receivables from related parties	88	-	88
<b>Total other receivables</b>	<b>9,190</b>	<b>17,323</b>	<b>(8,133)</b>

Suppliers for advances refers mainly to contractual advances for investments and the reduction in this account in the period reflects the advancement of investment projects. 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.

#### 4. Trade receivables

at

06.30.2019	€	50,762
12.31.2018	€	40,882
cge.		9,880

The breakdown of trade receivables is outlined below:

(Euro thousands)	06.30.19	12.31.18	CHANGE
Trade receivables – third parties	41,529	31,347	10,182
Trade receivables - related parties	9,233	9,535	(302)
<b>Total trade receivables</b>	<b>50,762</b>	<b>40,882</b>	<b>9,880</b>

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

Trade receivables increased on December 31, 2018 by Euro 9.9 million, principally due to the seasonality of airport operations.

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

(Euro thousands)	06.30.19	12.31.18	CHANGE
Trade receivables	44,082	33,829	10,253
Doubtful debt provision	(2,553)	(2,481)	(72)
<b>Total trade receivables</b>	<b>41,529</b>	<b>31,348</b>	<b>10,181</b>

The Group doubtful provision amounts to Euro 2.6 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 as per IFRS 9 already described.

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

<b>BALANCE AT 12/31/2018</b>	<b>(2,481)</b>
Utilisations and other movements	35
Provisions in the half-year	(107)
<b>BALANCE AT 06/30/2019</b>	<b>(2,553)</b>

An analysis of the aging of trade receivables of the Group at June 30, 2019 is reported below:

TRADE RECEIV. FROM THIRD PARTIES	TOTAL	NOTYETDUE	DUE < 30 DAYS	DUE 30-60 DAYS	DUE 60-90 DAYS	DUE 90-120 DAYS	DUE > 120 DAYS
06/30/2019							
Net receivables	<b>41,529</b>	35,330	1,903	1,413	690	452	1,740

TRADE RECEIV. FROM THIRD PARTIES	TOTAL	NOTYETDUE	DUE < 30 DAYS	DUE 30-60 DAYS	DUE 60-90 DAYS	DUE 90-120 DAYS	DUE > 120 DAYS
12/31/2018							
Net receivables	<b>31,348</b>	17,685	7,946	2,247	664	393	2,412

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)	<b>06.30.19</b>	<b>12.31.18</b>	<b>CHANGE</b>
Airst Group	7,178	8,121	(943)
2A - Airport Advertising S.r.l.	1,090	1,162	(72)
Aeroporto Valerio Catullo S.p.A.	534	249	285
Save Cargo S.p.A.	427	-	427
Other minor	4	2	2
<b>Total</b>	<b>9,233</b>	<b>9,534</b>	<b>(301)</b>

## 5. Inventories

at

06.30.2019	€	2,288
12.31.2018	€	1,916
cge.		372

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

## Non-current assets

at		
06.30.2019	€	1,906,180
12.31.2018	€	1,814,057
cge.		92,123

The account is comprised as follows:

### 6. Property, plant & equipment

at		
06.30.2019	€	74,426
12.31.2018	€	69,757
cge.		4,669

The balance increased on December 31, 2018, with depreciation and write-downs of approx. Euro 4.7 million. The composition of these assets is outlined in Attachment “B”, which highlights the historic cost, accumulated depreciation and net values, for each asset category.

### 7. Intangible Assets

at		
06.30.2019	€	1,699,140
12.31.2018	€	1,607,877
cge.		91,623

The intangible asset items are indicated separately:

(Euro thousands)	06.30.19	12.31.18	CHANGE
Airport Concession rights	590,531	481,041	109,490
Concessions	793,037	810,979	-17,942
Other intangible fixed assets with finite useful life	5,039	5,324	-285
Goodwill – other intangible assets with indefinite life	310,533	310,533	-
<b>Total intangible assets</b>	<b>1,699,140</b>	<b>1,607,877</b>	<b>91,623</b>

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 91 million was reported in the period, with amortisation of approx. Euro 27.6 million.

The account “Concessions”, equal to Euro 793 million, recognises the higher value, net of the accumulated amortisation, identified for the Venice (Euro 778 million) and Treviso (Euro 15 million) Airport Concessions on the acquisition of the Save Group in 2017. The reduction in this account reflects the amortisation over the duration of these concessions.

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)	06.30.19	12.31.18	CHANGE
Save S.p.A.	303,556	303,556	-
Aer Tre S.p.A.	6,937	6,937	-
Naitec S.r.l.	40	40	-
<b>Total Goodwill</b>	<b>310,533</b>	<b>310,533</b>	<b>-</b>

No changes occurred. The account comprises:

- for Euro 303,556 thousand, the share of the higher value paid compared to net equity allocated to “Goodwill” on the acquisition of Save S.p.A in 2017.
- for Euro 6,937 thousand, the higher value paid compared to net equity, entirely allocated to “Goodwill” on acquisition from minority shareholders of 35% of the investment held by the Group in the company Aer Tre S.p.A. in 2007. The Group therefore increased its investment in the company to 80%;
- for Euro 40 thousand the higher amount paid in 2006, compared to the relative share of net equity, deriving from the acquisition from minority shareholders of 49% of Naitec S.r.l.. The Group therefore increased its investment in the company to 100%.

## 8. Investments

at

06.30.2019	€	98,227
12.31.2018	€	101,142
cge.		(2,915)

The “Investments in associates and joint ventures” and “Other investments” are reported separately.

(Euro thousands)	06.30.19	12.31.18	CHANGE
Investments in associates and joint ventures	97,082	99,997	(2,915)
Other investments	1,145	1,145	-
<b>Total investments</b>	<b>98,227</b>	<b>101,142</b>	<b>(2,915)</b>

The Investments in associates and joint ventures, measured using the equity method, are illustrated below.

(Euro thousands)	% HELD	06.30.19	12.31.18	CHANGE
Venezia Terminal Passeggeri S.p.A.	22.18	13,370	14,678	(1,308)
GAP S.p.A.	49.87	303	271	32
Brussels South Charleroi Airport SA	27.65	18,167	17,882	285
2A – Airport Advertising S.r.l.	50	-	76	(76)
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	41.53	28,545	29,412	(867)
Airest Retail S.p.A.	50	35,715	37,679	(1,964)
Save Cargo S.p.A.	50	983	-	983
<b>Tot. Investments carried at equity</b>		<b>97,082</b>	<b>99,997</b>	<b>(2,915)</b>

The valuation at equity relates to the pro-quota revaluation following the net profit reported in the period. In addition, following the sale of 50% of the investment in Save Cargo S.p.A. by Save S.p.A., in June 2019, this holding is no longer fully consolidated and the residual holding at the date of loss of control of the investee was recorded under assets at fair value, considered appropriately represented by the values arising from the above-mentioned sale. This valuation resulted in the recognition of income of Euro 0.6 million in the period, recorded in the account “Discontinued operations profit/loss”.

## 9. Other Assets

at

06.30.2019	€	2,932
12.31.2018	€	2,931
cge.		1

This account principally includes a receivable for guarantees paid to ENAC by the subsidiary 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)	06.30.19	12.31.18	CHANGE
Other guarantee deposits	56	55	1
ENAC guarantee deposits	2,876	2,876	-
<b>Total</b>	<b>2,932</b>	<b>2,931</b>	<b>1</b>

## 10. Deferred tax assets

at

06.30.2019	€	31,455
12.31.2018	€	32,350
cge.		(895)

Deferred tax assets have a total value of Euro 31.2 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;
- 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.

## LIABILITIES

### Current Liabilities

at

06.30.2019	€	230,179
12.31.2018	€	142,439
cge.		87,740

The account is comprised as follows:

#### 11. Trade payables

at

06.30.2019	€	144,503
12.31.2018	€	82,698
cge.		61,805

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)	06.30.19	12.31.18	CHANGE
Trade payables – third parties	143,392	81,984	61,408
Trade payables - related parties	1,111	714	397
<b>Total trade payables</b>	<b>144,503</b>	<b>82,698</b>	<b>61,805</b>

Third party trade payables increased significantly compared to December 31, 2018 due to the significant investments undertaken in the period, in addition to the increase in normal operating activities and seasonality.

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

(Euro thousands)	06.30.19	12.31.18	CHANGE
Airest Group	952	672	280
2A - Airport Advertising S.r.l.	4	28	(24)
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	23	-	23
Other related parties	132	14	118
<b>Total</b>	<b>1,111</b>	<b>714</b>	<b>397</b>

## 12. Other payables

at

06.30.2019	€	50,771
12.31.2018	€	47,510
cge.		3,261

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

(Euro thousands)	06.30.19	12.31.18	CHANGE
Payables to related parties	1,491	1,258	233
Customer advances	117	250	(133)
Personnel for deferred compensation	6,446	7,016	(570)
Airport concession fee	4,419	4,370	49
Fire prevention services	21,602	20,436	1,166
Municipal surtax payables	12,767	10,260	2,507
Other payables	3,929	3,920	9
<b>Total</b>	<b>50,771</b>	<b>47,510</b>	<b>3,261</b>

Payables for fire protection service, amounting to Euro 21.6 million, relates to the contribution to the Fire service fund, currently subject to dispute as described in the Directors’ Report.

## 13. Tax Payables

at

06.30.2019	€	8,631
12.31.2018	€	2,983
cge.		5,648

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

(Euro thousands)	06.30.19	12.31.18	CHANGE
Employee withholding taxes	1,224	1,347	(123)
Other tax payables	1,487	1,290	197
Direct income taxes	5,920	346	5,574
<b>Total</b>	<b>8,631</b>	<b>2,983</b>	<b>5,648</b>

“Tax payables” include withholding taxes on employees and consultants for Euro 1.2 million, landing and departure rights taxes for Euro 1.5 million, IRES income taxes payables for the period of Euro 3.9 million and IRAP regional tax payables of Euro 2 million. The increase compared to December 31, 2018 derives from the timing of the payments on account.

#### 14. Payables to social security institutions

at

06.30.2019	€	4,399
12.31.2018	€	4,472
cge.		(73)

#### 15. Bank payables

at

06.30.2019	€	16,527
12.31.2018	€	1,525
cge.		15,002

The account is comprised as follows:

(Euro thousands)	06.30.19	12.31.18	CHANGE
Ordinary current accounts	1	1	-
Short-term advances	15,000	-	15,000
Current portion of bank loans	1,526	1,524	2
<b>Total</b>	<b>16,527</b>	<b>1,525</b>	<b>15,002</b>

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 June 30, 2019.

TYPE	GRANTED	USED	RESIDUAL
CASH CREDIT FACILITIES	40.001	0	40.001
ENDORSEMENT CREDIT	1.728	(217)	1.511
CASH AND CREDIT COMMITMENT	0	0	0
LEASING	0	0	0
MORTGAGES / LOANS	1.154.231	(824.231)	330.000
<b>TOTAL</b>	<b>1.195.960</b>	<b>(824.448)</b>	<b>371.512</b>

#### 16. Other financial liabilities – current portion

at

06.30.2019	€	5,348
12.31.2018	€	3,251
cge.		2,097

The account mainly refers to the payable deriving from the fair value measurement of derivative financial instruments totalling Euro 4.4 million and the current portion of payables to other lenders for leasing contracts as per IFRS 16 for Euro 0.6 million.

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

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 drawn-down on the acquisition of Save, 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.

On February 27, 2019, Milione S.p.A. subscribed to:

- two Cap Rate 0.700% contracts effective from September 30, 2020 with a total notional value of Euro 30.5 million, premium equal to Euro 59 thousand to be paid quarterly from 30.09.2020 to 30.09.2022.

On March 25, 2019, Milione S.p.A. subscribed to:

- two Cap Rate 0.200% contracts effective from March 29, 2019 with a total notional value of Euro 100 million, premium equal to Euro 9 thousand to be paid on subscription.

The fair value of the above-mentioned IRS instruments amounts to Euro -2,030 thousand, while that concerning the options (swaptions) is Euro -1,932 thousand and the Cap Rate is Euro -468 thousand.

The change in the fair value of the derivative financial instruments, for the ineffective portion, of the IRS contracts, of the swaption as well as the Cap Rate contracts was recorded in the income statement under financial charges.

## Non-current liabilities

at

06.30.2019	€	1,078,394
12.31.2018	€	1,076,693
cge.		1,701

The account is comprised as follows:

### 17. Bank payables – less current portion

at

06.30.2019	€	801,222
12.31.2018	€	799,817
cge.		1,405

Non-current bank payables comprise the medium/long-term portion of loans undertaken by the Group and outstanding at June 30, 2019.

The nominal value of loan instalments due within one year totals Euro 1.5 million and beyond one year amount to Euro 821.9 million.

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).

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
06/30/2020	1.538	(4.367)	15.770	12.941
06/30/2021	1.539	(4.170)	16.105	13.474
06/30/2022	1.538	(3.333)	16.950	15.155
06/30/2023	1.539	(3.400)	16.939	15.078
06/30/2024	1.538	(2.941)	17.450	16.047
06/30/2025	1.539	(2.479)	18.012	17.072
06/30/2026	515.000	(1.906)	17.937	531.031
06/30/2027	300.000	(293)	7.266	306.973
<b>TOTAL</b>	<b>824.231</b>	<b>(22.889)</b>	<b>126.429</b>	<b>927.771</b>

Finally, also in December 2018, 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.

	NOMINAL VALUE	FIN. STATS. VALUE	CURR.	RATE	COUPON	FAIR VALUE	MATURITY
BONDS WITH REPAYMENT AS PER REGS.	300,000	300,000	EURO	2.47%	SIX-MONTHLY	297,735	12/20/2026

(IN EURO THOUSANDS)

These financial payables contain a number of secured guarantees and stipulate a number of covenants for the company (to be verified on a half-yearly basis) and which at June 30, 2019, on the basis of the calculations made, had been complied with.

## 18. Other lenders – less current portion

at

06.30.2019	€	4,835
12.31.2018	€	-
cge.		4,835

The account refers to the leasing payable less current portion deriving from the application of IFRS 16, of which the principal impacts at June 30, 2019 are summarised below.

BUILDINGS NET BOOK VALUE	5,392
BUILDINGS DEPRECIATION	284
FINANCIAL CHARGES ON LIABILITY RELATED TO LEASING	58
CASH FLOW IN THE PERIOD	321
LIABILITIES FOR LEASING - DUE WITHIN 12 MONTHS	630
LIABILITIES FOR LEASING - DUE OVER 12 MONTHS	4,835

## 19. Deferred tax liabilities

at

06.30.2019	€	235,521
12.31.2018	€	240,883
cge.		(5,362)

Deferred tax liabilities amount to Euro 235.5 MILLION.

The principal reasons for recognition of deferred tax liabilities include:

- adjustments relating to the allocation of the higher price paid on the acquisition of the Save Group to the value of the Concessions;
- adjustments to IFRIC 12 - “*Service concession arrangements*”;
- adjustments relating to lease accounting in accordance with IFRS 16.

## 20. Post-employment benefits and other employee provisions

at

06.30.2019	€	3,867
12.31.2018	€	3,781
cge.		86

The post-employment benefits at June 30, 2019 are reported in the following table. The change is based on the movements reported below:

<b>Balance at 12/31/2018</b>	<b>3,781</b>
Utilisations and other changes	(13)
Advances granted in period and transfers	(44)
Payments to suppl. provision and INPS Treasury	(1,133)
Provisions and revaluations	1,267
Change due to actuarial calculation	10
<b>Balance at 06/30/2019</b>	<b>3,867</b>

## 21. Other provisions for risks and charges

at

06.30.2019	€	32,949
12.31.2018	€	32,212
cge.		737

The account comprises:

(Euro thousands)	06.30.19	12.31.18	CHANGE
Provisions for risks and charges	4,134	4,914	(780)
Assets under concession replacement provision	28,746	27,298	1,448
Coverage of losses on investees reserve	69	-	69
<b>Total other provisions for risks and charges</b>	<b>32,949</b>	<b>32,212</b>	<b>737</b>

“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

06.30.2019	€	28,746
12.31.2018	€	27,298
cge.		1,448

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 based on a technical evaluation of the estimated future charges relating to the 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 period. The provision was increased by Euro 2.2 million in the period for the allocation concerning the period and utilised for Euro 0.7 million.

## Shareholders' Equity

### 22. Shareholders' Equity

at

06.30.2019	€	666,652
12.31.2018	€	713,623
cge.		(46,971)

The Shareholders' Equity comprises the Group Shareholders' equity of Euro 656.1 million and Minority interest shareholders' equity for Euro 10.5 million.

The Group Shareholders' equity is broken down as follows:

### Share capital

at

06.30.2019	€	189
12.31.2018	€	189
cge.		-

### Share premium reserve

at

06.30.2019	€	27,651
12.31.2018	€	27,651
cge.		-

### Legal reserve

at

06.30.2019	€	76
12.31.2018	€	76
cge.		-

### Other reserves and retained earnings

at

06.30.2019	€	625,214
12.31.2018	€	659,142
cge.		(33,928)

### Minority interest shareholders' equity

at

06.30.2019	€	10,527
12.31.2018	€	10,225
cge.		302

The Minority interest shareholders' equity concerns the share of Shareholders' equity and the net result for the period 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)

### OPERATING REVENUE AND OTHER INCOME

#### 23. Operating revenue and other income

HI 2019	€	109,290
HI 2018	€	99,852
cge.		9,438

#### Other operating revenues

HI 2019	€	102,702
HI 2018	€	94,414
cge.		8,288

#### Other income

HI 2019	€	6,588
HI 2018	€	5,438
cge.		1,150

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

### COSTS OF PRODUCTION

HI 2019	€	92,615
HI 2018	€	88,371
cge.		4,244

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

#### 24. Raw materials, consumables and goods

HI 2019	€	1,021
HI 2018	€	1,396
cge.		(375)

## 25. Services

HI 2019	€	20,807
HI 2018	€	19,229
cge.		1,578

The principal factors affecting the result were as follows.

(Euro thousands)	HI 2019	HI 2018	CGE.
Utilities	2,873	2,471	403
Maintenance	5,121	4,059	1,063
Professional services	1,998	2,386	(388)
Cleaning and waste removal	2,428	2,438	(10)
Develop. charges & traffic promo	1,375	908	467
Other general services	1,865	1,739	126
Corporate board fees	940	975	(35)
Other personnel charges	1,059	925	134
Recovery of expenses	770	1,053	(283)
Insurance	681	684	(3)
Operating services	325	453	(127)
IT Systems	580	494	86
Other sales expenses	788	644	144
<b>Total</b>	<b>20,807</b>	<b>19,229</b>	<b>1,578</b>

## 26. Rents, leasing and similar costs

HI 2019	€	5,236
HI 2018	€	5,262
cge.		(26)

They consist of:

(Euro thousands)	HI 2019	HI 2018	CHANGE
Airport concession fee	5,138	4,961	177
Rentals and other	98	301	(203)
<b>Tot. Lease and rental costs</b>	<b>5,236</b>	<b>5,262</b>	<b>(26)</b>

The reduction for the cost for leasing is related to the first-time application of IFRS 16 which was adopted with the modified retrospective method.

## 27. Personnel costs

HI 2019	€	28,757
HI 2018	€	26,619
cge.		2,139

## 28. Depreciation, amortisation and impairment

HI 2019	€	33,469
HI 2018	€	31,638
cge.		1,831

This account is divided as follows:

(Euro thousands)	HI 2019	HI 2018	CHANGE
Amortisation & write-down of intangible assets	27,643	26,795	848
Depreciation & write-down of tangible assets	5,826	4,843	983
<b>Total amortisation &amp; depreciation</b>	<b>33,469</b>	<b>31,638</b>	<b>1,831</b>

## 29. Write down of current assets

HI 2019	€	107
HI 2018	€	106
cge.		1

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.

## 30. Changes in inventories of raw materials and goods

HI 2019	€	(86)
HI 2018	€	(230)
cge.		144

Change in inventories principally concerns consumable material stores.

### 31. Provisions for risks

HI 2019	€	85
HI 2018	€	191
cge.		(106)

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

### 32. Assets under concession replacement provision

HI 2019	€	2,185
HI 2018	€	2,560
cge.		(375)

### 33. Other charges

HI 2019	€	1,034
HI 2018	€	1,600
cge.		(566)

Other charges comprise:

(Euro thousands)	HI 2019	HI 2018	CHANGE
Sector association contributions	199	188	11
Other contributions	-	726	(726)
Taxes	568	405	163
Gifts and donations	62	72	(10)
Other costs	205	209	(4)
<b>Total other charges</b>	<b>1034</b>	<b>1,600</b>	<b>(566)</b>

The year 2018 included other non-recurring contributions for Euro 726 thousand.

## FINANCIAL INCOME AND CHARGES

### 34. Financial income and charges

HI 2019	€	(12,319)
HI 2018	€	(12,480)
cge.		161

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

(Euro thousands)	HI 2019	HI 2018	
Financial income and revaluation of financial assets	1	69	(68)
Interest, other financial charges	(12,130)	(10,610)	(1,520)
Profit/losses from associates carried at equity	(190)	(1,939)	1,749
<b>Total financial income and expenses</b>	<b>(12,319)</b>	<b>(12,480)</b>	<b>161</b>

Interest and other financial charges increased Euro 1.5 million in relation to the higher interest expense and charges on loans principally deriving from the increase in the average debt position.

In detail:

(Euro thousands)	HI 2019	HI 2018	CHANGE
Current account interest	(6)	(17)	11
Interest expense on loans	(8,232)	(6,471)	(1,761)
Agency, arrangement and upfront fees	(2,873)	(3,077)	204
Other financial expenses	(10)	(2)	(8)
Mark to market derivative instruments	(951)	(1,043)	92
Interests relating to leasing (IFRS16)	(58)	-	(58)
<b>Total</b>	<b>(12,130)</b>	<b>(10,610)</b>	<b>(1,520)</b>

## Profit/losses from Associates & JV's carried at equity

(Euro thousands)	H1 2019	H1 2018	CHANGE
Valuation at equity of GAP S.p.A.	32	(48)	80
Valuation at equity of BSCA SA	286	(26)	312
Valuation at equity of Aeroporto Catullo di Verona Villafranca S.p.A.	(1,060)	(2,911)	1,851
Valuation of equity of 2A S.r.l.	(145)	(191)	46
Valuation at equity of Airst S.p.A.	1,036	751	285
Valuation at equity of VTP S.p.A.	(338)	486	(824)
<b>Total</b>	<b>(190)</b>	<b>(1,939)</b>	<b>(1,749)</b>

## INCOME TAXES

### 35. Income taxes

H1 2019	€	(2,187)
H1 2018	€	2,805
cge.		(4,992)

Income taxes for the period are broken down as follows:

(Euro thousands)	H1 2019	H1 2018	
Current taxes	(6,652)	(4,173)	(2,478)
Deferred tax income & charges	4,465	6,978	(2,514)
<b>Total income taxes</b>	<b>(2,187)</b>	<b>2,805</b>	<b>(4,992)</b>

The increase in current income taxes is principally due to the increase in IRAP and the lower fiscal benefits from tax losses carried forward, the ACE tax break and prior interest expense compared to the previous period.

The lower income of Euro 2.5 million for deferred taxes compared to the previous period is substantially due to the amount of IRAP deferred tax income recorded in 2018 following the merger of Archimede 1 S.p.A.

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 (Euro thousands)	H1 2019	%	H1 2018	%
Profit/(loss) before taxes	4,357		(1,000)	
Profits from assets held-for-sale	1,137		0	
Reclassified gross result for the period	5,494	100.00%	(1,000)	100.00%
Theoretical income taxes	1,319	24.00%	(240)	24.00%
Effective income taxes	2,187		(2,805)	
Taxes on assets held-for-sale	6		0	
Reclassified effective income taxes	2,193	39.92%	(2,805)	280.50%
Net Profit	3,301		1,805	
<b>Difference between effective Tax Rate and IRES rate of 24%</b>	<b>874</b>	<b>15.92%</b>	<b>(2,565)</b>	<b>256.50%</b>
<i>Differences generated by following permanent accounts:</i>				
i) IRAP	1,165	21.21%	761	-76.10%
ii) exempt portion of dividends	(905)	-16.47%	(223)	22.30%
iii) tax portion intercompany dividends			751	-75.10%
iv) other non-deductible costs / (exempt income)	446	8.12%	(150)	15.00%
v) valuation of investments at equity	670	12.20%	702	-70.20%
vi) exempt gains on sale of equity investments	(145)	-2.64%	0	0.00%
vii) recovery prior tax losses			(417)	41.70%
viii) remuneration of capital employed (Ace)			(347)	34.70%
ix) remuneration interest expense by Cnm	(357)	-6.50%	(1,001)	100.10%
x) IRAP deferred tax assets on realignment investments			(2,641)	264.10%
	<b>874</b>	<b>15.92%</b>	<b>(2,565)</b>	<b>256.50%</b>

The higher effective rate equal to 39.92% compared to the theoretical IRES rate of 24% is mainly due to the level of IRAP in the period offset by the exemption from taxation on dividends and from the deductibility of prior interest expense due to the tax consolidation regime.

## RESULT FOR THE PERIOD

H1 2019	€	3,301
H1 2018	€	1,983
cge.		1,318

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

(Euro thousands)	H1 2019	H1 2018	
Profit for the period	3,301	1,983	1,318
Minority interest loss	(306)	(200)	(106)
<b>Group Net Profit</b>	<b>2,995</b>	<b>1,783</b>	<b>1,212</b>

### 36. Profit/(loss) from Discontinued Operations

The table below outlines the various components in the above-mentioned account, entirely relating to the investment in Save Cargo S.p.A. subject to a corporate transaction in the first half of 2019 as already described:

Save Cargo S.p.A.	HI 2019	HI 2018
Operating revenue and other income	2,383	2,417
EBITDA	(99)	292
EBIT	(162)	250
<b>Profit/(loss) for the period</b>	<b>(125)</b>	<b>177</b>
Gains to be realised net of the relative tax effect.	625	-
Fair value measurement of the residual investment	631	-
<b>Profit from Discontinued Operations</b>	<b>1,131</b>	<b>177</b>

### 37. 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 58% of the total value of all loans. The current hedging operations concern the loan of Milione S.p.A. for an original value equal to Euro 695 million, of which Euro 515 drawn-down at June 30, 2019, bullet repayment with maturity in 2026.

The loans stipulate, among other conditions, compliance by the company with a series of financial covenants to be verified on a half-yearly basis, which at June 30, 2019 - based on the calculations undertaken - were complied with.

The following table provides a breakdown of the derivative instruments in place at Group level at June 30, 2019:

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	CONTRACT NOTIONAL AMOUNT	AMOUNT OUTSTANDING AT 06/30/2019	AMOUNT OUTSTANDING AT 12/31/2018	FAIR VALUE (MARKED TO MARKET) AT 06/30/2019	FAIR VALUE (MARKED TO MARKET) AT 12/31/2018
IRS	MILIONE S.p.A.	CHANGE IN INTEREST RATES	UNCREDIT S.p.A.	10/08/2017	30/09/2020	111,122	111,122	111,122	(607)	(460)
IRS	MILIONE S.p.A.	CHANGE IN INTEREST RATES	INESA SANPAOLO S.p.A.	10/08/2017	30/09/2020	111,122	111,122	111,122	(607)	(464)
IRS	MILIONE S.p.A.	CHANGE IN INTEREST RATES	UNCREDIT S.p.A.	19/10/2017	30/09/2020	79,478	79,478	79,478	(408)	(293)
IRS	MILIONE S.p.A.	CHANGE IN INTEREST RATES	INESA SANPAOLO S.p.A.	19/10/2017	30/09/2020	79,478	79,478	79,478	(408)	(295)
SWAPTION (PAY FIX)	MILIONE S.p.A.	CHANGE IN INTEREST RATES	UNCREDIT S.p.A.	10/08/2017	28/09/2020	111,122	111,122	111,122	(655)	(594)
SWAPTION (PAY FIX)	MILIONE S.p.A.	CHANGE IN INTEREST RATES	INESA SANPAOLO S.p.A.	10/08/2017	28/09/2020	111,122	111,122	111,122	(655)	(589)
SWAPTION (PAY FIX)	MILIONE S.p.A.	CHANGE IN INTEREST RATES	UNCREDIT S.p.A.	19/10/2017	28/09/2020	53,898	53,898	53,898	(311)	(280)
SWAPTION (PAY FIX)	MILIONE S.p.A.	CHANGE IN INTEREST RATES	INESA SANPAOLO S.p.A.	19/10/2017	28/09/2020	53,898	53,898	53,898	(311)	(278)
CAP RATE	MILIONE S.p.A.	CHANGE IN INTEREST RATES	UNCREDIT S.p.A.	27/02/2019	31/12/2022	15,250	15,250	0	(234)	0
CAP RATE	MILIONE S.p.A.	CHANGE IN INTEREST RATES	INESA SANPAOLO S.p.A.	27/02/2019	31/12/2022	15,250	15,250	0	(234)	0
CAP RATE	MILIONE S.p.A.	CHANGE IN INTEREST RATES	UNCREDIT S.p.A.	25/03/2019	31/03/2020	50,000	50,000	0	0	0
CAP RATE	MILIONE S.p.A.	CHANGE IN INTEREST RATES	INESA SANPAOLO S.p.A.	25/03/2019	31/03/2020	50,000	50,000	0	0	0
<b>TOTAL</b>						<b>841,740</b>	<b>841,740</b>	<b>711,240</b>	<b>(4,430)</b>	<b>(3,253)</b>

## **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. The minimal objective is to ensure at all times access for the company to the funding necessary to repay debt maturing in the coming 12 months. The contingent situation at June 30 does not represent, in the view of the directors, a critical issue given credit market conditions and the company's income statement and balance sheet.

Credit lines (including both cash and endorsement credit commitments) unutilised of the banking system at Group level amount to Euro 26.5 million while the availability of the medium/long-term loan line not yet disbursed amounts to Euro 330 million.

For the breakdown of the medium/long-term loans in place at June 30, 2019, reference should be made to the notes to the condensed consolidated financial statements and the paragraph "Bank payables less current portion".

## **Fair value hierarchy levels**

A list of derivative financial instruments at June 30, 2019, 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 June 30, 2019 are classifiable to hierarchy Level 2 of the fair value measurement. During H1 2019, no transfers occurred from Level 1 to Level 2 or Level 3 or vice-versa.

The fair value measurement of the derivatives recognised to the financial statements was made through autonomous valuation models and based on the following market data at June 30, 2019:

### **38. 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 at period-end, prepared in accordance with the accounting standards adopted by each company.

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

Holding: 100%

SAVE S.p.A. (“Save” or the “Parent Company”) 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 in companies operating in the airport management sector. A value of production of Euro 91.5 million was reported for the first half of 2019 and a pre-tax profit of Euro 33.1 million.

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

Holding: 100%

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

A value of production of approx. Euro 9.5 million was reported in H1 2019, and a pre-tax profit of Euro 1.8 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 2009, also as a vehicle company for the acquisition of Brussels South Charleroi Airport SA in December 2009. The company therefore incorporates the investment in Brussels South Charleroi Airport SA, consolidated in the present condensed half-year financial statements 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 Master Plan. The company utilises know-how acquired in the completion and management of infrastructure development projects related to the passenger transport, such as for example, airports and railway stations.

In H1 2019, the value of production totalled Euro 2.4 million; the company reported a pre-tax profit of Euro 0.4 million in the period.

• **Naitec S.r.l.**

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 2.2 million was reported for the first half of 2019 and a pre-tax profit of Euro 0.6 million.

• **Treviso Airport AERTRE S.p.A.**

Holding: 80%

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

A value of production of Euro 15.1 million was reported for the first half of 2019 and a pre-tax profit of Euro 0.9 million.

• **Società Agricola Save a r.l.**

Holding: 100%

The company is wholly-owned by the Parent Company and is exclusively involved in the activities established by Article 2135 of the Civil Code. A value of production of Euro 111 thousand was reported in H1 2019 and a pre-tax loss of Euro 63 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.

A value of production of Euro 8.2 million was reported for the first half of 2019, and a pre-tax profit of Euro 0.1 million.

• **Archimede 3 S.p.A.**

Holding: 100%

The company was acquired in 2004. It did not report significant costs or revenues in the period.

The associated companies and joint ventures consolidated under the equity method are:

• **Airest Retail S.r.l.**

Holding: 50%

Airest Retail S.r.l., operating in the Food & Beverage and Retail sectors at Venice, Treviso and Verona airports, where the Save Group operates.

• **Brussels South Charleroi Airport SA**

Holding: 27.65% through Belgian Airport SA.

The company manages Charleroi airport (Belgium).

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

Holding: 41.53%

The company manages Verona Villafranca and Brescia Montichiari airports.

- **VTP S.p.A.**

Holding: 22.18%

Founded by the Venice Port Authority, the company manages 10 multi-function terminals, 1 ship stores' depot, 5 parking lots and 7 docks, providing services for all vessels (cruise ships, pleasure boats, catamarans) which dock at Venice port.

- **2A – Airport Advertising S.r.l.**

Holding: 50%

The company was incorporated in February 2012 for the management of advertising spaces.

- **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.

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

Holding: 50%

The company provides cargo and postal assistance services at Venice's Marco Polo airport. In 2017, Save S.p.A in fact conferred the "Cargo" business unit to the subsidiary Save Cargo S.p.A..

At June 2019, 50% of the company was sold, previously fully held, with the consequent loss of control.

## **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 01/01/19	Acquisitions	Decreases	Grants	Change in consolidation scope	Reclassifications/Other movements	Value at 12/31/19	Value at 01/01/19	Increases	Utilisations	Change in consolidation scope	Reclassifications/Other movements		Value at 12/31/19
Airport concession rights	524,334	7,844	(3)	0	0	4,730	536,906	123,776	8,319	(0)	0	0	132,096	404,810
Assets in progress and payments on account	80,483	109,985	0	0	0	(4,746)	185,721				0	0		185,721
<b>Sub-total airport concession rights</b>	<b>604,817</b>	<b>117,829</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>(16)</b>	<b>722,627</b>	<b>123,776</b>	<b>8,319</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>132,096</b>	<b>590,531</b>
<b>Concessions (*)</b>	<b>865,401</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>865,401</b>	<b>54,423</b>	<b>17,942</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>72,365</b>	<b>793,037</b>
Other intangible fixed assets with finite useful life	24,775	811	50	0	(65)	200	25,771	19,895	1,392	6	(20)	0	21,273	4,499
Assets in progress and payments on account	444	297	0	0	0	(200)	540	0	0	0	0	0	0	540
<b>Subtotal other intangible fixed assets with finite useful life</b>	<b>25,219</b>	<b>1,108</b>	<b>50</b>	<b>0</b>	<b>(65)</b>	<b>0</b>	<b>26,311</b>	<b>19,895</b>	<b>1,392</b>	<b>6</b>	<b>(20)</b>	<b>0</b>	<b>21,273</b>	<b>5,039</b>
<b>Goodwill and other intangible assets with indefinite useful life (*)</b>	<b>310,533</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>310,533</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>310,533</b>
<b>Total intangible assets</b>	<b>1,805,970</b>	<b>118,937</b>	<b>47</b>	<b>0</b>	<b>(65)</b>	<b>(16)</b>	<b>1,924,873</b>	<b>198,094</b>	<b>27,654</b>	<b>6</b>	<b>(20)</b>	<b>0</b>	<b>225,733</b>	<b>1,699,140</b>

Additional Statements

Attachment B

Statement of changes in tangible assets and relative depreciation

(In Euro/000)

	Historical cost						Accumulated depreciation						Net tangible assets	
	Value at 01/01/19	Acquisitions	Decreases	Grants	Change in consolidation scope	Reclassifications/Other movements	Value at 12/31/19	Value at 01/01/19	Increases	Utilisations	Change in consolidation scope	Reclassifications/Other movements		Value at 12/31/19
Land and Buildings	47,072	3,046	0	0	(18)	26	50,127	2,543	468	0	(1)	0	3,011	47,116
Plant and machinery	77,384	1,981	(138)	0	(1,367)	83	77,943	48,479	2,905	(113)	(1,049)	0	50,221	27,722
Industrial & commercial equipment	8,059	253	0	0	(101)	0	8,211	5,634	292	0	(72)	0	5,854	2,357
Other assets	27,615	689	(123)	0	(215)	9	27,976	19,134	1,299	(123)	(197)	0	20,112	7,864
Impairment					0			12,602	862	0	0	0	13,464	(13,464)
Assets in progress and payments on account	669	2,290	0	0	(27)	(102)	2,830				0	0		2,830
<b>Total tangible assets</b>	<b>160,800</b>	<b>8,259</b>	<b>(261)</b>	<b>0</b>	<b>(1,727)</b>	<b>16</b>	<b>167,087</b>	<b>88,392</b>	<b>5,826</b>	<b>(236)</b>	<b>(1,320)</b>	<b>0</b>	<b>92,662</b>	<b>74,426</b>

## 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	FINANCIAL LIABILITIES
Save Cargo S.p.A.	88	427	-	233	288
Airest Retail S.r.l.		6,582	953	1,258	
Airest Collezioni Venezia S.r.l.		596			
2A - Airport Advertising S.r.l.		1,090	4		
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.		534	23		
Gabriele D'Annunzio Handling S.p.A.		-			
Brussels South Charleroi Airport (BSCA) SA		-			
GAP S.p.A. Aeroporto di Pantelleria		1			
Finanziaria Internazionale Holding S.p.A. (PC)		-	132		
Finint & Wolfson Associati S.r.l. (PC)			-		
<b>TOTAL</b>	<b>88</b>	<b>9,231</b>	<b>1,111</b>	<b>1,491</b>	<b>288</b>

## 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 , CONSUM. & GOODS	SERVICES	RENTS, LEASE AND SIMILAR	OTHER CHARGES	FINANCIAL CHARGES	FINANCIAL INCOME
Save Cargo S.p.A.	415	142						
Airest Retail S.r.l.	6,070	270	-	1,185		11		3,000
2A - Airport Advertising S.r.l.	1,301	35				2		
Airest Collezioni Venezia S.r.l.	894	0						
Airest S.p.A.								
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	44	273	-	23		-		
Gabriele D'Annunzio Handling S.p.A.	2	-						
Brussels South Charleroi Airport (BSCA) SA	18	2						
Venezia Terminal Passeggeri (VTP) S.p.A.	-	-		-				970
GAP S.p.A. Aeroporto di Pantelleria	1	0						
Banca Finint S.p.A. (PC)					16			
<b>TOTAL</b>	<b>8,746</b>	<b>722</b>	<b>-</b>	<b>1,208</b>	<b>16</b>	<b>13</b>	<b>-</b>	<b>3,970</b>

## REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**To the Board of Directors of  
Milione S.p.A.**

### Introduction

We have reviewed the condensed consolidated half-year financial statements of Milione S.p.A. and subsidiaries (Milione Group), which comprise the consolidated balance sheet as of June 30, 2019 and the consolidated income statement, the consolidated comprehensive income statement, the statement of changes in consolidated shareholders' equity and the consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of this condensed half-year financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated half-year financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half-year financial statements of Milione Group as at June 30, 2019 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

### Other aspects

The condensed consolidated half-year financial statements as at June 30, 2018 and for the interim period then ended was not audited nor reviewed.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Barbara Moscardi**  
Partner

Treviso, Italy  
August 1, 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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