

MILIONE S.P.A.

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

According to the Shareholder Register, at December 31, 2019, the share capital of Milione S.p.A was broken down as follows:

	%
	HELD
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 December 31, 2019 were:

Name	Office
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 until December 31, 2019 were:

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

Independent Audit Firm

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

Directors' Report

Consolidated Financial Highlights

	2019	2018 RESTATED	% CHANGE
<i>(Euro millions)</i>			
Revenues	240.4	223.2	7.7%
EBITDA	124.3	110.8	12.2%
EBIT	48.5	37.3	30.0%
Group Net Profit	20.4	16.3	24.9%
Fixed Capital Employed	1,652.8	1,537.2	7.5%
Net operating working capital	(95.0)	(72.2)	31.6%
Net capital employed	1557.8	1465.0	6.3%
- Own funds	655.2	703.4	-6.9%
- Minority shareholders	10.6	10.2	3.6%
SHAREHOLDERS' EQUITY	665.8	713.6	-6.7%
NET FINANCIAL POSITION	892.0	751.4	18.7%
EBIT/Revenue (ROS)	20.2%	16.7%	
Venice-Treviso Airport System Passenger Nos.	14,816,325	14,493,563	2.2%

For comparative purposes, the figures illustrated above and the financial statements are presented with the comparative balance sheet at December 31, 2018 and the 2018 income statement, appropriately restated. In June 2019 in fact, 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 entailed the following presentation:

- at balance sheet level, the assets and liabilities relating to Save Cargo S.p.A. at December 31, 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; with effect from the disposal date, the income statement reflects the measurement at equity of the investment in the line "Profit/losses from associates and joint ventures carried at equity".
- 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.

These Consolidated Financial Statements also include 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.

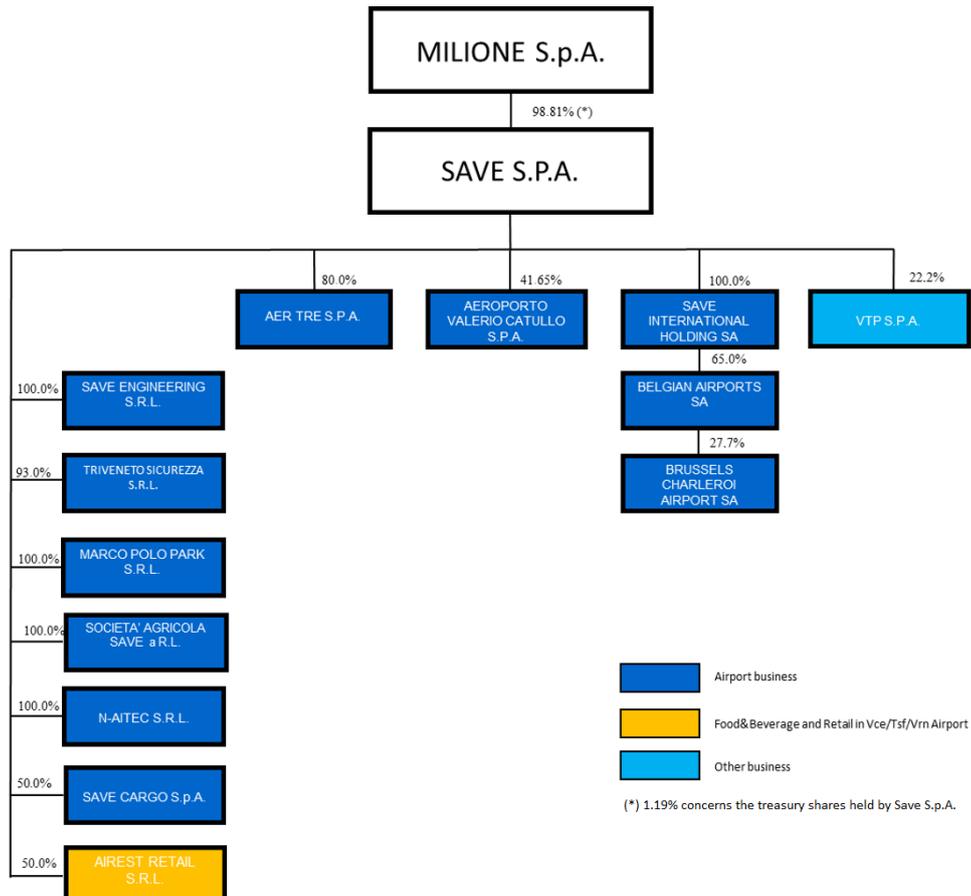
A number of alternative performance indicators not governed by IFRS are utilised in this document, as described in the dedicated paragraph of the Directors' Report.

The Group

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

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

We report below the structure of the principal operating companies of the Group, with an indication of the percent interest held by the Group.



Market performance

At the end of 2019, there was an expectation among economic operators that, as a result of the easing of the tariff disputes between the USA and China, the decision made with regard to Brexit and the renewed accommodative policy by central banks, left a modest degree of optimism regarding the possible course of development in the year to come. In Italy's case as well, the most recent publications by the central bank forecast economic growth, albeit at still modest rates ranging from 0.5% in 2020 to 1.1% in 2022.

The air traffic market had ended 2019 with an all-time record number of passengers carried in Europe of 2.43 billion and an increase in traffic of 32% on five years earlier (+38.2% for the Venice-Treviso Airport System in the same period). This all occurred despite the lowest rate of growth of the last five years (+3.2%), half that of 2018 (+6.1%). The reduced growth, due more to domestic traffic, was also affected by the limited capacity of airlines, which gave rise to an increase in flights of just 1.1% (a decrease of 1.2% in the fourth quarter of 2019).

See the paragraph below "Subsequent events and business outlook" for remarks on the Covid-19 virus emergency, which is having a significant impact on the airport sector and the traffic volumes of the Venice-Treviso Airport System.

These developments, which are extraordinary in nature and extent, are having direct and indirect repercussions on economic activity, giving rise to an environment of general uncertainty and whose evolution and effects are unforeseeable. The potential effects of this phenomenon will therefore be constantly monitored for the remainder of the year by the company's management and Board of Directors.

Significant events in the year and Group structure

The Group did not undergo significant changes in 2019.

The sole significant transaction undertaken in June 2019 related to the agreement closed between Save S.p.A. and B-Cube Air Cargo 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.

Milione Group Consolidated Operational Overview

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

EURO / 1000	2019		2018 RESTATED		CHANGE	
Operating revenue and other income	240,443	100.0%	223,238	100.0%	17,205	7.7%
Raw materials and goods	1,954	0.8%	2,156	1.0%	(202)	-9.4%
Services	43,941	18.3%	42,704	19.1%	1,237	2.9%
Lease and rental costs	11,291	4.7%	11,545	5.2%	(254)	-2.2%
Personnel costs	56,811	23.6%	54,205	24.3%	2,606	4.8%
Other operating charges	2,155	0.9%	1,831	0.8%	324	17.7%
Total operating costs	116,152	48.3%	112,441	50.4%	3,711	3.3%
EBITDA	124,291	51.7%	110,797	49.6%	13,494	12.2%
Amortisation & write-down of intangible assets	58,343	24.3%	53,929	24.2%	4,414	8.2%
Depreciation & write-down of tangible assets	12,399	5.2%	13,561	6.1%	(1,162)	-8.6%
Replacement provision	4,537	1.9%	5,157	2.3%	(620)	-12.0%
Losses and doubtful debt provision	208	0.1%	219	0.1%	(11)	-5.1%
Provision for risks and charges	320	0.1%	644	0.3%	(324)	-50.3%
Total amortisation, depreciation, provisions & write-downs	75,807	31.5%	73,511	32.9%	2,296	3.1%
EBIT	48,484	20.2%	37,287	16.7%	11,197	30.0%
Net financial income/(charges)	(24,969)	-10.4%	(19,900)	-8.9%	(5,069)	-25.5%
Profit/losses from Associates & JV's carried at equity	2,929	1.2%	593	0.3%	2,336	N.A.
Profit before taxes	26,444	11.0%	17,980	8.1%	8,464	-47.1%
Income taxes	6,797	2.8%	1,345	0.6%	5,452	N.A.
Profit from Continuing Operations	19,647	8.2%	16,635	7.5%	3,012	18.1%
Profit from Discontinued Operations/Held-for-sale	1,131	0.5%	168	0.1%	963	574.8%
Net Profit	20,778	8.6%	16,802	7.5%	3,976	23.7%
Minorities	(378)	-0.2%	(463)	-0.2%	85	18.4%
Group Net Profit	20,400	8.5%	16,339	7.3%	4,061	24.9%

For comparative purposes, it should be noted that the December 2018 income statement figures have been restated, in accordance with IFRS 5, following the sale of 50% of Save Cargo S.p.A. The costs and revenues relating to discontinued operations have been classified to the account of the income statement "Profit/(loss) of discontinued operations/assets held for sale".

Furthermore, that the figures for 2019 are not fully comparable with the figures for 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 comparative figures.

The values relating to the Group's income statement operating activity are primarily derived from the consolidation of SAVE S.p.A. and the Group that it controls, which operates at the Venice and Treviso airports.

Revenues for the year amounted to Euro 240.4 million, an increase of 7.7% on the previous year. They also include the positive performance of aviation revenues (+5.4%) and revenues from commercial activities (+9.3%), as shown in the table below:

EURO / 1000	2019				2018				CHANGE			
	TOTAL	VENCE	TREVISO	OTHERS	TOTAL	VENCE	TREVISO	OTHERS	TOTAL	VENCE	TREVISO	OTHERS
Aviation fees and tariffs	154,599	139,052	15,547	0	146,459	130,740	15,719	0	8,140	8,312	(172)	0
Handling	2,366	739	1,627	0	2,404	851	1,553	0	(38)	(112)	74	0
Aviation Revenue	156,965	139,791	17,174	0	148,863	131,591	17,272	0	8,102	8,200	(98)	0
Ticketing	120	27	93	0	86	28	58	0	34	(1)	35	0
Parking	20,434	18,386	2,048	0	19,118	17,187	1,931	0	1,316	1,199	117	0
Advertising	3,080	2,898	182	0	3,139	2,978	161	0	(59)	(80)	21	0
Commercial	40,423	36,657	3,766	0	36,322	32,748	3,574	0	4,101	3,909	192	0
Non-Aviation Revenue	64,057	57,968	6,089	0	58,665	52,941	5,724	0	5,392	5,027	365	0
Other income	19,421	10,050	998	8,373	15,710	6,532	522	8,656	3,711	3,518	476	(283)
Total Revenue	240,443	207,920	24,261	8,373	223,238	191,405	23,519	8,656	17,205	16,515	742	(283)

Other revenues were up by Euro 3.7 million due to the recognition of approx. Euro 2.4 million relating to white certificates and approx. Euro 1 million of prior year income due to provisions recognised in previous years.

EBITDA amounted to Euro 124.3 million, with a margin of 51.7% on revenues, up by 12.2% from Euro 110.8 million in 2018 (49.6% on revenues). Total operating costs were Euro 116.2 million, up by Euro 3.7 million on 2018 due to the upgrading of infrastructure to satisfy increased traffic volume demand.

EBIT amounted to Euro 48.5 million (+30% on 2018), after amortisation, depreciation and write-downs of Euro 70.7 million and provisions of Euro 0.5 million; amortisation and depreciation particularly includes the amortisation on the gain allocated to the “Concessions” account for Euro 36.2 million.

Financial management reports net charges of Euro 22 million, principally relating to interest on loans for Euro 16.6 million and other financial charges for Euro 7.5 million.

The contribution of the valuation at equity was Euro 2.9 million and was impacted by the amortisation of the gains allocated.

The **profit before taxes** was therefore approx. Euro 26.4 million, with a Group **net profit** of approx. Euro 20.4 million, up by 24.9% on the net profit for 2018 of approx. Euro 16.3 million.

Reclassified Balance Sheet of the Milione Group

Euro/000	12/31/2019	12/31/2018	CHANGE
Property, plant & equipment	77,280	69,757	7,523
Airport concession rights	609,041	481,041	128,000
Intangible fixed assets	1,091,813	1,126,836	(35,023)
Financial fixed assets	103,736	104,073	(337)
Deferred tax assets	25,794	32,350	(6,556)
TOTAL FIXED ASSETS	1,907,664	1,814,057	93,607
Post-employment benefits	(3,905)	(3,781)	(124)
Provision for liabilities and deferred taxes	(251,006)	(273,095)	22,089
FIXED CAPITAL EMPLOYED	1,652,753	1,537,181	115,572
Inventories	2,080	1,916	164
Trade receivables	43,475	40,882	2,593
Tax assets	5,348	5,384	(36)
Other receivables and other current assets	3,258	17,324	(14,066)
Trade payables and advances	(92,409)	(82,698)	(9,711)
Tax payables	(1,376)	(2,983)	1,607
Payables to social security institutions	(4,456)	(4,473)	17
Other payables	(50,874)	(47,510)	(3,364)
TOTAL NET WORKING CAPITAL	(94,954)	(72,158)	(22,796)
TOTAL CAPITAL EMPLOYED	1,557,799	1,465,023	92,776
Group Net Equity	655,200	703,398	(48,198)
Minority interest net equity	10,597	10,225	372
SHAREHOLDERS' EQUITY	665,797	713,623	(47,826)
Cash and current assets	(2,199)	(53,193)	50,994
Current bank payables	3,484	1,525	1,959
Non-current bank payables	882,806	799,817	82,989
Other lenders	7,911	3,251	4,660
TOTAL NET FINANCIAL POSITION	892,002	751,400	140,602
TOTAL FINANCING SOURCES	1,557,799	1,465,023	92,776

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

In fact, **Fixed Capital** increased by approx. Euro 115.6 million, following a net increase in Property, plant and equipment and Airport concession rights (represented by the infrastructural investments at Venice and Treviso) for approx. Euro 93.6 million. Total investments undertaken by the Group in 2019 amounted to approx. Euro 182 million, of which Euro 171 million by Save S.p.A..

Net working capital was negative for approx. Euro 95 million, compared to a negative Euro 72.2 million in December 2018, mainly due to the increase in the balance of trade payables and the decrease in advances to suppliers, accounts which were impacted by the natural development of investments over the year.

Shareholders' equity totalled Euro 665.8 million, compared to approx. Euro 713.6 million at December 31, 2018; the following movements are reported:

- the payment of dividends to shareholders in 2019 of Euro 70 million;
- the net profit, excluding minority interests, of approx. Euro 20.4 million.

Net Financial Position

The Group **net debt** increased from Euro 751.4 million at December 31, 2018 to Euro 892 million at December 31, 2019.

(EURO THOUSANDS)	12/31/2019	12/31/2018
Cash and cash equivalents	2,199	53,193
Other financial assets	0	0
Financial assets	2,199	53,193
Bank payables	3,484	1,525
Other financial liabilities – current portion	2,606	3,251
Current liabilities	6,090	4,776
Bank payables – less current portion	882,806	799,817
Other lenders – less current portion	5,305	0
Non-current liabilities	888,111	799,817
Net Financial Position	(892,002)	(751,400)
Total gross payables to banks	886,290	801,342

The Group's net financial position has not undergone particular changes compared with December 31, 2018, except for those relating to the costs incurred for the important investment activities carried out, in particular at Venice airport.

In order to extend the maturities of its outstanding loans, spreading them over a greater number of years, in September 2019 Milione S.p.A. issued a new bond with a nominal amount of Euro 100 million, which it used to repay a like amount of the loan received from the bank syndicate maturing in December 2025.

The new transaction, undertaken using the USPP instrument, calls for bullet redemption at maturity in September 2031 and a fixed coupon of 1.72%.

During the year the line of credit made available by the European Investment Bank with a nominal value of Euro 80 million was also used in two tranches. The two loans are set to mature on June 30, 2037 and have a repayment schedule of equal principal instalments starting in December 2021.

These financial payables stipulate a number of covenants for the company based on the consolidated financial statements of the Milione Group (to be verified on a half-yearly basis) and which at December 31, 2019, on the basis of the calculations made, had been complied with.

Investments at Venice and Treviso airports

Investments totalled Euro 182 million, of which approx. Euro 12 million allocated to the assets under concession replacement provision.

The main investments in 2019 included: Euro 107.8 million for the execution of works for the development of the runway and aprons at Venice, Euro 18.5 million for other investments and works to maintain existing infrastructure in Venice, Euro 18 million for the design and execution of works on the lot 2 terminal extension, Euro 10.3 million for the purchase of land for the development of Venice airport infrastructure, Euro 5.1 million for parking works, Euro 4.2 million for IT projects, Euro 3.8 million for terminal maintenance works, Euro 3.4 million for other investments and works to maintain the operation of existing infrastructure in Treviso, Euro 2 million for equipment and vehicles, Euro 1.8 million for the execution of the new customs checkpoint and Euro 1.7 million for the purchase of a building to be used as the new fire station at Treviso airport.

Alternative performance indicators

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

Guarantees granted

GUARANTEES GRANTED (EURO THOUSANDS)	AMOUNT
SURETIES:	795
- AS A GUARANTEE FOR LEASE CONTRACTS	349
- AS A GUARANTEE FOR PUBLIC GRANTS	418
- AS A GUARANTEE FOR LOANS	-
- OTHER	28
MORTGAGES AND PRIVILEGES IN GUARANTEE OF LOANS	36,075
TOTAL GUARANTEES GRANTED	36,870

The Company pledged the SAVE shares held by Milione to the Company's lenders. Current accounts held by Milione with a balance of approx. Euro 0.5 million as at December 31, 2019 have also been pledged to the above lenders.

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

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

Human Resources

An analysis of the Group workforce follows.

WORKFORCE DECEMBER 31, 2019	12/31/2019		12/31/2018		CGE.	
	FUIL TIME	PART TIME	FUIL TIME	PART TIME	FUIL TIME	PART TIME
Executives	22	0	20	0	2	0
Managers	57	1	59	1	(2)	0
White-collar	659	258	620	285	39	(27)
Blue-collar	141	58	168	51	(27)	7
Apprentices	0	0	0	0	0	0
TOTAL	879	317	867	337	12	(20)
TOTAL WORKFORCE	1,196		1,204		(8)	

Airport personnel in service as at December 31, 2019, including both full-time and part-time employees, in addition to fixed contract employees, totalled 1,196, a decrease of 8 compared to December 31, 2018. This decrease may be attributed to the exclusion from the scope of consolidation of Save Cargo S.p.A., the workforce of which therefore was not included in the figures at December 31, 2019 and which amounted to 65 as at December 31, 2018.

The workforce full-time equivalent at December 31, 2019 was 1,114, compared to 1,117 in 2018.

There were 1,109.98 average full-time equivalents in 2019, an increase on an equivalent scope of 55.26 on 2018.

Airport Management Review

Airport Management

Traffic performance

According to the data published by Assaeroporti, domestic terminal passenger movements in 2019 numbered over 193 million, up 4% on the previous year, for over 1.6 million movements (+2.7% on 2018).

Main Italian airports - Passenger traffic

	2019	CGE. % '19/'18
Rome Fiumicino	43,532,573	1.3%
Milan Malpensa	28,846,299	16.7%
Bergamo	13,857,257	7.1%
Venice	11,561,594	3.4%
Naples	10,860,068	9.3%
Catania	10,223,113	2.9%
Bologna	9,405,920	10.6%
Palermo	7,018,087	5.9%
Milan Linate	6,570,984	-28.8%
Rome Ciampino	5,879,496	0.7%
Other	45,347,271	3.6%
Total	193,102,662	4.0%

The Venice Airport System (which includes the Venice and Treviso airports) confirmed its position as the third-largest Italian airport system after Rome and Milan, with over 14.8 million passenger movements at the two airports (+2.2% on 2018).

Venice closed 2019 with 11,561,594 passengers (+3.4% on the previous year), positioning itself as the fourth-largest Italian airport after Rome Fiumicino, Milan Malpensa and Bergamo.

Treviso moved over 3.2 million passengers during the year, a decline of 1.6% on 2018.

Venice-Treviso Airport System

The Venice Airport System reports over 14.8 million passengers for 2019, up 2.2% on the previous year, with over 119 thousand total movements (+0.9% on 2018).

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

VENICE AIRPORT SYSTEM

Year to December

	2019	% of system	2018	% of system	CGE. % '19/'18
SAVE					
Movements	95,232	80%	95,414	81%	-0.2%
Passengers	11,561,594	78%	11,184,608	77%	3.4%
Tonnage	7,020,222	84%	6,907,230	84%	1.6%
Cargo (Tonnage)	63,970	100%	68,029	100%	-6.0%
AERTRE					
Movements	24,116	20%	22,911	19%	5.3%
Passengers	3,254,731	22%	3,308,955	23%	-1.6%
Tonnage	1,355,749	16%	1,363,130	16%	-0.5%
Cargo (Tonnes)				0%	
SYSTEM					
Movements	119,348		118,325		0.9%
Passengers	14,816,325		14,493,563		2.2%
Tonnage	8,375,971		8,270,360		1.3%
Cargo (Tonnes)	63,970		68,029		-6.0%

The breakdown of traffic by type was as follows:

VENICE AIRPORT SYSTEM

Year to December

	2019	2018	CGE. % '19/'18
Commercial aviation			
Scheduled + Charter			
Movements (no.)	108,941	109,273	0%
Passengers (no.)	14,799,043	14,476,321	2%
Cargo (tonnes)	63,914	67,941	-6%
Mail (tonnes)	57	88	-36%
Aircraft (tonnes)	8,240,619	8,149,796	1%
General Aviation			
Movements (no.)	10,407	9,052	15%
Passengers (no.)	17,282	17,242	0%
Aircraft (tonnes)	135,352	120,564	12%
Overall			
Movements (no.)	119,348	118,325	1%
Passengers (no.)	14,816,325	14,493,563	2%
Cargo/Mail (tonnes)	63,970	68,029	-6%
Aircraft (tonnes)	8,375,971	8,270,360	1%

Venice

The Venice airport reports over 11.5 million passengers for 2019, growing 3.4% compared to 2018 (for over 95 thousand total movements, in line with the previous year). International legacy traffic was up 4.6% on 2018, whereas Italian legacy traffic declined 1.6%.

87% of total passenger traffic featured an international component, against an Italian airport system average of 66% (Assaeroporti figures).

Scheduled long-haul passengers numbered nearly 950 thousand in 2019, thanks to the operations of 8 carriers between Venice and 10 destinations (5 in the United States, 2 in Canada, 2 in the Middle East and 1 in the Far East).

Intercontinental direct flights also stimulated indirect traffic, with over 1 million total passengers between Venice and North America and over 500 thousand passengers from/to the Far East.

22% of traffic departing from Venice connected with an intermediate airport for onward travel worldwide. Frankfurt was confirmed as the main intermediate airport for onward passengers, followed by Rome Fiumicino and Madrid.

The non-Schengen component at the airport was 33% in the year, for over 3.8 million passengers (+11% on 2018).

New operations were again launched in 2019: Easyjet for Cefalonia, Kos and, starting in the winter season, Hurghada, Aqaba, Marrakesh and Marsa Alam; Volotea for Lyon; Ryanair for London Southend, in addition to London Stansted, moved from Treviso; Pegasus Airlines for Istanbul Sabiha Gökçen; and Silver Air for Lusinj.

The other seasonal operations to Canada and the United States were also fully confirmed, in addition to direct connections between Venice and the Middle East and flights from Seoul operated by Asiana.

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

Origin/destination - Venice
Year to December

	2019	CGE. % '19/'18
Domestic traffic	1,537,307	-2%
EU Traffic	7,649,027	5%
Non-EU Traffic	2,363,829	2%
Total commercial aviation	11,550,163	3%
General Aviation	11,431	-12%
Total	11,561,594	3%

Non-EU passenger traffic in 2019 accounts for over 2.3 million (20% of total airport traffic).

- Over 500 thousand passengers utilised in 2019 the direct connections between Venice and the United States (Delta Air Lines for New York JFK and Atlanta, American Airlines for Philadelphia and Chicago, United Airlines for New York EWR) and the non-stop flights to the Canadian market of Air Canada and Air Transat (Toronto and Montreal);
- Between Venice and Middle East destinations (Dubai of Emirates and Doha of Qatar Airways) there were over 360 thousand passengers traveling during the year;
- Over 70 thousand passengers were carried by Asiana between Seoul and Venice;
- There were over 180 thousand passengers for the Russian market, thanks to the service provided by Aeroflot and Ural Airlines;
- Nearly 100 thousand passengers flew between Venice and Israel (Tel Aviv), thanks to El Al's and Easyjet's operations;
- Over 300 thousand passengers travelled between Venice and Istanbul and via Istanbul to the Far East and Africa on Turkish Airlines and the new service offered by Pegasus Airlines to Istanbul Sabiha;
- Direct Venice and Morocco/Tunisia passengers numbered over 100 thousand in the year, thanks to the flights operated by Air Arabia Maroc and Royal Air Maroc to Casablanca and by Tunisair to Tunis;
- Nearly 120 thousand passengers were carried in the year between Venice and Ukrainian and Moldovan destinations, thanks to the flights operated by Ukraine International Airlines for Kiev, Air Moldova for Chisinau and Fly Ernest for Leopoli;
- Over 13 thousand passengers were carried by Air Serbia to Belgrade and its onward network;
- Norwegian, directly connecting with Northern Europe, carried over 30 thousand passengers between Venice and Oslo.

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

Main destination/origin countries - Venice
Year to December

Country	2019	CGE. % '19/'18
Great Britain	1,808,391	22%
France	1,538,931	-6%
Italy	1,537,307	-2%
Germany	1,285,316	1%
Spain	1,264,308	12%
Switzerland	420,997	-3%
Netherlands	415,298	-9%
United States	345,179	-8%
Turkey	301,195	5%
Greece	259,063	13%
Other	2,374,178	3%
General Aviation	11,431	-12%
Total	11,561,594	3%

The number-one market was Great Britain, with over 1.8 million passengers (+22% on 2018), due in part to service to London Stansted, transferred from Treviso. It was followed by France and the domestic market (13% of the airport's total traffic).

The Spanish market reported a 12% increase in passenger numbers on 2018, with over 1.2 passengers during the year, due in particular to service by Ryanair to Barcelona and full operations by Air Europa to Madrid.

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

Principal Venice airlines
Year to December

Airline	2019	CGE. % '19/'18
Easyjet	3,241,409	4%
Volotea	732,574	-10%
Ryanair	547,704	124%
British A.	501,165	-5%
Alitalia	497,538	-11%
Lufthansa	476,522	5%
Air France	461,946	9%
Vueling	417,663	2%
Iberia	358,120	3%
Klm	309,463	-2%
Other	4,006,059	1%
General Aviation	11,431	-12%
Total	11,561,594	3%

Carriers based at Venice airport (Easyjet and Volotea) were confirmed as the main carriers at the airport during the year, with nearly 4 million passengers and a 34% share of traffic. Easyjet, the number-one carrier at Venice airport, exceeded 3.2 million passengers, an increase of 4% on 2018. The second carrier, Volotea, carried over 700 thousand passengers (-10% from the previous year), followed by Ryanair, with over 500 thousand passengers.

General aviation passenger traffic at Venice contracted 11.9%, with over 11 thousand passengers (movements -5.6%), due to time and apron restrictions related to the runway works.

The overall cargo traffic performance (including couriers and mail) was down 6% on 2018, driven by airmail (-6.9% on 2018). This may be attributed to the challenging European picture, with general volumes at 2016 levels.

Treviso

Treviso airport carried over 3.2 million passengers in 2019, down 1.6% on 2018, for over 24 thousand total flights (+5.3% on the previous year).

Treviso airport (Aertre) accounted for 22% of total System passengers.

Ryanair carried over 2.7 million passengers (-4% on 2018), with an 84% share of total traffic.

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 during the year with the introduction of new direct connections to Bordeaux, Oporto and Prague.

Wizzair traffic also performed strongly, up 5% on 2018 for over 400 thousand passengers carried between Treviso and Eastern Europe.

Pobeda Airlines carried over 54 thousand passengers between Treviso and Moscow Vnukovo, with an average load factor of 92%.

Garda Airports System

Verona

Catullo Airport reported record passenger numbers in 2019: over 3,630,000 passengers travelled through the airport, an increase of 5% on 2018, above the Italian national average of +4%.

Domestic traffic accounted for 37% of total traffic, with Italy remaining the airport's number-one market at over 1,330,000 passengers, an increase of 10%, due to the many routes operated between Verona and destinations throughout Italy. The top destination was Catania, with over 330 thousand passengers served, followed by Palermo and Rome. The international segment, which at the peak of the summer season reached approximately 80 destinations, with nearly 2,300,000 passengers, was up by 3%. The UK was the top market at over half a million passengers, followed by Germany and Russia. The number-one route was London, with over 370 thousand passengers, followed by Moscow and then Frankfurt.

The top three carriers (Volotea, Neos and Ryanair) account for nearly 50% of passenger traffic and were up by 11% overall on 2018.

Volotea, which remained the number-one carrier for Verona with over 860 thousand passengers and 21 routes served (at the peak of the season) increased its service by over 19% on the previous year. Neos, a key carrier in the leisure segment, carried over 430 thousand passengers to more than 30 destinations, reporting a 23% increase in traffic.

Despite the 10% decline on 2018, Ryanair served the same number of passengers as Neos, with flights from Verona to nine cities (in Italy and beyond) at the peak of its scheduling. The positive performance reflected various changes in 2019, such as: a seasonal summer flight to Amsterdam operated by EasyJet; a seasonal flight to Birmingham operated by Jet2.com; an annual flight to Chisnau operated by Wizz Air (starting in the summer); a seasonal summer flight to Madrid operated by Iberia (in August); seasonal summer flights for Zante and Malta operated by Volotea; and annual flights to Edinburgh and Manchester operated by EasyJet (starting in the winter 19/20 season);

Brescia

Brescia airport enjoyed a strong year in 2019, with a total increase of 29% and over 30 thousand tons of cargo and mail transported.

Mail accounted for over 71% of total cargo volumes, marking an increase of 35% on 2018. The commercial strategy provided a major boost to the sector, strengthening “package” product service over traditional mail.

The positive air traffic performance in 2019 (+35%) was mainly due to the courier DHL, which began to operate two daily flights to Leipzig in an ongoing manner in September. Trucked air cargo traffic was up by 7% on 2018, driven by the flow of trucks for the Lufthansa Cargo hubs in Munich, Zurich and Frankfurt.

Charleroi Airport

Passengers carried at Charleroi airport in 2019 numbered exceeded 8.2 million, up 2.4% on the previous year.

The main airline at the airport is Ryanair, with a market share of 76.4% and carrying nearly 6.3 million passengers. Ryanair’s operations to September 2019 comprised 66 regular destinations.

The carrier Wizzair, operating out of the airport with 12 routes, in 2019 carried over 888 thousand passengers; Jetairfly (TUI fly Airlines Belgium) operates 39 regular routes and carried over 696 thousand passengers.

Regulatory framework developments

Regulatory Agreement and airport fees

SAVE applies the airport fees established on the basis of the Regulatory Agreement signed with ENAC on October 26, 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 Aeroterminale 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 Aeroterminale S.p.A. in liquidation bankruptcy. The hearing date for the appeal proposed by Assaereo has not yet been fixed. The Municipality of Venice appealed against judgement No. 136/2004 before the Council of State (No. 6950/2014), while the hearing date has not yet been fixed.

AICAI (Associazione Italiana Corrieri Aerei Internazionali) challenged the provisions by which SAVE decided the tariff adjustments for landing and take-off fees, for the 2017-2021 period, in addition to all provisions upon which this adjustment was based. The extraordinary appeal to the Head of State was transferred to the Veneto Regional Administrative Court with Case No. 733/2017, which currently awaits the fixing of a hearing date, after the rejection of the claimant's protective application.

We highlight finally that the European Commission, within the EU Pilot No. 4424/12/MOVE (Communication system concerning the application of Directive 2009/12/EC on airport fees by Italy), in July 2013 requested from the Italian Authorities further information to verify the correct transposition into national law of the above-stated directive. In October 2015, the General Secretary of the European Commission sent to the Italian Ministry for Foreign Affairs a letter of formal notice - Infraction No. 2014/4187, dated October 22, 2015, through which the Commission communicated that it does not consider that Italian law (on the basis of which the Regulatory Agreements for the airports of Milan, Rome and Venice have been agreed) complies with Article 6, paragraph 3 and Article 11, paragraphs 1 and 6 of the directive.

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

For a comprehensive overview of the applicable domestic tariff rules, it is noted that Article 37 of Legislative Decree No. 201/2011 established that the Transport Regulation Authority *"carries out as per Articles 71 to 81 of Legislative Decree No. 1 of January 24, 2012, all Supervisory Authority functions established by Article 71, paragraph 2 of the stated Legislative Decree No. 1 of 2012, in enactment of Directive 2009/12/EC of the European Parliament and Council of May 11, 2009, concerning airport fees"*. The reported regulatory framework provides for the setting of airport fees by the Airport Manager, following mandatory Consultation between the Manager and Airport users. With Motion No. 64/2014 of September 17, 2014, the Authority introduced a regulatory system which provides for the application of separate

schemes according to the level of airport traffic (2014 Models): Model 1 Airports with traffic exceeding 5,000,000 passengers annually; Model 2 Airports with traffic of between 3,000,000 and 5,000,000 passengers annually; Model 3 Airport with traffic of less than 3,000,000 passengers annually. Following a structured review, the new tariff regulation models were approved with TRA Motion No. 92/2017 of July 6, 2017.

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

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

By Resolution No. 118/2019 of August 1, 2019, the Transport Regulation Authority announced a public consultation on the regulatory scheme containing “Airport fee regulation models”.

The regulation scheme and consultation methods are set out in Annexes A and B, respectively, to Resolution No. 118/2019, which also extended the term for conclusion of the procedure from the initial date of September 30, 2019 to December 20, 2019. In contrast to the three current models (Model 1, Model 2 and Model 3), the new regulatory framework consists of a single document containing just two models, in addition to measures of a general nature: Model A for airports with traffic of more than one million passengers a year and Model B for airports with traffic of one million or fewer passengers a year. Finally, in Resolution No. 177 of December 19, 2019, the Transport Regulation Authority extended the deadline for the conclusion of the procedure commenced by Resolution No. 84/2018 of September 13, 2018 until March 13, 2020.

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. With regard to SAVE, in judgment No. 264/2020 of February 5, 2020 the Ordinary Court of Venice quashed order for payment No. 676/2013, whereby the administrations had sought the payment of the contribution for the year 2010, finding in favour of the jurisdiction of the tax courts rather than the ordinary courts.

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 26/05/2019, 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.

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

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

MILIONE S.P.A.

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

FINANCIAL STATEMENTS AT DECEMBER 31, 2019

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

BALANCE SHEET

(in Euro thousands)

Assets

ASSETS	AT 12.31.2019	AT 12.31.2018
A) RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL	0	0
B) FIXED ASSETS	1,327,356,519	1,327,378,220
I) Intangible fixed assets	50,115	71,816
III) Financial fixed assets	1,327,306,404	1,327,306,404
C) CURRENT ASSETS	216,489,782	219,179,312
II) RECEIVABLES	215,960,703	183,512,470
Amount due within one year	136,150,681	183,512,470
Amount due beyond one year	79,810,022	0
Deferred tax assets		0
IV) CASH AND CASH EQUIVALENTS	529,079	35,666,842
D) ACCRUED INCOME AND PREPAYMENTS	58,657	368,060
TOTAL ASSETS	1,543,904,958	1,546,925,592

BALANCE SHEET

(in Euro thousands)

Liabilities and shareholders' equity

LIABILITIES	AL 31/12/2019	AL 31/12/2018
A) SHAREHOLDERS' EQUITY	661.769.369	746.509.367
I) SHARE CAPITAL	188.737	188.737
II) SHARE PREMIUM RESERVE	27.651.283	27.651.283
IV) LEGAL RESERVE	76.056	76.056
VI) OTHER RESERVES	648.717.303	664.774.450
VII) CASH FLOW HEDGE RESERVE	1.401.944	(124.012)
IX) NET PROFIT (LOSS) FOR THE YEAR	(16.265.954)	53.942.853
B) PROVISIONS FOR RISKS AND CHARGES	3.229.339	5.076.886
1) Pensions and similar obligations	0	0
2) Provision for taxes	1.309.880	1.825.405
3) Derivative financial instruments – Liabilities	1.919.459	3.251.481
4) Other	0	0
D) PAYABLES	878.906.250	794.822.290
Total payables due within one year	1.049.207	1.212.554
Total payables due beyond one year	877.857.043	793.609.736
E) ACCRUED EXPENSES AND DEFERRED INCOME	0	517.049
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.543.904.958	1.546.925.592

INCOME STATEMENT

(in Euro thousands)

Costs and revenues

INCOME STATEMENT	2019	2018
A) VALUE OF PRODUCTION	12	93
5) Other revenues and income	12	93
B) (COSTS OF PRODUCTION)	(729,262)	(1,823,604)
7) Services	(682,756)	(1,043,797)
10) Amortisation, depreciation, and write-downs	(21,701)	(22,675)
14) Other operating costs	(24,805)	(757,132)
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	(729,250)	(1,823,511)
C) FINANCIAL (INCOME) CHARGES	(20,481,517)	55,748,867
15) Income from equity investments:	0	60,000,000
- subsidiary companies	0	60,000,000
16) Other financial income	3,397,196	7,823,336
a) from non-current accounts receivable to:		
- subsidiary companies	0	0
- other companies	0	68,950
d) income other than the above:		
- interests and commissions from subsidiaries	3,376,560	112,438
- interest & commissions from other companies	20,636	7,641,948
17) Interest and other financial charges	(23,877,337)	(12,073,334)
- subsidiary companies	0	0
- other companies	(23,877,337)	(12,073,334)
17-bis) Exchange gains and losses	(1,376)	(1,135)
D) ADJUSTMENT TO FINANCIAL ASSETS AND LIABILITIES	0	(1,536,330)
18) Revaluations	0	0
d) derivative financial instruments	0	0
19) (Write-downs)	0	(1,536,330)
d) derivative financial instruments	0	(1,536,330)
PROFIT/(LOSS) BEFORE TAXES	(21,210,767)	52,389,026
20) Income taxes, current and deferred	4,944,814	1,553,827
NET PROFIT/(LOSS)	(16,265,953)	53,942,853

Management and co-ordination

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

Financial Risks

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

Other principal risks and uncertainties of the Group

Risks associated with economic conditions

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

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

See the paragraph below, "Subsequent events and business outlook", for remarks on the Covid-19 epidemic, which is having a significant impact on the international economy, and on the air transport sector in particular, with consequences on the Group's financial performance and financial position as well.

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

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

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

Risks related to Group results

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

Risks connected with the importance of certain key figures

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

Risks concerning the regulatory framework

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

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

Governance

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

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

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

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

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

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

Holding and acquisition of treasury shares of the parent company

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

Inter-company and other related party transactions

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

Subsequent events and business outlook

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

As noted however, since January 2020, the domestic and international picture has been dominated by the spread of Co-Vid 19 (coronavirus) and the resulting restrictive containment measures implemented by the public authorities of the countries affected.

On February 21 this emergency also began to affect Northern Italy, primarily the regions of Lombardy, Veneto and Emilia Romagna, after which it was extended to all Italy. On March 11, 2020 the World Health Organization announced that the coronavirus infection constituted a pandemic in view of the extent of its worldwide spread. In the first ten days of March, air traffic data for the Venice-Treviso airport system showed a 73.4% decline (16% on a year-to-date basis) compared with the same period in the previous year, supporting the belief that the continuation of the epidemic and the associated uncertainty for an extended period might have a significant impact on the traffic volumes of Group companies.

These developments, which are extraordinary in nature and extent, are also having direct and indirect repercussions on economic activity, giving rise to an environment of general uncertainty and whose evolution and effects are currently unforeseeable. The potential effects of this phenomenon will therefore be constantly monitored for the remainder of the year by the company's management and Board of Directors.

The Company's management is preparing a plan of action to mitigate the effects of this situation, focused primarily on revising the investments planned for the year and on reducing operating costs not deemed indispensable, including the activation, starting on March 16, in protection of employees, of the temporary lay-off scheme, in addition to all measures to be identified to contain the effects of this situation on the various Group companies.

The Directors' assessments regarding the consolidated financial statements that may be more subject to the uncertainty arising from the circumstances described above are those relating to the accounts that require a higher level of judgement and are described in the paragraph of these consolidated financial statements "Significant accounting estimates".

Venice Tessera, March 12, 2020

The Chairman of the Board of Directors
Mr. Enrico Marchi

**CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2019**

FINANCIAL STATEMENTS

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Consolidated Income Statement
Consolidated Comprehensive Income Statement
Consolidated Cash Flow Statement
Statement of changes in Consolidated Shareholders' Equity

Consolidated Balance Sheet

Assets	(Euro thousands)	NOTE	12/31/2019	12/31/2018
Cash and cash equivalents		1	2,199	53,193
Tax assets		2	5,348	5,384
Other receivables		3	3,258	17,323
<i>of which related parties</i>		3	0	0
Trade receivables		4	43,475	40,882
<i>of which related parties</i>		4	10,300	9,535
Inventories		5	2,080	1,916
Total current assets			56,360	118,698
Assets held-for-sale			0	0
Property, plant & equipment		6	77,280	69,757
Airport Concession rights		7	609,041	481,041
Concessions		7	774,797	810,979
Other intangible fixed assets with finite useful life		7	6,482	5,324
Goodwill - other intangible fixed assets with indef. useful life		7	310,533	310,533
Equity investments in associates and JV's		8	100,322	99,997
Other equity investments		8	1,145	1,145
Other assets		9	2,269	2,931
Deferred tax assets		10	25,794	32,350
Total non-current assets			1,907,663	1,814,057
TOTAL ASSETS			1,964,023	1,932,755

Liabilities	(Euro thousands)	NOTE	12/31/2019	12/31/2018
Trade payables		11	92,409	82,698
<i>of which related parties</i>		11	339	714
Other payables		12	50,874	47,510
<i>of which related parties</i>		12	1,477	1,258
Tax payables		13	1,376	2,983
Social security institutions		14	4,456	4,472
Bank payables		15	3,484	1,525
Other financial liabilities – current portion		16	2,606	3,251
<i>of which related parties</i>		16	0	0
Total current liabilities			155,205	142,439
Liabilities related to assets held-for-sale			0	0
Bank payables – less current portion		17	882,806	799,817
Other lenders – less current portion		18	5,305	0
Deferred tax liabilities		19	230,179	240,883
Post-employment benefits and other employee provisions		20	3,905	3,781
Provisions for other risks and charges		21	20,826	32,212
Total non-current liabilities			1,143,021	1,076,693
TOTAL LIABILITIES			1,298,226	1,219,132

Shareholders' Equity	NOTE	31/12/2019	31/12/2018
Share capital	22	189	189
Share premium reserve	22	27,651	27,651
Legal reserve	22	76	76
Other reserves and retained earnings	22	606,884	659,142
Net Profit	22	20,400	16,340
Total Group shareholders' equity		655,200	703,398
Shareholders' equity - minority interest	22	10,597	10,225
TOTAL SHAREHOLDERS' EQUITY	22	665,797	713,623
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,964,023	1,932,755

Consolidated Income Statement

(Euro thousands)	NOTE	2019	2018 RESTATED
Operating revenue	23	223,799	210,120
Other income	23	16,644	13,118
Total operating revenue and other income		240,443	223,238
Costs of Production			
Raw and ancillary materials, consumables and goods	24	1,928	2,649
Change in products in work-in-progress and contract work-in-progress		0	0
Services	25	43,941	42,704
Lease and rental costs	26	11,291	11,545
Personnel costs:			
wages and salaries and social security charges	27	53,634	50,983
post-employment benefits	27	2,528	2,388
other costs	27	649	834
Amortisation, depreciation & write-downs			
amortisation	28	58,343	53,929
depreciation	28	12,399	13,561
Write-downs of current assets	29	208	220
Change in inv. of raw and ancillary materials, consumables & goods	30	26	(493)
Provisions for risks	31	320	644
Replacement provision	32	4,537	5,157
Other charges	33	2,155	1,831
Total costs of production		191,959	185,952
EBIT		48,484	37,286
Financial income and revaluation of financial assets	34	22	7,712
Interest, other financial charges and write-down of financial assets	34	(24,991)	(27,610)
Profit/losses from Associates & JV's carried at equity		2,929	592
		(22,040)	(19,306)
Profit before taxes		26,444	17,980
Income taxes	35	6,797	1,345
<i>current</i>		10,916	12,914
<i>deferred</i>		(4,119)	(11,569)
Profit on Continuing Operations		19,647	16,635
Profit from Discontinued Operations/Held-for-sale	36	1,131	168
Net Profit		20,778	16,803
Minority interest		378	463
Group Net Profit		20,400	16,340

For comparative purposes, the 2018 figures have been restated, in accordance with IFRS 5, following the sale of 50% of Save Cargo S.p.A. in 2019. The costs and revenues relating to discontinued operations have been classified to the account "Profit/(loss) of discontinued operations/assets held for sale". Furthermore, the figures for 2019 are not fully comparable with the figures for 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 comparative figures.

Consolidated Comprehensive Income Statement

(EURO THOUSANDS)	NOTE	2019	2018
Net Profit		20,778	16,803
Hedging instruments	37	1,526	(377)
Total Gains/(Losses) on other comprehensive income statement items net of taxes which may be reclassified to the income statement		1,526	(377)
Actuarial gains/(losses) of employee defined plans, net of taxes	20	(92)	(16)
Total Gains/(Losses) on other comprehensive income statement items net of taxes which may not be reclassified to the income statement		(92)	(16)
Total comprehensive income		22,212	16,410
Minority comprehensive income		377	463
Total comprehensive income pertaining to the Group		21,835	15,947

Consolidated Statement of Cash Flows

(EURO THOUSANDS)	2019	2018 RESTATE	NOTE
Operating activities			
Net Profit	20,778	16,803	
Amortisation, depreciation and write-downs	70,522	67,575	28
Net changes in post-employment benefit provisions	33	115	28
Net changes in provisions for risks and charges	1,247	4,499	31 - 32
(Gains)/Losses on disposal of assets	8	(1,605)	
Elimination of result of discontinued assets/ available-for-sale	(1,131)	0	
Financial income (charges)	6,268	13,511	
Valuation of investments under the equity method	1,041	388	34
Change in deferred taxes	(4,154)	(11,595)	11 - 20
Sub-total self-financing (A)	94,611	89,690	
Decrease (increase) in trade receivables	(3,344)	(264)	4
Decrease (increase) in other current assets	14,514	4,580	3 - 9
Decrease (increase) in tax assets/liabilities	(1,482)	724	2 - 13
Increase (decrease) in trade payables	1,096	5,334	11
Increase (decrease) in social security payables	234	425	14
Increase (decrease) in other liabilities	3,781	3,871	12
Sub-total (B)	14,800	14,670	
CASH FLOW FROM OPERATING ACTIVITIES (A + B) = (C)	109,412	104,360	
Investing activities			
(Acquisition) of property, plant & equipment	(12,342)	(15,913)	6
Divestments of property, plant & equipment	54	535	6
(Acquisition) of intangible fixed assets	(165,760)	(116,214)	7
Divestments of intangible assets	512	147	7
Change in Trade payables for investments	8,843	10,927	
Decrease in financial fixed assets	(1)	0	8
(Increase) in financial fixed assets	(384)	(717)	8
CASH FLOW FROM INVESTING ACTIVITIES (D)	(169,078)	(121,235)	
Financing activities			
New loans from other lenders	(0)		16 18
(Repayment) to other lenders	(1,313)	(66)	16 18
New loan issue	205,544	(728,566)	15 17
(Repayment) and other changes in loans	(126,538)	830,158	15 17
Incorporation parent and capital contribution			
(Increase)/Decrease in financial assets		9,724	2
Dividends paid	(70,000)	(56,434)	22
Change in net debt arising from change in consolidation scope	(2)	(0)	
Other		(3)	
CASH FLOW FROM FINANCING ACTIVITIES (E)	7,690	54,812	
CASH FLOW FROM DISCONTINUED OPERATIONS (F)	983	0	37
NET CASH FLOW FOR THE YEAR (C+D+E+F)	(50,994)	37,937	
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	53,193	15,256	
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2,199	53,193	

Additional information:

Interest paid	16,344,135	13,277,608
Taxes paid	12,426,512	12,005,155

For comparative purposes, the 2018 income statement figures have been restated, in accordance with IFRS 5, following the sale of 50% of Save Cargo S.p.A. The costs and revenues relating to discontinued operations have been classified to the account of the income statement "Profit/(loss) of discontinued operations/assets held for sale". Furthermore, the figures for 2019 are not fully comparable with the figures for 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 comparative figures.

Statement of changes in Shareholders' Equity

Refer to Note 22

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT	GROUP SHAREHOLDERS' EQUITY	MINORITY INTEREST NETEQUITY	TOTAL NETEQUITY
(Euro thousands)								
Balance at January 1, 2018	2,049	0	746,032	(3,538)	(6,651)	737,892	9,778	747,670
Effect Definitive Purchase Price Allocation				5,983		5,983		5,983
Balance at January 1, 2018 restated	2,049	0	746,032	2,445	(6,651)	743,875	9,778	753,653
Profit/(loss) previous year				(6,651)	6,651			
Result of separate income statement					16,340	16,340	463	16,803
Other comprehensive profits / losses				(393)		(393)		(393)
Result of comprehensive income statement				(393)	16,340	15,947	463	16,410
Distribution dividends				(56,434)		(56,434)		(56,434)
Other changes	(1,860)	76	(718,381)	720,175		10	(16)	(6)
Balance at December 31, 2018	189	76	27,651	659,142	16,340	703,398	10,225	713,623

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT	GROUP SHAREHOLDERS' EQUITY	MINORITY INTEREST NETEQUITY	TOTAL NETEQUITY
(Euro thousands)								
Balance at January 1, 2019	189	76	27,651	659,142	16,340	703,398	10,225	713,623
Effect of application of IFRS 16				(34)		(34)	(4)	(38)
Profit/(loss) previous year				16,340	(16,340)			
Result of separate income statement					20,400	20,400	378	20,778
Other comprehensive profits / losses				1,435		1,435	(1)	1,434
Other changes						0		0
Result of comprehensive income statement				1,435	20,400	21,835	377	22,212
Distribution dividends				(70,000)		(70,000)		(70,000)
Balance at December 31, 2019	189	76	27,651	606,884	20,400	655,200	10,597	665,797

The figures for 2019 are not fully comparable with the figures for 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 comparative figures.

Notes to the consolidated financial statements
at December 31, 2019

MILIONE S.p.A.

Share capital: Euro 188,737.00 fully paid-in

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

Venice REA No.: 418330

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

EXPLANATORY NOTES AT DECEMBER 31, 2019**Group activities**

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

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

Accounting Standards adopted for the preparation of the Consolidated Financial Statements**Basis of preparation**

The present consolidated financial statements concern the year ended December 31, 2019.

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

To assess the adequacy of this assumption, the Directors made observations, based on analyses of alternative scenarios, regarding the Covid-19 health emergency that arose in early 2020 and the effects of the resulting restrictions imposed in the affected countries, which are having a significant impact on traffic volumes and on the economic situation more generally. These analyses indicate that the Group, using the means at its disposal to reduce outlays relating to operating costs and investments, will have the financial resources required to meet its non-deferrable obligations, even in the event of a considerable reduction in business volumes.

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

Statement of compliance with IAS/IFRS

The consolidated financial information at December 31, 2019 was prepared in compliance with International Financial Reporting Standards (IFRS), adopted by the European Union and in force at the preparation date of the financial statements.

Content and form of the consolidated financial statements

The present financial statements were prepared by the Board of Directors on the basis of the consolidation and accounting records updated to December 31, 2019.

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

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

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

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 entailed the following presentation:

- at balance sheet level, the assets and liabilities relating to Save Cargo S.p.A. at December 31, 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; with effect from the disposal date, the income statement reflects the measurement at equity of the investment in the line profit/losses from associates and joint ventures carried at equity.

- 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.

These Consolidated Financial Statements also include 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.

Consolidation Scope

Subsidiaries

The consolidated financial statements at December 31, 2019 include, through the line-by-line method, the companies in which the Parent Company holds, directly or indirectly, control, as defined by IFRS 10, or the majority of share capital and voting rights.

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

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

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

Minority interests represent the part of profits or losses and of net assets not held by the Group and are shown in a separate income statement account and in the balance sheet under equity, separately from the Group net equity. The acquisition of minority interests in previous years are recognised utilising the “parent entity extension method”, on the basis of which the difference between the price paid and the book value of the share of net assets acquired is recorded as goodwill. Changes in ownership not resulting in a loss of control were treated as equity transactions and therefore recognised to net equity.

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

COMPANY	CURRENCY	SHARE CAPITAL	GROUP % HOLDING	
			12/31/2019	12/31/2018
PARENT COMPANY:				
Milione S.p.A.	Euro	188,737		
<i>its subsidiary:</i>				
SAVE S.p.A.	Euro	35,971,000	100	100
<i>its subsidiaries:</i>				
Marco Polo Park S.r.l.	Euro	516,460	100	100
Save International Holding SA	Euro	7,450,000	100	100
<i>its subsidiary:</i>				
Belgian Airports SA	Euro	5,600,000	65	65
Save Engineering S.r.l.	Euro	100,000	100	100
N-AITEC S.r.l.	Euro	50,000	100	100
Aer Tre S.p.A.	Euro	13,119,840	80	80
Società Agricola Save a r.l.	Euro	75,000	100	100
Triveneto Sicurezza S.r.l.	Euro	100,000	93	93
Save Cargo S.p.A.	Euro	1,000,000	-	100
Archimede 3 S.r.l.	Euro	50,000	100	100

Associates and JV's

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

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

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

In the case in which the Group establishes losses in value in the investment greater than already recognised through the equity method, the existence of an impairment is assessed to be recognised to the income statement, as the difference between the recoverable amount of the investment and its carrying amount.

The associates and JV's are detailed below:

COMPANY	CURR	SHARE CAPITAL	GROUP % HOLDING	
			12/31/2019	12/31/2018
Associates and Joint Ventures				
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	41.65	41.27

(*) through Belgian Airport SA

As described above, in June 2019 the subsidiary Save S.p.A. undertook a corporate restructuring operation which involved the sale of 50% of its full holding in Save Cargo S.p.A. 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.

Consolidation Principles

Change of accounting standards

The accounting standards adopted for the preparation of the consolidated financial statements conform with those for the preparation of the annual financial statements of the Group at December 31, 2018, with the exception of the adoption of the new standards and interpretations applicable from January 1, 2019, listed below.

IFRS Standards, Amendments and Interpretations applied from January 1, 2019

The Group has applied the following accounting standards, amendments and IFRS interpretations for the first time from 1 January 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)
ASSETS	
Non-current assets	
Right-of-use Buildings	2.7
Total	2.7
LIABILITIES	
Non-current liabilities	
Financial liabilities for non-current leases	2.3
Current liabilities	
Financial liabilities for current leases	0.4
Total	2.7

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.
- 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 tax effects relating to dividends (including payments on financial instruments classified in equity) should be accounted for on the same basis as the transaction that generated the related profits (statement of profit or loss, OCI or equity).

- IAS 23 *Borrowing costs*: the amendment clarifies that loans that remain in place even after the related qualifying asset is ready for use or sale shall become part of the total loans used to calculate borrowing costs.

The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

- The IASB published the document “***Plant 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 consolidated 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 consolidated financial statements of the Group.

- The IASB published the interpretation “***Uncertainty over Income Tax Treatments***” on June 7, 2017. The document addresses the issue of uncertainty over income tax treatments. In more detail, the Interpretation requires an entity to analyse uncertain tax treatments (individually or, as a whole, depending on their characteristics) always assuming that the tax authorities will examine the tax situation in question with full knowledge of all relevant information. If the entity believes it is improbable that the tax authorities will accept the tax treatment followed, the entity shall reflect the effect of the uncertainty on the measurement of its current and deferred income taxes. The interpretation does not contain any new disclosure requirements but highlights that an entity should establish whether there will be a need to provide any disclosures based on management considerations relating to any uncertainty over the accounting treatment of taxation, in accordance with IAS 1. The new interpretation has been applied with effect from 1 January 2019. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

- 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 consolidated financial statements of the Group.

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

- On 31 October 2018, the IASB published the document ***“Definition of Material (Amendments to IAS 1 and IAS 8)”***. The document introduced a change to the definition of “material” contained 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*” when it is described in such a way as to produce for primary users of financial statements an effect similar to that which would be produced if the information had been omitted or erroneous.

The amendments introduced were approved on November 29, 2019 and apply to all transactions subsequent to January 1, 2020.

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

- On March 29, 2018, the IASB published an amendment to the ***“References to the Conceptual Framework in IFRS Standards”***. The amendment is effective from periods beginning on or after January 1, 2020, although early application is permitted.

The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in developing the IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same way, thus providing useful information to investors, lenders and other creditors.

The Conceptual Framework supports companies in developing accounting standards when no IFRS standard is applicable to a particular transaction and, more generally, helps stakeholders to understand and interpret the Standards.

- The IASB, on September 26, 2019, published the amendment entitled ***“Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform”***. The same amendment to IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement in addition to IFRS 7 - Financial Instruments: Disclosures. In particular, the amendment changes some of the requirements for the application of hedge accounting, establishing temporary derogations in order to mitigate the impact from the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements on their coverage ratios which are directly impacted by the uncertainties generated by the reform and to which the above derogations apply.

The amendments shall enter into force on January 1, 2020, although companies may opt to apply them earlier. The directors do not expect this amendment to have effects on the Group consolidated financial statements.

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

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

- On 22 October 2018, the IASB published the document **“Definition of a Business (Amendments to IFRS 3)”**. The document provides certain clarifications on the definition of a 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 satisfy the definition of a business, an integrated set of activities/processes and assets shall include, at the very least, an input and a substantive process which, together, make a significant contribution towards the ability to create outputs. 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”*), which allows for the exclusion of the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and asset acquisitions after January 1, 2020 but early application is permitted.

As the amendment will be applied to new acquisition transactions concluded with effect from 1 January 2020, any effects will be reflected in consolidated financial statements for periods ending after that date.

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

According to IAS 28, the profit or loss from the sale or conferment of a non-monetary asset to a joint venture or associate in exchange for a share of the capital of this latter is limited to the share held in the joint venture or associate by external investors to the transaction. On the other hand, IFRS 10 provides for the recognition of the entire profit or loss in the case of loss of control of a subsidiary, also if the entity continues to hold a non-controlling holding, including also upon the sale or conferment of a subsidiary to a joint venture or associate. The amendments introduced establish that for the disposal/conferment of an asset or of a subsidiary to a joint venture or associated company, the amount of profit or loss to be recognized to the financial statements of the disposing company/conferring company depends on whether the asset or the subsidiary disposed of/conferred constitutes a business, in the definition established by IFRS 3. In the case in which the assets or the subsidiary disposed of/conferred represents a business, the entity should recognize the profit or the loss on the entire share previously held; while, in the contrary case, the share of the profit or loss concerning the stake still held by the entity should be eliminated. Currently, the IASB has suspended the application of this amendment. The directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- 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.

Seasonal activities

Due to the cyclical nature of the sector in which the Group generally operates, higher revenues and operating results are expected in the second and third quarters rather than in the first and final quarters of the year. Higher revenues are concentrated in June-September, during the peak summer vacation period and the maximum usage levels of the directly managed infrastructure (airports).

Significant accounting estimates

The preparation of the consolidated financial statements and the relative notes in application of the relevant accounting standards requires that directors make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the reporting date. The estimates and assumptions adopted are based on experience and other elements deemed relevant and are periodically revised; the effects of all changes to such estimates and assumptions are reflected in the income statement of the year in which the estimate is revised.

If results differ from estimates, adjustments that cannot be estimated or predicted at this time may become necessary. Although it qualifies as a non-adjusting subsequent event, and thus does not affect the estimates adopted in preparing the financial statements as at and for the year ended December 31, 2019, the spread of Covid-19 (coronavirus) in early 2020, described below in the paragraph “Subsequent events and business outlook”, is an extraordinary circumstance that has direct and indirect repercussions on economic activity and has created a general environment of uncertainty, the future course and impacts of which cannot be predicted at this time.

A description of the accounts most significantly affected by estimates and assumptions is provided below.

Impairment on goodwill and other intangible assets

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

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

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

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

Deferred tax assets

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

These assets are recognised in the financial statements on the basis of a discretionary assessment by the Directors on the probability of their recovery, with particular regard to the capacity of the Parent Company and of the subsidiaries, also based on the effect of the “tax consolidation” option, to generate future assessable income. They must estimate the probable timeframe and amount of future assessable income.

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

Doubtful debt provision

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

Assets under concession replacement provision

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

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

Pension provision and other post-employment benefits

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

Current taxes

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

Test on the recoverability of assets and group of assets

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

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

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

In addition to the impairment tests already conducted by Save on the various CGUs, resulting in the recognition of goodwill in Save's consolidated financial statements, as illustrated below, the Company performed impairment tests in 2019 on the amounts of Euro 849.2 million allocated to "Concessions rights" and of Euro 303.6 million allocated to "Goodwill" during the acquisition completed in 2017.

The cash flows from the cash-generating unit based on the business plan approved by the Board of Directors on April 18, 2019 and used for the impairment test in the previous year were subjected to a stress test to identify any impairment losses. The plan covers a time period between 2020 and 2041, based on the following key factors: (i) the presence of a forty-year full management concession, (ii) growth of commercial revenues, both aviation and non aviation, thanks to key incisive investments, based on traffic development, (iii) the prudent consideration, in light of the continued economic environment which presents low growth rates, of a number of growth drivers and related investments.

The stress test was conducted to assess the impact of the sensitivity of certain variables that might reduce the value in use of the business plan for the Venice CGU. The variables subjected to the stress test were: i) the traffic curve; ii) fees; iii) the investments plan; and iv) airport infrastructure development.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 5%.

From the analyses, the value in use is higher than the carrying value of the CGU. The value in use identified applying the variables identified for the stress test to the business plan drivers nonetheless exceeded its carrying value as at December 31, 2019 of approximately Euro 1,360 million. The WACC value which renders the value in use of the CGU equal to the relative carrying amount is approx. 5.3%.

With regard to this aspect, the cash flows used in the impairment test do not reflect possible developments linked to the current national and international scenario dominated by the spread of Coronavirus and the resulting restrictive containment measures implemented by the public authorities of the countries affected. These developments, which emerged in the initial months of 2020, and which are extraordinary in nature and extent, have direct and indirect repercussions on economic activity giving rise to an environment of general uncertainty and whose evolution and effects are unforeseeable. However, in response to this phenomenon, additional stress tests were prepared to identify the extent to which the goodwill recognised would hold up subject to certain reductions in cash flows compared with the forecasts prepared, according to the WACC value used in the base case. In particular, it was found that if additional adjustments are applied to the forecast flows, which as indicated above already incorporate conservative assumptions, the carrying amounts remain valid even in the event of a significant decline in cash flows in 2020.

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

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

The cash flows of the Cash Generating Unit were taken from the Business Plan which covers a time period between 2020 and 2053, based on the following key factors: (i) the presence of a forty-year full management concession, (ii) growth of commercial revenues, thanks to incisive investments; (iii) the prudent consideration, in light of the continued challenging economic environment with minimal growth, of a number of growth drivers and related investments.

The period of the plan was broken down into two phases: the first phase (2020-2030) refers to the explicit cash flows prepared by SAVE S.p.A. Management, while the second phase (2031-2053) refers to the cash flows from the application of a “g” growth rate of 0.5% on revenues of the year 2030, until the conclusion of the Concession.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 5%.

From the analyses, the value in use is higher than the carrying value of the CGU. The identified value in use is Euro 41.4 million, compared to a carrying value of approx. Euro 29.7 million, while including also the net carrying value of the “*Concession right*” allocated to the Treviso CGU on the Purchase Price Allocation it would amount to Euro 40.5 million. The sensitivity analysis applied to the changes in the discount rate within the Plan shows that the post-tax WACC rate which renders the value in use of the CGU equal to the relative carrying amount is approx. 6.6%. If the “*Concession right*” allocated and the cash flows of the Treviso CGU is also considered, the WACC value, after taxes, which renders the value in use of the CGU equal to the relative carrying amount is approx. 6.2%.

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

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

The operation, carried out through an initial acquisition from the Municipality of Villafranca of 2% of the Share Capital, with subsequent subscription to a share capital increase and finally the exercise of the pre-emption right on a further 5.3% following the exercise of the right to withdrawal by shareholders, resulted in a holding at December 31, 2015 of 41.65% in the company Aeroporto Valerio Catullo di Verona Villafranca S.p.A..

The cash flows of the Cash Generating Unit were taken from the 2020 budget approved by the BoD of the investee, upon which an economic plan was developed which covers a time period between 2020 and 2030, based on the following key factors: (i) development of Verona airport within its catchment area and the recovery therefore of a level of traffic in line with the regions potential through the entry of new carriers in a position to ensure significant traffic growth, the development of point-to-point destinations currently not served or significantly underserved (also through low-cost carriers), improved connectivity with hubs by network carriers; (ii) the improvement of operations at Brescia with increased courier traffic, the growth of the general cargo segment and the consolidation of postal traffic; (iii) the growth of commercial revenues, thanks to targeted investments on the basis of increased traffic.

The second reference period of the plan, which runs from 2031 to the conclusion of the Verona concession in 2048 concerns cash flows from the application of a “g” growth rate of 2% on revenues and costs of the year 2030, until the conclusion of the Concession.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 5%.

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

The value in use identified is Euro 44 million, compared to a carrying value, which also includes the net carrying value of the “Concession right” allocated, of Euro 29.5 million. The sensitivity analysis applied to the change of the two discount rates utilised highlights that the values of the WACC’s net of taxes which results in a value in use of the CGU equal to the relative carrying amount is approx. 6.1%.

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

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

The cash flows of the Cash Generating Unit were taken from the 2020 budget approved by the Board of Directors of Airest Retail, on the basis of which a finance plan was drawn up which covers a time period between 2020 and 2028, coinciding with the duration of the concession contract for the F&B and Retail spaces at Venice and Treviso airports.

The Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows net of taxes was 4.6%. From the analyses, the value in use is significantly higher than the carrying value of the CGU.

The identified value in use is Euro 48.3 million, compared to a carrying value of approx. Euro 37.8 million. The sensitivity analysis applied to the changes in the discount rate within the Plan shows that the post-tax WACC rate which renders the value in use of the

CGU equal to the relative carrying amount is significantly higher than the rate used for the test.

Accounting policies

The IAS/IFRS accounting principles applied are illustrated below.

Intangible assets

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

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

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

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

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

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

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

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

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

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

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

Business combinations and goodwill

Business combinations before January 1, 2010

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

Business combinations after January 1, 2010

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

generating units which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units. If the goodwill is allocated to a cash-generating unit and the entity sells part of the activities of this unit, the goodwill associated with the activity sold is included in the book value of the activity when determining the gain or loss deriving from the sale. The goodwill associated to assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash-generating unit.

Property, plant & equipment

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

Losses in value are charged to the income statement under depreciation costs. Such losses are restated when the reasons for their write-down no longer exist.

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

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

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

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

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

Leased fixed assets

Assets acquired through finance lease contracts, which substantially transfer the majority of the risks and benefits related to the ownership of an asset to the Group, are capitalised at commencement of the lease at the fair value of the asset or, if lower, at the present value of the minimum lease payments on the recording of a liability to the leasing company. Lease instalments are allocated to principal and interest to obtain application of a constant interest rate on the balance of the debt (principal). Financial expenses are charged to the income statement. Capitalised lease assets are depreciated over their estimated useful life. See the first section of these notes for the accounting treatment of operating leases in accordance with the accounting standard IFRS 16.

Impairments on intangible assets and property, plant and equipment

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

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

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

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

At each reporting date, the Group also evaluates, in relation to the assets other than goodwill, the existence of indicators of a recovery in the loss of value previously recorded and, where these indicators exist, makes an estimate of the recoverable value. The value

of an asset previously written down may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recording of a loss in value. The recovery of value cannot exceed the book value which would have been calculated, net of amortisation, where no such loss in value was recorded in previous years. This recovery is recorded in the income statement unless the fixed asset is recorded at revalued amount, in which case the recovery is treated as a revaluation gain.

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

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

Goodwill

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

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

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

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

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

Each unit or Group of units to which the intangible asset is allocated represents the lowest level within the Group to which the goodwill is monitored at internal management level. The conditions and the methods for any write-back of an asset previously written down applied by the Group, excluding in any case any recovery in the value of goodwill, are those as per IAS 36.

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

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

committed to the sale, whose completion must be expected within one year from the date of the classification.

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

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

Financial assets

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.

Impairment of financial assets

In relation to the loss in value of the financial assets, IFRS 9 requires the application of a model based on expected credit losses, instead of based on the losses on receivables already incurred required by IAS 39. The differing model based on expected losses on

receivables requires the Group to consider these losses and their changes and at each balance sheet date to reflect changes in the credit risk since the initial recognition of the financial asset. In other words, it is no longer necessary that an event occurs to put in doubt the recoverability of the receivable before the recognition of a doubtful debt.

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

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

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

Treasury shares

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

Inventories

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

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

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

Cash and cash equivalents

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

Employee benefits

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

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

Provisions for risks and charges

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

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

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

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

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

Trade payables and other non-financial liabilities

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

Financial liabilities

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

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

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

Derecognition of financial assets and liabilities

Financial assets

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

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

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

Financial liabilities

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

Derivative financial instruments and hedging operations

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

Derivative financial instruments are classified as hedging instruments (therefore designated as Hedge Accounting) when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. In accordance with IFRS 9, the verification of the efficacy of the hedge is based on the evaluation of the “economic relationship” between the hedged element and the hedging element, favouring therefore qualitative aspects over quantitative aspects. When the hedged derivatives cover the risk of change of the fair value of the instruments hedged (fair value hedge; e.g. hedge in the variability of the fair value of asset/liabilities at fixed rate), these are recorded at fair value through the income statement; therefore, the hedging instruments are adjusted to reflect the changes in fair value associated to the risk covered. When the derivatives hedge the risk of changes in the cash flows of the hedge instrument (cash flow hedge; e.g. coverage of changes in cash flow of asset/liabilities at variable interest rate due to changes in the interest rates), the changes in the fair value are initially recognised under equity and subsequently through the income statement in line with the economic effects produced from the operation hedged.

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

Revenues and other income components

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

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

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

Aviation revenues

The former category primarily consists of managing, maintaining and developing airport infrastructure, which also includes security checks and surveillance, as well as services related to the landing and departure of aircraft for passengers, other users and airport operators. Consideration for such services takes the form of airport fees of the following types paid by airlines, airport operators and passengers (defined by a regulated tariff system). These principally comprise: passenger boarding fees, landing and departure fees, aircraft parking and storage fees. Other sources of revenues concern the fees for the checking of departing passengers, checked baggage safety control fees, PRM fees (reduced mobility passengers), fees for the exclusive use of assets and de-icing service fees. The General Aviation business includes the full range of services relating to business traffic.

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

Non-aviation revenues

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

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

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

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

Measurement of costs and expenses

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

Income taxes

Current income taxes

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

Deferred taxes

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

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

Deferred tax assets are recorded against all temporary deductible differences and fiscal losses carried forward, up to the amount it is probable there exists adequate future

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

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

IRES	24%
IRES	27.5% (airport companies for tax periods 2020 and 2021)
IRAP	4.20% (Airport Companies)
IRAP	3.90%

Translation of accounts in foreign currencies

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

Regional overview

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

Information concerning the Principal Clients

Approx. 11.3% of the total revenues for 2019 of the subsidiary SAVE S.p.A. derive from the airline easyJet; the subsidiary Aer Tre S.p.A. derive however approx. 63.4% of its revenues from the airline Ryanair and approx. 9.6% from Wizz Air.

Net Financial Position

The breakdown of the net financial position is as follows:

(EURO THOUSANDS)	12/31/2019	12/31/2018
Cash and cash equivalents	2,199	53,193
Other financial assets	0	0
Financial assets	2,199	53,193
Bank payables	3,484	1,525
Other financial liabilities – current portion	2,606	3,251
Current liabilities	6,090	4,776
Bank payables – less current portion	882,806	799,817
Other lenders – less current portion	5,305	0
Non-current liabilities	888,111	799,817
Net Financial Position	(892,002)	(751,400)
Total gross payables to banks	886,290	801,342

ANALYSIS OF THE MAIN BALANCE SHEET ACCOUNTS

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

ASSETS

Current Assets

at

I2.3I.2019	€	56,360
I2.3I.2018	€	118,698
cge.		(62,338)

The items of the above stated account are as follows:

1. Cash and cash equivalents

at

I2.3I.2019	€	2,199
I2.3I.2018	€	53,193
cge.		(50,994)

These concern the bank current accounts available and cash and cash equivalents at the reporting date.

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

2. Tax receivables

at

I2.3I.2019	€	5,348
I2.3I.2018	€	5,384
cge.		(36)

The account includes, for Euro 2.0 million, the IRES receivable relating to the recalculation of current taxes referring to previous years and, for Euro 2.4 million, the receivable relating to the IRES refund 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.

The account also includes Euro 0.1 million concerning the receivable for the tax break on new investments under Legislative Decree No. 91 of June 24, 2014 (so-called Tremonti Quater) and the IRAP receivable represents the amount for which the payments on account made in 2019 exceeded the IRAP due for the year.

3. Other receivables

at

12.31.2019	€	3,258
12.31.2018	€	17,323
cge.		(14,065)

The analysis is as follows:

(Euro thousands)	12.31.19	12.31.18	CHANGE
Veneto region for grants	-	309	(309)
Suppliers for advances	694	15,683	(14,989)
Misc. receivables	2,333	970	1,363
Other assets for suspended financial charges	231	362	(131)
Total other receivables	3,258	17,323	(14,065)

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. Other receivables include the provisions recognised during the year in respect of white certificates accrued as at the reporting date.

4. Trade receivables

at

12.31.2019	€	43,475
12.31.2018	€	40,882
cge.		2,593

The breakdown of trade receivables is outlined below:

(Euro thousands)	12.31.19	12.31.18	CHANGE
Trade receivables – third parties	33,175	31,348	1,827
Trade receivables - related parties	10,300	9,534	766
Total trade receivables	43,475	40,882	2,593

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

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

(Euro thousands)	12.31.19	12.31.18	CHANGE
Trade receivables	34,688	33,829	859
Doubtful debt provision	(1,513)	(2,481)	968
Total trade receivables	33,175	31,348	1,827

The Group doubtful provision amounts to Euro 1.5 million; this considers both the analysis of individual positions, for a number of which a credit recoverability risks exists, and an analysis concerning the aging of the receivable. This is in line with the valuation methods applied over time and is considered compliant with IFRS 9 described above.

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

(Euro thousands)	
Balance at 12/31/2018	(2,481)
Utilisations and other movements	1,176
Provisions	(208)
Balance as of 12/31/2019	(1,513)

An analysis of the aging of the Group's net trade receivables from third parties at December 31, 2019 is reported below (in thousands of Euro):

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
12/31/2019							
Net receivables	33,175	16,130	7,137	4,828	2,336	619	2,125
12/31/2018							
Net receivables	31,348	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)	12.31.19	12.31.18	CHANGE
Airest Retail S.p.A. Group	8,265	8,121	144
2A - Airport Advertising S.r.l.	1,260	1,162	98
Aeroporto Valerio Catullo S.p.A.	375	249	126
Save Cargo S.p.A.	381	-	381
Other minor	19	2	17
Total	10,300	9,534	766

5. Inventories

at

12.31.2019	€	2,080
12.31.2018	€	1,916
cge.	€	164

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

Non-current assets

at

12.31.2019	€	1,907,663
12.31.2018	€	1,814,057
cge.		93,606

The account is comprised as follows:

6. Property, plant & equipment

at

12.31.2019	€	77,280
12.31.2018	€	69,757
cge.		7,523

The increase relates mainly to new investments of approx. Euro 12.3 million, net of depreciation. The account includes Euro 5.9 million relating to “Rights-of-use of buildings” in application of IFRS 16.

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

7. Intangible Assets

at

12.31.2019	€	1,700,853
12.31.2018	€	1,607,877
cge.		92,976

The intangible asset items are indicated separately.

In detail:

(Euro thousands)	12.31.19	12.31.18	CHANGE
Airport Concession rights	609,041	481,041	128,000
Concessions	774,797	810,979	(36,182)
Other intangible fixed assets with finite useful life	6,482	5,324	1,158
Goodwill – other intangible assets with indefinite life	310,533	310,533	-
Total intangible assets	1,700,853	1,607,877	92,976

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 93 million was reported in the period, with amortisation of approx. Euro 58.3 million. See the paragraph “Accounting policies – Intangible assets”, where the accounting treatment of investments in accordance with IFRIC 12 is described.

The breakdown of concessions is as follows:

(Euro thousands)	12.31.19	12.31.18	CHANGE
Save S.p.A.	759,705	795,434	(35,728)
Aer Tre S.p.A.	15,092	15,545	(452)
Total concessions	774,797	810,979	(36,182)

Concessions reflect the greater amount paid on the acquisition of the controlling interest in SAVE in 2017 allocated to the Save S.p.A. and Aertre S.p.A. 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)	12.31.18	12.31.17	CHANGE
Save S.p.A.	303,556	303,556	-
Aer Tre S.p.A.	6,937	6,937	-
N-Aitec S.r.l.	40	40	-
Total Goodwill	310,533	310,533	-

The account comprises:

- for Euro 303,556 thousand the amount paid in excess of equity allocated to “Goodwill” on the acquisition of the controlling interest in SAVE 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 N-aitec S.r.l..

In order to establish the recoverability of the principal amounts, the Company carried out impairment tests, the results of which are outlined in the paragraph “Recoverability of assets or group of assets”, to which reference should be made.

8. Investments

at

12.31.2019	€	101,467
12.31.2018	€	101,142
cge.		325

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

(Euro thousands)	12.31.19	12.31.18	CHANGE
Investments in companies carried at equity	100,322	99,997	325
Other investments	1,145	1,145	-
Total investments	101,467	101,142	325

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

(Euro thousands)	% HELD	12.31.19	12.31.18	CHANGE
Venezia Terminal Passeggeri S.p.A.	22.18	13,538	14,678	(1,140)
GAP S.p.A.	49.87	303	271	32
Brussels South Charleroi Airport SA	27.65	18,187	17,882	305
2A – Airport Advertising S.r.l.	50	12	76	(64)
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	41.65	29,456	29,412	44
Airest Retail S.p.A.	50	37,715	37,679	36
Save Cargo S.p.A.	50	1,112		1,112
Tot. Investments carried at equity		100,322	99,997	325

The measurement of these investments at equity in the reporting period reflects the profit earned in each year.

9. Other Assets

at

12.31.2019	€	2,269
12.31.2018	€	2,931
cge.		(662)

This account principally includes a receivable for guarantees paid to ENAC by Aer Tre S.p.A. under advanced airport occupancy totals approx. Euro 2.2 million, calculated as 10% of the monthly fees. With support from an opinion from the legal counsel handling the dispute and the recent favourable judgment by the Regional Administrative Court of Lazio, which in its judgment of the first instance granted the petition lodged by Aertre for a lesser amount, the directors believe that the receivable may still be collected.

A breakdown is provided in the following table:

(Euro thousands)	12.31.19	12.31.18	CHANGE
Other guarantee deposits	64	55	9
ENAC guarantee deposits	2,205	2,876	(671)
Total	2,269	2,931	(662)

10. Deferred tax assets

at

12.31.2019	€	25,794
12.31.2018	€	32,350
cge.		(6,556)

Deferred tax assets have a total value of Euro 25.8 million and are fully utilisable in the medium/long-term period. The principally temporary differences on which deferred tax assets are recognised concern:

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

Article 1, paragraph 716, of the 2020 Budget Law (Law No. 160/2019) provides for an increase in the ordinary rate of 3.5% for the three-year period 2019-2021 in respect of “income on business conducted under airport management concessions”. Accordingly, deferred tax assets in respect of these businesses have been adjusted to the IRES rate of 27.5% on the basis of the provisions governing their use in the three-year period 2019-2021.

DEFERRED TAX ASSETS

(amounts in thousands)

	ASSESSABLE				TAX				rate adjustment	12/31/2019
	Rate 24% - 27.5%	12/31/2018	INCREASES	DECREASES	12/31/2019	12/31/2018	INCREASES	DECREASES		
Doubtful debt provision		2,198	99	531	1,766	571	24	125	29	499
Amortisation, depreciation, and write-downs		14,366	2,832	814	16,384	3,434	681	195	8	3,928
Deferred charges		6,363	3,811	5,778	4,396	1,529	1,049	1,387	2	1,194
Assets under concession replacement provision		23,227	1,366	19,554	5,039	5,937	344	4,688	20	1,613
Risks provision and other future deductible costs		6,964	1,566	3,947	4,583	1,670	297	1,001	78	1,043
Goodwill amortisation		6,243	-	694	5,549	1,519	-	167	49	1,401
Concessions amortisation		56,589	-	6,289	50,300	13,582	-	1,510	441	12,513
Post-employment benefits		186	145	10	321	48	34	2	-	80
IFRS16		-	87	-	87	-	21	-	-	21
Other		47	-	35	12	14	-	8	-	5
IRIS Deferred tax assets		116,184	9,906	37,652	88,438	28,303	2,450	9,084	627	22,297

(amounts in thousands)

	ASSESSABLE				TAX				12/31/2019
	Rate 3.9% - 4.2%	12/31/2018	INCREASES	DECREASES	12/31/2019	12/31/2018	INCREASES	DECREASES	
Amortisation, depreciation, and write-downs		13,349	1,942	-	15,291	561	81	-	642
Deferred charges		624	-	21	563	25	-	3	22
Assets under concession replacement provision		18,200	4,679	12,614	10,265	814	196	529	481
Risks provision and other future deductible costs		634	400	458	576	26	16	18	24
Goodwill amortisation		62,832	-	6,982	55,850	2,619	-	294	2,325
IFRS16		-	87	-	87	-	3	-	3
Other		30	-	30	-	1	-	1	-
IRAP Deferred tax assets		95,669	7,087	20,124	82,632	4,046	296	845	3,497
TOTAL MOVEMENTS IN DEFERRED TAX ASSETS					32,349	2,747	9,929	627	25,794

LIABILITIES

Current Liabilities

at

12.31.2019	€	155,205
12.31.2018	€	142,439
cge.		12,776

The account is comprised as follows:

11. Trade payables

at

12.31.2019	€	92,409
12.31.2018	€	82,698
cge.		9,711

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 is insignificant and therefore do not require discounting processes.

As may be seen from the cash flow statement, the increase of the balance compared with the previous year may be attributed to the investments undertaken during the year and not settled as at the reporting date.

The breakdown of trade payables is shown below:

(Euro thousands)	12.31.19	12.31.18	CHANGE
Trade payables – third parties	92,070	81,984	10,086
Trade payables - related parties	339	714	(375)
Total trade payables	92,409	82,698	9,711

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

(Euro thousands)	12.31.19	12.31.18	CHANGE
Airest Retail S.p.A. Group	226	672	(446)
2A - Airport Advertising S.r.l.	67	28	39
Finanziaria Internazionale Holding S.p.A.	42		42
Other related parties	4	14	(10)
Total	339	714	(375)

12. Other payables

at

I2.3I.20I9	€	50,874
I2.3I.20I8	€	47,510
cge.		3,364

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

(Euro thousands)	I2.3I.I9	I2.3I.I8	CHANGE
Payables to related parties	1,477	1,258	219
Customer advances	161	250	-89
Personnel for deferred compensation	6,902	7,016	-114
Airport concession fee	4,306	4,370	(64)
Fire prevention services	22,744	20,436	2,308
Municipal surtax payables	11,035	10,260	775
Other payables	4,248	3,920	328
Total	50,874	47,510	3,364

Payables for fire protection service, amounting to Euro 22.7 million, relates to the contribution to the Fire service fund, currently subject to dispute as described in the Directors’ Report.

13. Tax Payables

at

I2.3I.20I9	€	1,376
I2.3I.20I8	€	2,983
cge.		(1,607)

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

(Euro thousands)	I2.3I.I8	I2.3I.I8	CHANGE
Employee withholding taxes	1,216	1,347	(131)
Other tax payables	140	1,290	(1,150)
Payables for direct taxes	20	346	(326)
Total	1,376	2,983	(1,607)

14. Payables to social security institutions

at

I2.3I.20I9	€	4,456
I2.3I.20I8	€	4,472
cge.		(16)

15. Bank payables

at

12.31.2019	€	3,484
12.31.2018	€	1,525
cge.		1,959

The account is comprised as follows:

(Euro thousands)	12.31.19	12.31.18	CHANGE
Ordinary current accounts	1,959	1	1,958
Current portion of bank loans	1,525	1,524	1
Total	3,484	1,525	1,959

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

The following table provides a breakdown of bank credit lines utilised and available at December 31, 2019.

TYPE	GRANTED	USED	RESIDUAL
CASH CREDIT FACILITIES	35,001	(1,960)	33,041
ENDORSEMENT CREDIT	6,701	(217)	6,484
MORTGAGES / LOANS	1,152,692	(902,692)	250,000
TOTAL	1,194,394	(904,869)	289,525

16. Other financial liabilities – current portion

at

12.31.2019	€	2,606
12.31.2018	€	3,251
cge.		(645)

The account mainly refers to the payable deriving from the fair value measurement of derivative financial instruments totalling Euro 1.9 million and the current portion of payables to other lenders for leasing contracts as per IFRS 16 for Euro 0.7 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.

In September 2019 Milione S.p.A. restructured its hedging of the loan contract with a syndicate of banks and the following were thus outstanding as at December 31, 2019:

- two IRS contracts, with a total notional amount of Euro 222,243 thousand and maturing on September 30, 2020; 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 IRS contracts with efficacy from November 10, 2017 and maturing on September 30, 2020, 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 70,000 thousand and a premium already paid;
- two Cap Rate 0.700% contracts entered into in February 2019 with effect from September 30, 2020, with a total notional value of Euro 30.5 million from September 30, 2020 to June 30, 2022 and a total notional value of Euro 360.5 million from June 30, 2022 to December 30, 2022, and a premium of Euro 59 thousand to be paid quarterly from September 30, 2020 to September 30, 2022.
- two Cap Rate 0.200% contracts entered into March 2019 with effect from March 29, 2019 and maturity on March 31, 2020, with a total notional value of Euro 100 million and premium of Euro 9 thousand paid on subscription.
- two IRS contracts entered into in September 2019 with effect from September 30, 2020 and maturity on June 30, 2023, with a total notional value of Euro 130 million. As a result of these contracts, Milione SpA pays a fixed rate of -0.197%, which is exchanged for a variable rate of Euribor at 3M

The fair value of the above-mentioned IRS instruments amounts to Euro -1.4 million, while that concerning the options (swaptions) is essentially zero and that concerning the Cap Rate contracts is Euro -0.5 million.

Non-current liabilities

at

12.31.2019	€	1,143,021
12.31.2018	€	1,076,693
cge.		66,328

The account is comprised as follows:

17. Bank payables – less current portion

at

12.31.2019	€	882,806
12.31.2018	€	799,817
cge.		82,989

(Euro thousands)	12.31.19	12.31.18	CHANGE
Medium/long-term loans	486,045	502,233	(16,188)
Bond loan	396,761	297,584	99,177
Total	882,806	799,817	82,989

Non-current bank payables comprise mainly the medium/long-term portion of loans undertaken by the Group and outstanding at December 31, 2019.

The nominal value of loan instalments due within one-year totals Euro 1.5 million and beyond one-year amounts to Euro 901.2 million.

The following loans were thus outstanding as at December 31, 2019:

- A loan subscribed by Aer Tre S.p.A. in November 2017 with Mediocredito Italiano, 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.
- The loan contracted by Milione S.p.A. in late 2018 from a syndicate of banks with a total amount of Euro 695 million, of which Euro 515 million initially disbursed, followed by an early repayment of Euro 100 million in September 2019. Accordingly, at December 31, 2019 the total debt amounted to Euro 415 million, subject to bullet repayment in 2025. The additional sum of Euro 180 million remains available to be drawn down. The interest applied to the loan is based on the Euribor plus a spread.
- The loan contracted by Milione S.p.A. from the European Investment Bank in late 2018 for a total of Euro 150 million, to be disbursed in one or more tranches in the first four years and then repaid according to a repayment schedule of up to 18 years from the disbursement date. As at December 31, 2019 a total of Euro 80 million had been drawn down under the facility, subject to a grace period of two years and amortising repayment in equal principal amounts beginning in 2021 and concluding in 2037.

The table below presents the information required by IFRS 7 with regard to the maturities of the principal amounts of the outstanding borrowings, in addition to an estimate of the financial charges that will accrue in the coming years.”

MATURITY	CAPITAL PORTION	UP-FRONT FEE	INTEREST PORTION (*)	TOTAL
12/31/2020	1,538	(3,984)	(15,630)	(18,076)
12/31/2021	5,507	(3,944)	(15,698)	(14,135)
12/31/2022	6,443	(4,016)	(15,660)	(13,233)
12/31/2023	6,444	(2,666)	(17,013)	(13,235)
12/31/2024	6,443	(1,739)	(17,961)	(13,257)
12/31/2025	419,906	(1,286)	(17,887)	400,733
12/31/2026	304,905	(410)	(9,251)	295,244
12/31/2027	4,905	(111)	(2,019)	2,775
12/31/2028	4,905	(111)	(1,989)	2,805
12/31/2029	4,906	(108)	(1,961)	2,837
12/31/2030	4,905	(108)	(1,931)	2,866
12/31/2031	104,905	(84)	(1,472)	103,349
12/31/2032	4,905	(9)	(153)	4,743
12/31/2033	4,906	(7)	(123)	4,776
12/31/2034	4,905	(5)	(94)	4,806
12/31/2035	4,906	(2)	(66)	4,838
12/31/2036	4,906	(2)	(37)	4,867
12/31/2037	2,452	0	(7)	2,445
TOTAL	902,692	(18,592)	(118,952)	765,148

Finally, Milione S.p.A. issued the following bonds:

- a bond of Euro 300 million on the Extra MOT market in Milan, to be redeemed in bullet form at maturity in 2026. This bond was subscribed by a single banking counterparty and stipulates the payment of half-year interest in arrears at a fixed rate;
- a bond of Euro 100 million on the Vienna Securities Exchange, to be redeemed in bullet form at maturity in 2031. The bonds were subscribed by two US insurers and bear interest at a fixed rate, payable in half-yearly instalments at arrears.

<i>(IN EURO THOUSANDS)</i>						
COMPANY	NOMINAL VALUE	BOOK VALUE	CURR.	RATE	COUPON	MATURITY
SENIOR SECURED BONDS	300,000	297,886	EURO	2.47%	SIX-MONTHLY	20/12/2026
SENIOR SECURED NOTES	100,000	98,876	EURO	1.72%	SIX-MONTHLY	27/09/2031

These financial payables stipulate a number of covenants for the company based on the consolidated financial statements of the Milione Group (to be verified on a half-yearly basis) and which at December 31, 2019, on the basis of the calculations made, had been complied with.

18. Other lenders – less current portion

at

12.31.2019	€	5,305
12.31.2018	€	-
cge.		5,305

The account refers to the medium-/long-term share of amounts payable other lenders for lease contracts in accordance with IFRS 16.

19. Deferred tax liabilities

at

12.31.2019	€	230,179
12.31.2018	€	240,883
cge.		(10,704)

Deferred tax liabilities amount to Euro 230.1 million.

The principal reasons for recognition of deferred tax liabilities include:

- The higher price paid on the acquisition of control of the Save Group allocated definitively to Concessions.
- adjustments to IFRIC 12 - “*Service concession arrangements*”;
- adjustments relating to the accounting treatment of leases according to the finance criterion under IFRS 16.

DEFERRED TAX LIABILITIES

(amounts in thousands)

	ASSESSABLE				TAX					
	Rate 24% - 27.5%	12/31/2018	UTILIS.	INCREASES	12/31/2019	12/31/2018	UTILIS.	INCREASES	Rate adjustment	12/31/2019
Gains assessable in future years	-	-	-	-	-	-	-	-	-	-
Dividends not received	-	0	-	-	0	0	-	-	-	0
Post-employment benefit provision	-	-	-	-	-	-	-	-	-	-
Leasing	6,941	314	-	6,627	1,680	75	-	-	-	1,605
Other amortisation & depreciation	371	141	-	230	102	33	-	-	-	69
Assets under concession accumulated amortisation	28,579	598	929	28,910	6,930	149	223	44	-	7,048
Other provisions and other future deductible costs	136	7	-	129	32	1	-	2	-	33
Revenue from amortised cost	7,606	2,148	-	5,458	1,825	516	-	-	-	1,310
Gains on concessions & goodwill	810,980	36,181	-	774,799	194,816	8,682	-	-	-	186,134
Deferred charges	-	-	-	-	-	-	-	-	-	-
IREs deferred tax liabilities	854,613	39,389	929	816,153	205,387	9,456	223	46	-	196,199

(amounts in thousands)

	ASSESSABLE				TAX				
	Rate 3.9% - 4.20%	12/31/2018	UTILIS.	INCREASES	12/31/2019	12/31/2018	UTILIS.	INCREASES	12/31/2019
Leasing	6,941	314	-	6,627	266	13	-	-	253
Other amortisation & depreciation	-	-	-	-	-	-	-	-	-
Assets under concession accumulated amortisation	27,786	598	929	28,117	1,166	23	39	-	1,182
Other Provisions	85	7	-	78	4	-	-	-	4
Gains on concessions & goodwill	810,980	36,181	-	774,799	34,061	1,520	-	-	32,542
Deferred charges	-	-	-	-	-	-	-	-	-
IRAP deferred tax liabilities	845,792	37,100	929	809,621	35,496	1,556	39	-	33,979
									33,979
TOTAL DEFERRED TAX LIABILITIES					240,883	11,012	262	46	230,179

20. Post-employment benefits and other employee provisions

at

12.31.2019	€	3,905
12.31.2018	€	3,781
cge.		124

The change in the post-employment benefit liabilities at December 31, 2019 are outlined below:

BALANCE AT 12/31/2018	3,781
Utilisations and other changes	(171)
Advances granted in period and transfers	(68)
Payments to suppl. provision and INPS Treasury	(2,276)
Substitute tax	(10)
Provisions and revaluations	2,527
Change due to actuarial calculation	122
BALANCE AT 12/31/2019	3,905

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

The method can be divided into the following components:

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

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

- mortality rate: table IPS55
- inability rate: table INPS - 2000
- employee turnover: 1.5%
- discount rate: 0.79%
- growth rate of salaries: 1.5%
- rate of advances: 1%
- inflation rate: airline inflation 0.8%

21. Other provisions for risks and charges

at

12.31.2019	€	20,826
12.31.2018	€	32,212
cge.		(11,386)

The account comprises:

(Euro thousands)	12.31.19	12.31.18	CHANGE
Provisions for risks and charges	2,206	4,914	(2,708)
Assets under concession replacement provision	18,620	27,298	(8,678)
Total other provisions for risks and charges	20,826	32,212	(11,386)

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

(Euro thousands)

Balance at 12/31/2018	4,914
Utilisations and other changes	(3,028)
Provisions for risks and future charges	320
Balance at 12/31/2019	2,206

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

Assets under concession replacement provision

at

12.31.2019	€	18,620
12.31.2018	€	27,298
cge.		(8,676)

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

(Euro thousands)

Balance at 12/31/2018	27,298
Utilisations and other changes	(13,215)
Provisions for risks and future charges	4,537
Balance at 12/31/2019	18,620

This concerns an estimate for the necessary maintenance and replacement on assets under concession, which require free transfer to the state in optimal working condition on the

conclusion of the Group airport concession. The entire provision concerns cyclical restoration and maintenance at the Venice and Treviso airports.

The Replacement Provision is updated annually based on a technical evaluation of the estimated future charges relating to the cyclical maintenance of the assets and is utilised based on the maintenance undertaken during the year. The entire provision concerns restoration and maintenance at the Venice and Treviso airports. The utilisations during the year refer to maintenance work done drawing down the accruals recognised in previous years.

Shareholders' Equity

22. Shareholders' Equity

at		
I2.3I.20I9	€	665,797
I2.3I.20I8	€	713,623
cge.		(47,826)

The Shareholders' Equity comprises the Group Shareholders' equity of Euro 655.2 million and Minority interest shareholders' equity for Euro 10.6 million.

Shareholders' Equity consists of:

Share capital

at		
I2.3I.20I9	€	189
I2.3I.20I8	€	189
cge.		-

Share premium reserve

at		
I2.3I.20I9	€	27,651
I2.3I.20I8	€	27,651
cge.		-

Legal reserve

at		
I2.3I.20I9	€	76
I2.3I.20I8	€	76
cge.		-

Other reserves and retained earnings

at		
I2.3I.20I9	€	606,884
I2.3I.20I8	€	659,142
cge.		52,258

Minority interest shareholders' equity

at

12.31.2019	€	10,597
12.31.2018	€	10,225
cge.		372

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

ANALYSIS OF THE PRINCIPAL INCOME STATEMENT ACCOUNTS

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

OPERATING REVENUE AND OTHER INCOME

23. Operating revenue and other income

2019	€	240,443
2018	€	223,328
cge.		17,115

Other operating revenues

2019	€	223,799
2018	€	210,120
cge.		13,679

Other income

2019	€	16,644
2018	€	13,118
cge.		3,526

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

COSTS OF PRODUCTION

2019	€	191,959
2018	€	185,952
cge.		6,007

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

24. Raw materials and goods

2019	€	1,928
2018	€	2,649
cge.		(721)

25. Services

2019	€	43,941
2018	€	42,704
cge.		1,237

(Euro thousands)	2019	2018	CGE.
Utilities	6,026	5,246	780
Maintenance	10,118	8,943	1,175
Professional services	4,320	5,802	(1,482)
Cleaning and waste removal	5,254	4,931	323
Development charges and traffic promo	2,869	2,943	(74)
Other general services	3,971	3,847	124
Corporate board fees	1,889	1,830	59
Other personnel charges	2,166	1,885	281
Recovery of expenses	2,377	2,707	(330)
Insurance	1,327	1,318	9
Operating services	602	899	(297)
IT Systems	1,120	1,061	60
Other sales expenses	1,900	1,292	607
Total	43,941	42,704	1,237

The following table reports the contractual fees concerning the auditing of accounts and other services provided in relation to the 2019 financial statements of the Milione Group by the Independent Audit Firm and its network.

(IN EURO/1000)

TYPE OF SERVICE	PARTY PROVIDING THE SERVICE	COMPANY	
Audit	Deloitte & Touche S.p.A.	Parent Company	88
Audit	Deloitte & Touche S.p.A.	Subsidiaries	111
Audit	Deloitte Bedrijfsrevisoren/Reviseurs d' entreprises	Subsidiaries	7
Other services	Deloitte & Touche S.p.A.	Parent Company	10
Other services	Deloitte & Touche S.p.A.	Subsidiaries	63
Total Remuneration			279

26. Lease and rental costs

2019	€	11,291
2018	€	11,545
cge.		(254)

They consist of:

(Euro thousands)	2019	2018	
Airport concession fee	11,062	10,888	174
Rentals and other	229	657	(471)
Tot. Lease and rental costs	11,291	11,545	(297)

27. Personnel costs

2019	€	56,811
2018	€	54,205
cge.		2,606

28. Amortisation, depreciation & write-downs

2019	€	70,742
2018	€	67,490
cge.		3,252

This account is divided as follows:

(Euro thousands)	2019	2018	
Amortisation & write-down of intangible assets	58,343	53,929	4,414
Depreciation & write-down of tangible assets	12,399	13,561	(1,162)
Total depreciation, amortisation and write-downs	70,742	67,490	3,252

29. Write down of current assets

2019	€	208
2018	€	220
cge.		(12)

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

2019	€	26
2018	€	(493)
cge.		519

Change in inventories principally concerns consumable material stores.

31. Provisions for risks

2019	€	320
2018	€	644
cge.		(324)

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

32. Assets under concession replacement provision

2019	€	4,537
2018	€	5,157
cge.		(620)

33. Other charges

2019	€	2,155
2018	€	1,831
cge.		324

Other charges comprise:

(Euro thousands)	2019	2018	
Sector association contributions	413	379	34
Taxes	1,209	749	460
Charitable donations and gifts	136	148	(12)
Other costs	397	555	(158)
Total other charges	2,155	1,831	324

The increase in taxes reflects the increased own municipal tax charges recognised during the year.

FINANCIAL INCOME AND CHARGES

34. Financial income and charges

2019	€	(22,040)
2018	€	(19,306)
cge.		(2,734)

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

(Euro thousands)	2019	2018	CGE
Financial income and revaluation of financial assets	22	7,712	(7,690)
Interest, other financial charges	(24,991)	(27,610)	2,619
Profit/losses from associates carried at equity	2,929	592	2,337
Total financial income and expenses	(22,040)	(19,306)	(2,734)

The financial income recorded in the previous year of Euro 7.7 million mainly stemmed from the income arising from the re-negotiation of the syndicate loan, as permitted by IFRS 9 for such transactions.

(Euro thousands)	2019	2018	CHANGE
Interest charges	(173)	(64)	(109)
Interest charges on loans	(16,633)	(14,026)	(2,607)
Other financial charges	(7,515)	(11,984)	4,469
Change mtm derivative instruments	-	(1,536)	1,536
Write-down of financial fixed assets other than equity investments	(670)	-	(670)
Total	(24,991)	(27,610)	(2,619)

Interest charges on loans increased by approx. Euro 2.6 million on the previous year due to greater debt, whereas other financial charges declined by approx. Euro 4.5 million, due to the recognition in 2018 of the early repayment charges for the bank loans of the subsidiary Save S.p.A. as part of the Group refinancing operation carried out in December 2018. In addition, during the year the hedging instruments outstanding as at December 31, 2018 – not subject to hedge accounting in the previous year – were partially renegotiated and partially settled. The new hedging instruments are accounted for through equity.

Profit/losses from associates/JV's carried at equity

(Euro thousands)	2019	2018	CGE
Valuation at equity of GAP S.p.A.	32	(48)	80
Valuation at equity of BSCA SA	305	(40)	345
Valuation at equity of Aeroporto Catullo di Verona Villafranca S.p.A.	(239)	(2,258)	2,019
Valuation of equity of 2A S.r.l.	(164)	(308)	144
Valuation at equity of Airst S.p.A.	3,037	2,321	716
Valuation at equity of VTP S.p.A.	(170)	925	(1,095)
Valuation at equity of Save Cargo S.p.A.	129	-	129
Total	2,929	592	2,337

Due to the sale of 50% of the interest in Save Cargo S.p.A. and the resulting loss of control over this company, the equity investment has been measured at equity since June 2019. This measurement reflects the investee's economic performance from that date until December 31, 2019.

INCOME TAXES

35. Income taxes

2019	€	6,797
2018	€	1,345
cge.		5,452

Income taxes in the year comprised:

(Euro thousands)	2019	2018	CGE
Current income taxes	10,916	12,914	(1,998)
Deferred tax income & charges	(4,119)	(11,569)	7,450
Total income taxes	6,797	1,442	5,452

Article 1, paragraph 716, of the 2020 Budget Law (Law No. 160/2019) provides for an increase in the ordinary rate of 3.5% for the three-year period 2019-2021 in respect of "income on business conducted under airport management concessions". Accordingly, current and deferred taxes in respect of these businesses have been adjusted to the IRES rate of 27.5%.

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.

(Euro thousands)	2019	%	2018	%
Profit before taxes	26,444		18,244	
Profit on assets held-for-sale	1,131			
Reclassified profit before taxes	27,575			
Notional taxes	6,618	24.00%	4,379	24.00%
Effective taxes	6,798	24.65%	1,442	7.90%
Net profit	20,778		16,803	
Difference from theoretical tax rate of 24%	180	0.65%	(2,937)	-16.10%
<i>Permanent differences:</i>				
i) effect of increased IRES rate on current taxes	1,983	7.19%		
i) effect of increased IRES rate on deferred taxes	(766)	-2.78%		
iii) IRAP	2,636	9.56%	1,955	10.72%
iv) effect of ACE tax break	(399)	-1.45%	(622)	-3.41%
v) exempt dividends	(905)	-3.28%	(222)	-1.22%
vi) exempt gains	(146)	-0.53%		
vii) other non-deductible costs / exempt income	(2,745)	-9.95%	(1,575)	-8.63%
viii) income taxes of prior years	845	3.06%	(2,541)	-13.93%
ix) valuation of investments at equity	(291)	-1.06%	94	0.52%
x) tax receivables	(32)	-0.12%	(26)	-0.14%
	180	0.65%	-2,937	-16.10%

The near coincidence of the effective rate of 24.65% with the theoretical IRES rate of 24% is mainly due to the deductibility of interest charges due to the use of the group's gross operating income, the tax exemption of dividends and accelerated depreciation tax relief measures, offset by the amount of the IRAP tax for the year and the negative effect of the increase in the IRES rate of 3.5 percentage points for airport businesses.

36. RESULT FOR THE YEAR

2019	€	20,778
2018	€	16,803
cge.		3,975

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

(Euro thousands)	2019	2018	CGE
Net profit	20,778	16,803	3,975
Minority interest loss (profit)	378	463	(85)
Group Net Profit	20,400	16,340	4,060

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.	<i>Euro thousands</i>	2,019	2,018
Operating revenue and other income		2,383	5,302
EBITDA		(99)	377
EBIT		(162)	264
Profit for the year		(125)	168
Gains on sale of equity investment		631	
Fair value measurement of the residual investment		631	
Tax effect		(6)	
Profit/(loss) on discontinued operations/held-for-sale		1,131	168

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 46% of the total value of loans.

The current hedging operations concern the loan of Milione S.p.A. for a value to date issued of Euro 415 million, of seven-year duration, with bullet repayment and supported by a set of secured guarantees.

The loans stipulate, among other conditions, compliance by the company with a series of financial covenants, to be verified on a half-yearly basis and which had been observed as at December 31, 2019.

The following table provides a breakdown of the derivative instruments in place at Group level at December 31, 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	START DATE - OPTION EXERCISE DATE	CONTRACT MATURITY DATE	CONTRACT NOTIONAL AMOUNT	AMOUNT OUTSTANDING AT 12/31/2019	AMOUNT OUTSTANDING AT 12/31/2018	FAIR VALUE (MARK TO MARKET) AT 12/31/2019	FAIR VALUE (MARK TO MARKET) AT 12/31/2018
IRS	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDITS SPA	10/08/2017	10/08/2017	30/09/2020	111,122	111,122	111,122	(310)	(460)
IRS	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	10/08/2017	10/08/2017	30/09/2020	111,122	111,122	111,122	(310)	(464)
IRS	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDITS SPA	19/10/2017	10/11/2017	30/09/2020	79,478	79,478	79,478	(206)	(293)
IRS	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	19/10/2017	10/11/2017	30/09/2020	79,478	79,478	79,478	(206)	(293)
SWAPTION (PAY FIX)	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDITS SPA	10/08/2017	30/09/2020	27/09/2019	111,122	0	111,122	0	(594)
SWAPTION (PAY FIX)	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	10/08/2017	30/09/2020	27/09/2019	111,122	0	111,122	0	(589)
SWAPTION (PAY FIX)	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDITS SPA	19/10/2017	30/09/2020	30/06/2022	53,898	35,000	53,898	0	(280)
SWAPTION (PAY FIX)	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	19/10/2017	30/09/2020	30/06/2022	53,898	35,000	53,898	0	(278)
CAP RATE (*)	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDITS SPA	27/02/2019	30/09/2020	31/12/2022	15,250	15,250	0	(260)	0
CAP RATE (*)	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	27/02/2019	30/09/2020	31/12/2022	15,250	15,250	0	(259)	0
CAP RATE	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDITS SPA	25/03/2019	29/03/2019	31/03/2020	50,000	16,900	0	0	0
CAP RATE	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	25/03/2019	29/03/2019	31/03/2020	50,000	16,900	0	0	0
IRS	MILIONE SPA	CHANGE IN INTEREST RATES	UNCREDITS SPA	25/09/2019	30/09/2020	30/06/2023	130,000	130,000	0	(179)	0
IRS	MILIONE SPA	CHANGE IN INTEREST RATES	INESA SANPAOLO SPA	25/09/2019	30/09/2020	30/06/2023	130,000	130,000	0	(192)	0
TOTAL							1,101,740	775,500	711,240	(1,922)	(3,253)

* THE CONTRACTUAL NOTIONAL AMOUNTS IS 15.25 MILLION FROM 30.09.2020 TO 30.06.2022 AND 50.25 MILLION FROM 01.07.2022 TO 31.12.2022

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

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

	TOTAL ESTIMATED CASH FLOWS		WITHIN 1 YEAR		FROM 1 TO 5 YEARS		OVER 5 YEARS	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
DERIVATIVE INSTRUMENTS WITH NEGATIVE MTM	(1,568)	(1,868)	(1,095)	(529)	(473)	(1,339)	0	0
MEDIUM/LONG-TERM LOANS	(1,021,644)	(941,233)	(17,168)	(15,710)	(91,169)	(67,314)	(913,307)	(858,209)
TOTAL	(1,023,212)	(943,101)	(18,263)	(16,239)	(91,642)	(68,653)	(913,307)	(858,209)

Cash flow sensitivity analysis

The Group prepared a cash flow analysis concerning loans in place. The analysis begins with the market position at December 31, 2019 and on the basis of interest rate increases/decreases of 0.25% and of 0.50%.

The impact of these changes on future cash flows is Euro +/-2.6 million for a 0.25% interest rate increase/decrease, and Euro +3.8 million for an increase in the interest rate of 0.50% and Euro -5.2 million for a decrease in the interest rate also of 0.50%.

Credit risk

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

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

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

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

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

Liquidity risk

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

Unutilised credit lines of the banking system at Group level amount to Euro 33 million, while the credit lines not yet utilised concerning the loan contract subscribed amount to Euro 250 million.

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

Fair value hierarchy levels

A list of derivative financial instruments at December 31, 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 December 31, 2019 are classifiable to hierarchy Level 2 of the fair value measurement. During 2018, no transfers occurred from Level 1 to Level 2 or Level 3 or vice-versa.

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 and accounting situations prepared in accordance with the accounting standards adopted by each company.

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

Percent control: 100%; 98.81% net of treasury shares held by the company.

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

Save in addition holds investments mainly in companies operating in the airport management sector. The subsidiary's 2019 financial statements present a value of production of Euro 202.8 million and a pre-tax profit of Euro 83.2 million.

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

Holding: 100%

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

A value of production of approx. Euro 20.9 million was reported in 2019, and a pre-tax profit of Euro 4.5 million.

- **Save International Holding SA**

Holding: 100%

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

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

• **Belgian Airport SA**

Holding: 65%

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

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

• **Save Engineering S.r.l.**

Holding: 100%

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

In 2019, the value of production totalled Euro 4.7 million; the company reported a pre-tax profit of Euro 0.6 million.

• **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 4.9 million was reported in 2019, with a pre-tax profit of Euro 1.5 million.

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

Holding: 80%

The Company Aer Tre S.p.A. holds the concession for the management of Treviso airport. The value of production totalled Euro 29.3 million; a pre-tax profit of Euro 1 million was reported for 2019.

• **Società Agricola Save a r.l.**

Holding: 100%

The company is wholly-owned by Save S.p.A., following the spin-off of Agricola Cà Bolzan a r.l. in 2013 and is exclusively involved in the activities established by Article 2135 of the Civil Code. The value of production amounted to Euro 0.3 million, with a pre-tax profit of Euro 54 thousand.

• **Triveneto Sicurezza S.r.l.**

Holding: 93%

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

The value of production amounted to Euro 16.6 million, with a pre-tax profit of Euro 213 thousand.

• **Archimede 3 S.r.l.**

Holding: 100%

The company was acquired in 2004. No significant costs or revenues were reported in the year.

Associates and joint ventures

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

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

• Airst Retail S.r.l.

Holding: 50%

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

The value of the investment at the date of these consolidated financial statements amounts to Euro 37.7 million; this includes the effect of the valuation at equity reflected in the income statement in a revaluation of Euro 3 million. The investment is considered an associate as the shareholder agreements establish that control is exercised exclusively by the shareholder Lagardère.

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

Holding: 41.65%

The value of the investment at the date of these consolidated financial statements amounts to Euro 29.5 million; this includes the effect of the valuation at equity reflected in the income statement in a write-down of Euro 0.2 million. The shareholder agreements provide for joint control of the company.

• Brussels South Charleroi Airport S.A.

Holding: 27.65% through Belgian Airport SA.

The company manages Charleroi airport. The company was consolidated at equity and the value of the investment of Euro 18.2 million, including Euro 3.7 million allocated to “Concessions” on acquisition in 2009, of a holding of 27.65% in the company by Belgian Airport SA, in turn held, with a share of 65%, by Save International Holding S.A..

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

Holding: 22.18%.

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

It was consolidated at equity; the investment was recognised for Euro 13.5 million.

• G.A.P. S.p.A.

Holding: 49.87%

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

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

Holding: 50%

The company provides cargo and postal assistance services at Venice's Marco Polo airport. In 2016, Save conferred the "Cargo" business unit to the subsidiary Save Cargo S.p.A.; in 2019 it then sold 50% of the interest.

- **2A – Airport Advertising S.r.l.**

Holding: 50%

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

39. Subsequent events and business outlook

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

As noted however, since January 2020, the domestic and international picture has been dominated by the spread of Co-Vid 19 (coronavirus) and the resulting restrictive containment measures implemented by the public authorities of the countries affected.

On February 21 this emergency also began to affect Northern Italy, primarily the regions of Lombardy, Veneto and Emilia Romagna, after which it was extended to all Italy. On March 11, 2020 the World Health Organization announced that the coronavirus infection constituted a pandemic in view of the extent of its worldwide spread. In the first ten days of March, air traffic data for the Venice-Treviso airport system showed a 73.4% decline (16% on a year-to-date basis) compared with the same period in the previous year, supporting the belief that the continuation of the epidemic and the associated uncertainty for an extended period might have a significant impact on the traffic volumes of Group companies.

These developments, which are extraordinary in nature and extent, are also having direct and indirect repercussions on economic activity, giving rise to an environment of general uncertainty and whose evolution and effects are currently unforeseeable. The potential effects of this phenomenon will therefore be constantly monitored for the remainder of the year by the company's management and Board of Directors.

The Company's management is preparing a plan of action to mitigate the effects of this situation, focused primarily on revising the investments planned for the year and on reducing operating costs not deemed indispensable, including the activation, starting on March 16, in protection of employees, of the temporary lay-off scheme, in addition to all measures to be identified to contain the effects of this situation on the various Group companies.

The Directors' assessments regarding the financial statements that may be more subject to the uncertainty arising from the circumstances described above are those relating to the accounts that require a higher level of judgement and are described in the paragraph of these consolidated financial statements "Significant accounting estimates".

Related party transactions

The consolidated financial statements at December 31, 2019 include the financial statements of Milione S.p.A. and its subsidiaries, as indicated in the paragraph “Consolidation scope”.

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	Purchases	Decreases	Grants	Change in consolidation scope	Reclassification s/Other movements	Value at 12/31/19	Value at 01/01/19	Increases	Utilisations	Change in consolidation scope	Reclassification s/Other movements		Value at 12/31/19
Airport concession rights	524,334	124,336	(17)	0	0	55,300	703,953	123,776	19,230	(4)	0	0	143,003	560,950
Assets in progress and payments on account	80,483	24,755	(532)	0	0	(56,615)	48,091	0	0	0	0	0	0	48,091
Sub-total airport concession rights	604,817	149,090	(549)	0	0	(1,315)	752,044	123,776	19,230	(4)	0	0	143,003	609,041
Concessions (*)	865,401	0	0	0	0	0	865,401	54,423	36,181	0	0	0	90,604	774,797
Other intangible fixed assets with finite useful life	24,775	3,049	49	0	(65)	392	28,200	19,895	2,931	16	(20)	0	22,821	5,379
Assets in progress and payments on account	444	1,015	0	0	0	(355)	1,103	0	0	0	0	0	0	1,103
Subtotal other intangible fixed assets with finite useful life	25,219	4,064	49	0	(65)	37	29,303	19,895	2,931	16	(20)	0	22,821	6,482
Goodwill and other intangible assets with indefinite useful life (*)	310,533	0	0	0	0	0	310,533	0	0	0	0	0	0	310,533
Total intangible assets	1,805,970	153,154	(500)	0	(65)	(1,278)	1,957,281	198,094	58,343	12	(20)	0	256,428	1,700,853

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	Purchases	Decreases	Grants	Change in consolidation scope	Reclassification s/Other movements	Value at 12/31/19	Value at 01/01/19	Increases	Utilisations	Change in consolidation scope	Reclassification s/Other movements		Value at 12/31/19
Land and Buildings	47,072	5,136	(33)	0	(18)	577	52,735	2,543	1,140	(21)	(1)	58	3,720	49,015
Plant and machinery	77,384	4,939	(527)	0	(1,367)	427	80,857	48,479	5,887	(503)	(1,049)	(58)	52,755	28,102
Industrial & commercial equipment	8,059	1,057	(123)	0	(101)	188	9,080	5,634	685	(123)	(72)	0	6,124	2,956
Other assets	27,615	2,949	(335)	0	(215)	420	30,435	19,134	2,742	(309)	(197)	0	21,370	9,066
Impairment	0	0	0	0	0	0	0	12,602	1,723	0	0	0	14,326	(14,326)
Assets in progress and payments on account	669	2,160	0	0	(27)	(335)	2,468	0	0	0	0	0	0	2,468
Total tangible assets	160,800	16,242	(1,018)	0	(1,727)	1,278	175,575	88,392	12,178	(956)	(1,320)	0	98,294	77,280

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	TRADE RECEIVABLES	TRADE PAYABLES
Save Cargo S.p.A.	381	3
Airest Retail S.r.l.	7,323	227
Airest Collezioni Venezia S.r.l.	942	
2A - Airport Advertising S.r.l.	1,260	67
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	375	0
Gabriele D'Annunzio Handling S.p.A.	-	
Brussels South Charleroi Airport (BSCA) SA	18	
GAP S.p.A. Aeroporto di Pantelleria	-	
Finanziaria Internazionale Holding S.p.A. (PC)	-	43
Finint & Wolfson Associati S.r.l. (PC)		-
TOTAL	10,299	340

Attachment C2

Income statement transactions

with group companies incl. in the financial statements

AMOUNTS STATED IN EURO THOUSANDS	OPERATING REVENUE	OTHER INCOME	RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS	SERVICES	RENTS, LEASE AND SIMILAR	OTHER CHARGES	FINANCIAL CHARGES	FINANCIAL INCOME
Save Cargo S.p.A.	843	301						
Airest Retail S.r.l.	13,329	654	-	2,523		22		3,000
2A - Airport Advertising S.r.l.	3,080	70				2		
Airest Collezioni Venezia S.r.l.	2,134	17						
Airest S.p.A.								
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	111	550	-	25		-		
Gabriele D'Annunzio Handling S.p.A.	5	3						
Brussels South Charleroi Airport (BSCA) SA	52	5						
Venezia Terminal Passeggeri (VTP) S.p.A.	2	10		2				970
GAP S.p.A. Aeroporto di Pantelleria	2	0						
Finanziaria Internazionale Holding S.p.A.		-		43				
Banca Finint S.p.A. (PC)					16			
Save Cargo S.p.A.		301						
TOTAL	19,558	1,912	-	2,593	16	24	-	3,970

Supplementary Statements

Attachment D1

Key Financial Highlights of the subsidiaries with minority holdings

	Aertre S.p.A.		Belgian Airport SA	
(in Euro/1000 as per IFRS before inter-company eliminations)	12 31 2019	12 31 2018	12 31 2019	12 31 2018
Dividends paid to minority interests	0	0	0	0
current assets	10,486	10,334	678	689
non-current assets	38,472	48,916	11,249	11,249
current liabilities	20,934	18,992	6	6
liabilities held-for-sale				
non-current liabilities	9,807	13,339	0	0
revenues	23,328	20,970	0	0
profit (loss) on continuing operations	842	2,363	(11)	(28)
profit (loss) on discontinued operations				

Supplementary Statements
Attachment D2
Key Financial Highlights of the associates/Joint Ventures
communicated to the Parent Company as per local GAAP

	Aeroporto Valerio Catullo di Verona Villafranca S.p.A.		Venezia Terminal Passeggeri S.p.A.		Brussels South Charleroi Airport SA		Airest Retail S.p.A.	
(in Euro/1000)	12 31 2018	12 31 2017	12 31 2018	12 31 2017	12 31 2019	12 31 2018	12 31 2019	12 31 2018
Dividends paid to joint ventures or associates			4,378	4,418			6,000	0
Key Financial Highlights								
current assets	39,833	34,983	22,859	19,917	46,571	42,529	22,536	21,639
non-current assets	89,387	76,806	21,638	24,762	49,955	44,633	60,203	65,331
current liabilities	(65,820)	(49,064)	(3,225)	(3,423)	(34,447)	(26,709)	(20,140)	(26,435)
non-current liabilities	(21,988)	(14,411)	(909)	(853)	(15,614)	(16,691)	(1,972)	(1,818)
net equity	(41,410)	(48,314)	(40,363)	(40,403)	(46,465)	(43,762)	(60,627)	(58,716)
Revenues	45,071	42,246	32,814	24,007	110,139	104,628	101,067	93,928
Raw materials and goods	(1,234)	(1,164)	(187)	(78)	(579)	(482)	(38,755)	(35,586)
Services	(21,170)	(20,223)	(13,490)	(9,921)	(55,278)	(54,388)	(12,424)	(11,746)
Rents, leases and similar	(2,741)	(2,443)	(5,563)	(3,264)			(16,425)	(15,371)
Personnel costs	(8,091)	(7,938)	(3,395)	(2,164)	(41,751)	(39,999)	(15,558)	(14,654)
Other charges	(856)	(687)	(101)	(65)	(3,726)	(2,628)	(12)	(245)
EBITDA	10,980	9,790	10,078	8,515	8,805	7,131	17,893	16,326
Amortisation, depreciation, and write-downs	(5,373)	(5,381)	(4,491)	(2,678)	(7,388)	(6,697)	(7,227)	(7,091)
Provisions	(8,916)	(1,173)	(20)	(32)	709	(178)	(10)	(12)
EBIT	(3,309)	3,237	5,567	5,805	2,126	256	10,656	9,223
Financial income	38	96	488	304	247	117	22	4
Financial charges	(247)	(275)	(1)	(1)	(441)	(369)	(131)	(320)
Impairments on financial assets and write downs	(2,489)	(2,137)	(153)	(61)			567	391
Extraordinary income and charges						42		
Profit/(loss) before taxes	(6,007)	921	5,902	6,047	1,932	46	11,114	9,299
Income taxes	(897)	(88)	(1,524)	(1,630)	(870)	(289)	(3,199)	(2,820)
profit (loss) on continuing operations;	(6,903)	833	4,378	4,418	1,062	(243)	7,915	6,479
profit (loss) on discontinued operations / held-for-sale								
Net Profit/(loss)	(6,903)	833	4,378	4,418	1,062	(243)	7,915	6,478
Cash and cash equivalents	9,854	15,842	19,392	16,632	19,800	17,879	890	811
Financial receivables							8,083	8,020
Current financial liabilities	(11,046)	(500)	(7)	(9)	0	0	(68)	(73)
Non-current financial liabilities	0	(500)	0	0	0	0		(5,000)
Financial position	(1,192)	14,842	19,385	16,623	19,800	17,879	8,905	3,758

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

**To the Shareholders of
Milione S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Milione Group (the Group), which comprise the consolidated balance sheet as at December 31, 2019, the consolidated income statement, consolidated comprehensive income statement, statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

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

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

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Palermo Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 172039 | Partita IVA IT 03049560166

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10**

The Directors of Milione S.p.A. are responsible for the preparation of the Directors' report of Milione Group as at December 31, 2019, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the Directors' report with the consolidated financial statements of Milione Group as at December 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned Directors' report is consistent with the consolidated financial statements of Milione Group as at December 31, 2019 and is prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
March 31, 2020

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

MILIONE S.P.A.

Milione S.p.A.

Viale G. Galilei, 30/1 - 30173 Tessera-Venezia (Ve)