

# Annual Report 2018



AEROPORTO G. MARCONI DI BOLOGNA S.P.A.



Consolidated Financial Statements of  
Aeroporto Guglielmo Marconi di Bologna Group and  
Financial Statements of  
Aeroporto G. Marconi di Bologna S.p.A.  
at December 31, 2018

*This document is a courtesy translation from Italian into English.*

*In case of any inconsistency between the two versions, the Italian original version shall prevail.*

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## Dear Shareholders,

**2018** represents the tenth consecutive year of record traffic growth for the Bologna airport with double-digit growth in revenues and earnings.

Passenger numbers grew 3.8% on 2017, totalling **8,506,658**, thanks to the introduction of new routes – 114 compared to 106 in 2017 – and more traffic in the legacy segment (+4.3%) and in the low-cost segment (+2.6%).

In particular, legacy traffic saw the introduction of new routes for Athens, Kiev, Tblisi, Vienna and six destinations in Russia, in addition to increased frequencies on some of the major international airlines, among which the fifth daily flight of Lufthansa for Frankfurt, the fourth daily flight of KLM for Amsterdam and the third daily flight of Aeroflot for Moscow.

The **low-cost** segment witnessed increased operations by the major carriers at the airport, in particular Ryanair, which began connections for Amman, Kaunas and Luton London, continued those for Bratislava, Cologne, Naples and Prague and increased frequencies for Manchester. Vueling also added connections on its Bologna-Barcelona route (from 7 to 12 weekly flights) from May 1, 2018.

In 2018 Ryanair and Wizzair were the leading airlines for passenger numbers, followed by Alitalia, Air France, Lufthansa and British Airways. Overall the total number of airlines operating out of Bologna were 49, four more than in 2017.

Turning to the service quality, in 2018 the general satisfaction index (**CSI – Customer Satisfaction Index**) increased from 97% to 98.5% - demonstrating excellence despite the pressures on infrastructural capacity from traffic growth, in particular in certain months of the year. The infrastructural development and traffic growth, while maintaining high service quality and environmental and economic sustainability levels, represent the key pillars of the Group's strategy and with a strong focus again in 2018.

**Consolidated revenues** totalling Euro 114.1 million rose 15.1%, driven by traffic growth positively impacting on revenues from aeronautical services (+5.9%) and revenues from non-aeronautical services (+7.7%).

**Consolidated costs** rose 16.1% and mainly related to service costs (+7.1%, for higher maintenance costs, snow clearance for the extreme temperatures in 2017-2018 winter and related to traffic), construction service costs (+132.4% in line with the higher revenues from the increase in investments), rental, hire charges and other costs (+5.9% for rise in costs related to traffic) and personnel costs (+1.2% for the higher average workforce of 23 resources – 16 equivalent full-time to cover the needs arising from the areas impacted by the increase in traffic).

Net of revenues and costs from construction services, items related to the infrastructural investments, revenues rose 6.5% and costs 2.1% - demonstrating a positive divergence between revenue growth and the increase in traffic and cost containment.

Given the factors outlined above, **Group margins** report significant growth: **EBITDA** amounted to Euro 38.7 million, compared to Euro 34.2 million in 2017 (+13.1%), the **operating result** amounted to Euro 25.2 million, compared to Euro 22.6 million in 2017 (+11.4%) and the **result before taxes** amounted to Euro 25 million, compared to Euro 22 million in 2017 (+13.3%).

The **consolidated profit** grew 10.8%, amounting to Euro 17.9 million compared to Euro 16.2 million in 2017; this result is entirely attributable to the Group following the acquisition from Minority interests of the residual 49% of Tag Bologna Srl in October 2018. Following this operation, the Group has two majority investments, Tag Bologna Srl and Fast Freight Marconi Spa, both held 100%.

The Group **Net Financial Position** at December 31, 2018 was a cash position of Euro 8 million, compared to Euro 10 million at December 31, 2017. In 2018, investments were financed primarily in infrastructure for Euro 19.5 million, debt repayments totalled Euro 5.8 million and dividends distributed totalled Euro 14.2 million. At December 31, 2018, confirming the solid financial position of the Airport, **Consolidated Shareholders' Equity** amounted to Euro 173,7 million (Euro 172.3 million at December 2017).

With great satisfaction, I conclude highlighting that Bologna airport has established itself as a strategic asset for the economic development of our region and the upcoming opening of the People Mover directly connected to the Central Train Station will give further impetus to our airport within a connectivity network increasingly based on the cohesion of the various transport systems.

Dear Shareholders, I wish to express my full satisfaction both personally and on behalf of all of the Board of Directors for the strong results achieved in the year just ended, and for which my personal thanks goes to all those who contributed within their respective roles and responsibilities at all company levels.

In the three-year period 2016-2018, the first three years after the Stock Market listing of July 2015, Group **EBITDA** increased from Euro 28.2 million to Euro 38.7 million (CAGR +17.2%), the **operating result** rose from Euro 17.3 million to Euro 25.2 million (CAGR +20.8%) and the **profit** rose from Euro 11.4 million to Euro 17.9 million (CAGR +25.4%), distributing **dividends** totalling Euro 30.3 million. On the **infrastructural investment** front (including the renewal of airport infrastructure provision), Group investments totalled Euro 52.7 million.

With full satisfaction both personally and on behalf of all of the Board of Directors, the financial statements of the Parent Company Aeroporto Guglielmo Marconi di Bologna Spa, which we present for your approval, reports a profit of Euro 17,100,845.83, for which the Board of Directors proposes the following allocation:

- to the legal reserve 5% on the basis of the statutory provisions and Article 2430 of the Civil Code, for Euro 855,042.29;
- to the shareholders for Euro 16,220,423.59 corresponding to a dividend of Euro 0.449 per share;
- the residual of Euro 25,379.95 to the extraordinary reserve.

The Chairman of the Board of Directors

*(Enrico Postacchini)*

Aeroporto Guglielmo Marconi di Bologna Spa  
Via Triumvirato, 84 - 40132 Bologna  
Bologna Economic and Administrative Register No.:268716  
Bologna Company Registration Office, Tax and VAT No.: 03145140376  
Share capital: Euro 90,314,162.00 fully paid-in

## **Ownership of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A.**

According to the shareholder register and the notices received pursuant to Article 120 of Legislative Decree No. 58/98, the shareholders of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., with holdings of more than 5% were as follows at December 31, 2018:

<b>SHAREHOLDER</b>	<b>% held</b>
BOLOGNA CHAMBER OF COMMERCE	37.53%
ATLANTIA S.P.A. (EDIZIONE S.R.L.)	29.38%
F2I FONDI ITALIANI PER LE INFRASTRUTTURE SGR SPA	9.99%

The following have been considered in presenting the Parent Company's ownership structure:

- interests held by the party reporting the holding, or by the party at the head of the chain of control of the holding
- interests deriving from notices submitted by shareholders or notices relating to significant shareholdings pursuant to Article 152 of the CONSOB Issuers' Regulation.

Furthermore, on June 5, 2018 the Bologna Chamber of Commerce, Municipality of Bologna, Metropolitan City of Bologna, Region of Emilia-Romagna, Modena Chamber of Commerce, Ferrara Chamber of Commerce, Reggio Emilia Chamber of Commerce and Parma Chamber of Commerce (collectively, the "Public Shareholders") entered into a shareholders' agreement (the "Shareholders' Agreement") governing certain rights and obligations in respect of the shareholder structure and corporate governance of Aeroporto Guglielmo Marconi di Bologna S.p.A.. This Shareholders' Agreement, filed at the Bologna Companies Registration Office on June 8, 2018 and sent to Consob on June 9, 2018, includes provisions on voting and transfer restrictions, binding the following interests at the publication date of the Shareholders' Agreement:

<b>PUBLIC SHAREHOLDERS</b>	<b>% Share Capital subject to Voting Agreement</b>
BOLOGNA CHAMBER OF COMMERCE	37.53%
MUNICIPALITY OF BOLOGNA	3.88%
METROPOLITAN CITY OF BOLOGNA	2.31%
REGION OF EMILIA ROMAGNA	2.04%
MODENA CHAMBER OF COMMERCE	0.30%
FERRARA CHAMBER OF COMMERCE	0.22%
REGGIO EMILIA CHAMBER OF COMMERCE	0.15%
PARMA CHAMBER OF COMMERCE	0.11%

<b>PUBLIC SHAREHOLDERS</b>	<b>% Share Capital subject to Transfer Restriction Agreement</b>
BOLOGNA CHAMBER OF COMMERCE	37.53%
MUNICIPALITY OF BOLOGNA	3.85%
METROPOLITAN CITY OF BOLOGNA	2.30%
REGION OF EMILIA ROMAGNA	2.02%
MODENA CHAMBER OF COMMERCE	0.08%
FERRARA CHAMBER OF COMMERCE	0.06%
REGGIO EMILIA CHAMBER OF COMMERCE	0.04%
PARMA CHAMBER OF COMMERCE	0.03%

## Board of Directors

The Board of Directors at the approval date of the Financial Statements at December 31, 2018 comprises:

<b>Name</b>	<b>Office</b>
Enrico Postacchini	Chairman
Nazareno Ventola	Chief Executive Officer (*)
Sonia Bonfiglioli	Director (A) (B)
Giada Grandi	Director
Luca Mantecchini	Director (A)
Laura Pascotto	Director (A) (B)
Giorgio Tabellini	Director
Domenico Livio Trombone	Director (B) (**)
Marco Troncone	Director (***)

(A) Member of the Remuneration Committee (Chairman: Luca Mantecchini)

(B) Member of the Control and Risks Committee (Chairperson: Sonia Bonfiglioli)

(\*) Chief Executive Officer appointed by the Board of Directors on May 9, 2016. He has also been appointed as Director responsible for the Internal Control and Risk Management System. In addition, he is the General Manager.

(\*\*) On October 30, 2017, the Board of Directors co-opted, in replacement of Director Gabriele Del Torchio who resigned on September 4, 2017, the Director Domenico Livio Trombone. This co-option was ratified by the Shareholders' Meeting of April 24, 2018.

(\*\*\*) On November 14, 2018, the Board of Directors co-opted the director Marco Troncone in replacement of the director Livio Fenati, who resigned on September 26, 2018. This latter was co-opted by the Board of Directors on January 29, 2018 in replacement of the Director Arturo Albano, who resigned on October 30, 2017.

All the members of the Board of Directors were appointed by the Shareholders' Meeting of April 27, 2016, with the exception of the director Domenico Livio Trombone whose appointment was ratified by the Shareholders' Meeting of April 24, 2018. All directors hold office until the approval date of the financial statements as at December 31, 2018.

### **Board of Statutory Auditors**

The Board of Statutory Auditors, appointed by the Shareholders' Meeting of April 27, 2016 and in office until the approval date of the financial statements as at December 31, 2018 are:

<b>Name</b>	<b>Office</b>
Pietro Floriddia	Chairman
Anna Maria Fellegara	Statutory Auditor
Matteo Tiezzi	Statutory Auditor
Carla Gatti	Alternate Auditor
Giovanna Conca	Alternate Auditor

### **Independent Audit Firm**

EY S.p.a. was appointed as the independent audit firm by the Shareholders' Meeting of May 20, 2015 for the financial years 2015-2023.



## Directors' Report of the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group for year ended December 31, 2018

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## INTRODUCTION

### Dear Shareholders,

this report, accompanying the Financial Statements of the Aeroporto Guglielmo Marconi di Bologna Spa Group (hereinafter also the “Airport Group” or “Airport”) for the year ended December 31, 2018, in presenting the Group's performance indirectly analyses also the performance of the Parent Company, Aeroporto Guglielmo Marconi di Bologna Spa (hereafter AdB or the Parent Company), the holder of the concession for the full management of Bologna Airport, i.e. Full Management Concession No. 98 of July 12, 2004 and subsequent Additional Deeds, approved by Decree of the Ministry of Transport and Infrastructure and of the Economy and Finance No. 7 of March 15, 2006, registered by the Court of Auditors on March 29, 2006 (Reg. 1, File 217) with a term of 40 years starting on December 28, 2004.

The Group's structure at December 31, 2018 and a brief description of the type and businesses of its subsidiaries and associates is presented below:



- Tag Bologna S.r.l. (hereinafter also “TAG”), formed in 2001 and operational since 2008, following the completion and opening of the General Aviation Terminal and hangar. In addition to managing the above infrastructure at Bologna airport, the company operates as a handler in the General Aviation sector; The Parent Company on October 2, taking the opportunity to better control the dedicated airside flight infrastructure, acquired 49% of TAG to gain full ownership;
- Fast Freight Marconi Spa (hereinafter also “FFM”), formed in 2008 by the former subsidiary Marconi Handling S.r.l. (GH Bologna Spa with effect from April 1, 2017), following the contribution of a cargo and mail handling business unit based out of Bologna airport. The Parent Company acquired a 100% interest in FFM in 2009;
- Ravenna Terminal Passeggeri S.r.l. (hereinafter also “RTP”), formed in 2009 together with various public and private shareholders operating in the cruise industry to carry out activities related to the concession for managing the Porto Corsini Maritime Station Service (Ravenna).

The amounts in the tables in this Directors’ Report are in thousands of Euro, whereas those in the comments are in millions of Euro, unless otherwise indicated. The data is from internal company sources unless otherwise indicated.

## Business Description

Airport business may be divided into aviation and non-aviation activities. Aviation activities primarily consist of managing, maintaining and developing airports, which also includes security checks and surveillance, as well as aviation services for passengers, other users and airport operators and marketing activities to develop passenger and cargo traffic. Non-aviation activities primarily consist of developing airport real estate and commercial potential.

Based on the nature of operations, the Group manages the airport through the following Strategic Business Units (SBU's):

- Aviation Strategic Business Unit
- Non-Aviation Strategic Business Unit.

### Aviation SBU

The Aviation SBU's main activities involve managing and developing airport infrastructure and in particular of:

- providing customers and operators with efficient access to all infrastructure, both land side (terminal, baggage sorting, car parking, traffic and cargo storage) and air side (aircraft runways and aprons);
- providing security services and services for passengers with reduced mobility (PRM's);
- informing the public and airport users;
- developing, revamping and expanding airport infrastructure, including installations and equipment, ensuring compliance with applicable legislation.

Consideration for such services takes the form of airport charges of the following types paid by airlines, airport operators and passengers:

- passenger service fees: these fees are due for the use of infrastructure, installations and common areas required for passenger boarding, disembarkation and hospitality and are based on the number of departing passengers, as well as whether they are bound for destinations within or outside the EU, with reductions for minors;
- take-off and landing fees: these fees are due for all aircraft that take off and land and are calculated on the basis of the aircraft's maximum authorised weight at take-off and the type of flight (commercial or general aviation);
- aircraft parking fees, calculated according to maximum weight at take-off;
- freight fees for boarding and disembarking cargos based on the weight of the cargo carried by aircraft;
- refuelling fees, assessed per cubic metre of fuel supplied to aircraft.

The Aviation SBU's other major revenue sources are:

- departing passenger security fees: these fees are due for providing security check services, including the personnel and equipment used by the manager to provide this service;
- checked baggage security fees: these fees are due for the equipment and personnel responsible for performing such checks;
- PRM fees: they include the fees paid for services for passengers with reduced mobility and are based on the number of departing passengers (PRM and otherwise);

- fees for the exclusive use of premises: they include fees for using airport infrastructure dedicated to individual carriers or operators (check-in desks, offices, operating premises), calculated according to the duration of use, floor area and/or location and type of the premises used;
- centralised infrastructure fees: these fees refer solely to aircraft de-icing services and are based on the number of winter flights.

### **Non-Aviation SBU**

The Non-Aviation SBU's main activities relate to parking management, retail sub-concessions, advertising, services for passengers and real estate management.

### **Parking**

Bologna airport's directly operated paid parking areas offer approximately 5,400 available car parking spaces, located in three parking areas: the first close to the terminal, the second close to airport grounds and the third located at approx. 1.5 KM away. The airport's increasing popularity in recent years has also driven a number of private companies to enter the market, creating competing parking lots in the vicinity of the airport, with shuttle bus services to the terminal.

### **Retail**

Bologna airport's retail offerings include internationally recognised brands with local ties and some of the leading local, domestic and international retail and catering chains. The shopping area extends over approximately 4,500 m<sup>2</sup> and includes 43 shops. The latest airport upgrade developed the Duty-free areas – one of the SBU's main revenue sources.

### **Advertising**

Advertising is managed using digital and large-format back-lit displays located in areas of the terminal's interior and exterior where the advertisements are highly visible. Campaigns involving the personalisation of particular areas or furnishings located in the airport are sometimes conducted.

### **Passenger services**

Passenger services include a business lounge operated directly by the Parent Company. The *Marconi Business Lounge* (MBL) is an exclusive, comfortable environment used mostly by business passengers travelling with the major legacy carriers. In addition, the "You First" service provides arriving and departing passengers with access to exclusive services such as check-in and baggage collection assistance, portage, gate assistance and priority boarding.

The other services available to passengers include car rentals. Nine rental companies are based at Bologna airport, offering a total of 17 specialised brands and 484 vehicles available at the airport.

### **Real Estate**

Real estate activity is divided into two general areas: sub-concession revenues for aviation-related commercial activities, above all express couriers, and sub-concession revenues for handling services, which are subject to regulated tariffs.

The total commercial premises under sub-concession extend to over 90,000 square metres, of which over 70,000 square metres of offices, warehouses, technical service areas and hangars and approximately 20,000 square metres of outdoor space used for parking operating vehicles, manoeuvring in loading and loading areas and aircraft refuelling vehicle areas.

# 1 STRATEGIES AND RESULTS

## 1.1 AIR TRANSPORT GENERAL SECTOR AND PERFORMANCE: G. MARCONI AIRPORT OVERVIEW AND POSITIONING

In 2018 the world economy continued to grow, although the outlook for global trade deteriorated. International economic growth is exposed to numerous risk factors: the repercussions of a negative outcome to trade negotiations between the United States and China, the rekindling of financial tensions in emerging nations and the conditions of the United Kingdom's departure from the European Union (Brexit). According to projections published by the OECD last November, in 2018 global economic growth came to 3.7%, with forecast global GDP growth of 3.5% in 2019.

Oil prices have fallen sharply since early October, due above all to supply-side factors, such as the increase in output in the United States, Saudi Arabia and Russia, together with the stability of Iranian exports, following the temporary loosening of the sanctions imposed by the United States.

Economic activity slowed in the Eurozone, due in part to temporary factors, but also to deteriorating expectations amongst businesses and weak foreign demand.

In Italy, after the interruption in the third quarter of the expansionist phase of over three years, following the fall in internal demand, in the final months of 2018 GDP may have declined again. The recovery in exports however continued. According to the estimates of the Bank of Italy in the fourth quarter of 2018, GDP grew 1.0% on an annual basis (Source: Economic Bulletin, Bank of Italy, January 2019).

In this context, global passenger traffic recorded growth of 6.5% in 2018, confirming a positive trend for air traffic. Goods traffic also reports strong global growth with volumes rising 3.5% on 2017.

In Europe, passenger traffic in 2018 grew 6.6% (Source: IATA, *Air Passenger Market Analysis, December 2018*) - higher than other global regions but a slight slowdown due to uncertainties on future economic developments. There was also moderate growth in European goods traffic (+3.2%) due to the persistent weakness in exports, in particular in Germany.

The Italian market in the same period saw passenger traffic growth of 5.9% (Source: *Assaeroporti, December 2018*) and the Bologna Airport reported growth of 3.8%.

## 1.2 STRATEGIC OBJECTIVES

The Group in 2018 continues to pursue the strategic objectives underlying all operations. The core strategic guidelines are:

### “Connect”

The Group seeks to maintain a varied range of flight offerings suited to various types of users by adding to the number of airlines operating out of the airport, while continuing to maintain good margins also on the new traffic generated. In terms of traffic development, the Group targets the adding of routes, with the introduction of new Eastern and long-haul destinations, while boosting frequencies to existing destinations. The Group also focuses on improving airport accessibility, through the development of ground connections and the expansion of its catchment area.

### “Develop”

The investments outlined in the Master Plan and Regulatory Agreement are fundamental to the development of the company's business. The strategy in question calls for an efficient use of the existing

infrastructure's capacity and modular implementation of new investments to ensure that infrastructure capacity keeps pace with expected traffic development. The passenger terminal expansion project is a key part of the infrastructure development plan, permitting the development of - in particular - the security control areas and the boarding gates, in addition to extending dedicated commercial space.

The Group also plans to develop non-aviation business with the opening of new stores, new car spaces and the extension of the range of services available to passengers.

#### **“Experience”**

The Group is focused on ensuring the constant improvement of the services offered to airport users in its fields of operation, both directly and indirectly, while also constantly improving its standards of security, quality and respect for the environment. In order to support and improve all aspects of operations and generate Customer loyalty, the Group considers it key to develop a culture of innovation which revolves around the installation of technology that facilitates greater interaction with passengers and optimises the airport travelling experience.

#### **“Care”**

The Group is committed to all aspects of sustainability, ranging from those of an environmental nature to compliance with ethical and social principles, in view of the important role which Bologna airport plays as a vital hub for the region. The Group also strives to develop those who work at the Airport and build an organisation which responds to the evolving demands of the market and which supports the individual in their work.

The Group has furthermore identified two overarching guidelines to the strategic objectives identified above which are viewed as a touchpoint for company operations:

#### **“Maximise financial performance”**

The Group is focused on consistently improving the financial performance and on ensuring an adequate return for shareholders.

#### **“Performing corporation”**

In order to boost company performances, the Group seeks to improve the efficiency and efficacy of its processes and its internal structure through projects which increasingly involve the interested parties.

### **1.3 SHARE PERFORMANCE**

AdB's shares began trading on the STAR segment of the Milan Stock Exchange on July 14, 2015.

The following graphs present

- the share performance between January 1, 2018 and December 31, 2018
- tracking of the company's share performance against the FTSE Italia All-Share index in 2018.

On December 31, 2018, the official share price was Euro 11.48 per share, resulting in an AdB Group market capitalisation of Euro 415 million at that date.



**AdB Share performance (01/01/2018-31/12/2018)**



**AdB and FTSE Italia All-Share performance (01/01/2018-30/09/2018)**



## 2. KEY OPERATING RESULTS ANALYSIS

### 2.1 AVIATION STRATEGIC BUSINESS UNIT

#### 2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA

Aeroporto Marconi di Bologna for the tenth consecutive year delivered record traffic numbers: in 2018, 8,506,658 passengers passed through the airport, including transits and General Aviation - up 3.8% on 2017.

**Movements** (-0.2) dropped slightly, while **tonnage** (+3.0%) rose due to the increased size of legacy carrier aircraft. This performance was supported by the introduction of new destinations and the development of existing routes. The average load factor also grew strongly, from 80.9% in 2017 to 81.3% in 2018, as a result of the passenger number increase outstripping the additional number of seats offered.

	2018	2017	% Change
Passengers	8,506,658	8,198,102	3.8%
Movements	71,503	71,631	-0.2%
Tonnage	4,690,629	4,555,794	3.0%
Cargo	52,681,291	56,132,109	-6.1%

*Data includes General Aviation and transits*

*Note: the General Aviation figures were recalculated considering only paying traffic*

Passenger traffic growth stems from the development of both of the key components - legacy traffic and low-cost traffic.

**Legacy** traffic was up 4.3% in passenger volume terms in 2018, thanks to the introduction of new routes and additional flights to some hubs by the main international carriers. In particular, new flights have been introduced to Athens (Aegean Airlines, with three weekly flights from May 18), to Kiev (Ernst Airlines, with three weekly flights from June 23) to Tbilisi (Georgian Airlines with two weekly flights), to Vienna (Laudamotion with four weekly flights) and to six Russian destinations (Ural Airlines, with a weekly flight from April 7).

In addition, among the additional flights introduced we report the fifth daily flight to Frankfurt operated by Lufthansa, the fourth daily flight to Amsterdam operated by KLM, and the third daily flight to Moscow operated by Aeroflot.

Ongoing investment by the **low-cost** carriers at the airport continued, with Ryanair extending its operations (continuing also during Summer 2018 the Winter 2017/2018 connections introduced to Bratislava, Cologne, Naples and Prague). We also report the introduction of new routes from Winter 2018/2019 for Amman, Kaunas and London Luton. Flights also increased to Manchester and Vueling added connections on its Bologna-Barcelona route (from 7 to 12 weekly flights) from May 1, 2018.

In 2018, the low-cost component grew 2.6% overall.

Finally, charter segment traffic increased (+51.3% on 2017) thanks to a recovery in flights to Egypt. The contribution of this segment to overall airport traffic remained however marginal.

Passenger traffic breakdown	2018	% of total	2017	% of total	% Change
Legacy	3,590,506	42.2%	3,442,366	42.0%	4.3%
Low cost	4,791,541	56.3%	4,668,359	56.9%	2.6%
Charter	107,335	1.3%	70,929	0.9%	51.3%
Transits	10,098	0.1%	8,218	0.1%	22.9%
<b>Total Commercial Aviation</b>	<b>8,499,480</b>	<b>99.9%</b>	<b>8,189,872</b>	<b>99.9%</b>	<b>3.8%</b>
General Aviation	7,178	0.1%	8,230	0.1%	-12.8%
<b>Total</b>	<b>8,506,658</b>	<b>100.0%</b>	<b>8,198,102</b>	<b>100.0%</b>	<b>3.8%</b>

Bologna airport had an increasingly international profile: passengers travelling on international flights accounted for 76.8% of the total in 2018 (76.3% in 2017).

Passenger traffic breakdown	2018	2017	% Change
EU	7,286,888	7,104,021	2.6%
Non-EU	1,212,592	1,085,851	11.7%
<b>Total Commercial Aviation</b>	<b>8,499,480</b>	<b>8,189,872</b>	<b>3.8%</b>
General Aviation	7,178	8,230	-12.8%
<b>Total</b>	<b>8,506,658</b>	<b>8,198,102</b>	<b>3.8%</b>

23.2% of Bologna passenger traffic is domestic, while Spain (with 14.2%) was confirmed as the second largest contributor to passenger numbers. Germany with 8.9% and the UK with 8.7% follow.

Passenger traffic by country	2018	% of total	2017	% of total	% Change
Italy	1,975,283	23.2%	1,939,900	23.7%	1.8%
Spain	1,209,422	14.2%	1,183,542	14.4%	2.2%
Germany	758,830	8.9%	820,552	10.0%	-7.5%
UK	739,794	8.7%	686,517	8.4%	7.8%
France	460,835	5.4%	455,428	5.6%	1.2%
Romania	443,173	5.2%	468,191	5.7%	-5.3%
Netherlands	319,006	3.8%	293,034	3.6%	8.9%
Turkey	274,003	3.2%	267,537	3.3%	2.4%
Greece	239,999	2.8%	209,926	2.6%	14.3%
Poland	194,023	2.3%	193,447	2.4%	0.3%
Other	1,892,290	22.2%	1,680,028	20.5%	12.6%
<b>Total</b>	<b>8,506,658</b>	<b>100.0%</b>	<b>8,198,102</b>	<b>100.0%</b>	<b>3.8%</b>

The network of destinations served by the airports provides an indicator of traffic solidity. In 2018, 114 destinations were directly reachable from Bologna.

<i>Destinations reachable from Bologna Airport</i>	<i>2018</i>	<i>2017</i>	<i>Change</i>
Destinations (airports) connected directly	114	106	8

In terms of individual routes, Catania maintained its top ranking in terms of passengers, followed by Frankfurt, Barcelona, Paris CDG, Madrid, London LHR and Palermo. In 2018 we highlight in particular the strong increase in traffic on the routes Catania, Barcelona, London LHR and Rome FCO.

The main destinations again reflect the solidity of the traffic mix as at the same time acting as hubs for the traditional carriers and point to point destinations of the low-cost carriers.

<i>Main passenger traffic routes*</i>	<i>2018</i>	<i>2017</i>	<i>% Change</i>
Catania	396,028	361,724	9.5%
Barcelona	340,319	293,617	15.9%
Frankfurt	302,331	308,324	-1.9%
Paris CDG	298,649	287,581	3.8%
Rome FCO	295,576	235,872	25.3%
London LHR	293,385	271,425	8.1%
Palermo	286,436	270,643	5.8%
Madrid	285,421	286,895	-0.5%
Amsterdam	226,935	200,341	13.3%
London STN	221,658	224,195	-1.1%

Passenger traffic including transits

The network comprising the main airlines present at the airport has substantially consolidated over recent years.

<i>Number of carriers</i>	<i>2018</i>	<i>2017</i>	<i>Change</i>
Airlines	49	45	+4

Analysing airline performances, Ryanair was the largest airline with 44.9% of traffic and passenger growth of 2.7%. Wizz Air was again in second place, moving over 8,000 passengers more than 2017 (+1.7%). We indicate, in addition, the strong performances of the main legacy carriers at the airport and in particular Alitalia (+36.3%) and KLM (+13.1%), which confirms therefore the broad and diversified range of carriers present.

<i>Passenger traffic by airline</i>	<b>2018</b>	<b>% of total</b>	<b>2017</b>	<b>% of total</b>	<b>% Change</b>
Ryanair	3,817,483	44.9%	3,716,869	45.3%	2.7%
Wizz Air	487,101	5.7%	479,081	5.8%	1.7%
Alitalia	466,981	5.5%	342,608	4.2%	36.3%
Lufthansa	302,430	3.6%	308,499	3.8%	-2.0%
Air France	298,089	3.5%	287,324	3.5%	3.7%
British Airways	293,593	3.5%	271,910	3.3%	8.0%
KLM	225,750	2.7%	199,690	2.4%	13.1%
Air Dolomiti	215,954	2.5%	209,964	2.6%	2.9%
Blue Panorama	196,068	2.3%	163,234	2.0%	20.1%
Turkish Airlines	183,785	2.2%	178,581	2.2%	2.9%
Other	2,019,424	23.7%	2,040,342	24.9%	-1.0%
<b>Total</b>	<b>8,506,658</b>	<b>100.0%</b>	<b>8,198,102</b>	<b>100.0%</b>	<b>3.8%</b>

For the IATA Winter 2018/2019 season, the main operational changes were:

#### **Legacy**

New connections:

- Vienna with 4 weekly flights operated by Laudamotion.

Frequency increases:

- Frankfurt operated by Lufthansa with the introduction of the fifth daily flight.

Frequency decreases:

- Eindhoven operated by Transavia was confirmed only for the summer period.

#### **Low cost**

New connections operated by Ryanair:

- Amman and Kaunas with 2 weekly flights;
- London Luton with 7 weekly flights.

Frequency increases:

- Manchester operated by Ryanair with the introduction of the fifth weekly flight.

Frequency decreases:

- Naples operated by Ryanair with the reduction from 7 to 5 weekly flights.

## Cargo Traffic

<i>(in KG)</i>	2018	2017	% Change
<b>Air cargo</b> of which	40,539,918	41,985,870	-3.4%
<b>Cargo</b>	40,474,560	41,861,100	-3.3%
<b>Mail</b>	65,358	124,770	-47.6%
<b>Road cargo</b>	12,141,373	14,146,239	-14.2%
<b>Total</b>	<b>52,681,291</b>	<b>56,132,109</b>	<b>-6.1%</b>

**Cargo traffic** in 2018 totalled 52,681,291 kg, down 6.1% on 2017. This follows in particular an absence of extraordinary volumes, evident in the comparative period.

### 2.1.2 AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change	% Change
Passenger Revenues	53,331	50,887	2,444	4.8%
Carrier Revenues	22,563	22,511	52	0.2%
Airport Operator Revenues	3,494	3,317	177	5.3%
Traffic Incentives	(23,389)	(23,575)	186	-0.8%
Construction Service Revenues	13,143	5,229	7,914	151.3%
Other revenues	1,406	1,442	(36)	-2.5%
Aeronautical and FSC Revenue Reduction	(10)	(259)	249	-96.1%
<b>Total AVIATION SBU Revenues</b>	<b>70,538</b>	<b>59,552</b>	<b>10,986</b>	<b>18.4%</b>

The Aviation Strategic Business Unit's revenues consist of fees paid by users (passengers and airlines) and airport operators for the use of the infrastructure and services provided on an exclusive basis by the Group for landing, take-off, lighting, aircraft parking and passenger and cargo operations, in addition to centralised infrastructure and exclusive-use premises.

Given the public utility aspect of airport services, airport charges are regulated by both national and EU legislation. The new regulations and implementation measures – including the models approved by the Transport Regulation Authority – require that changes to the system or amount of airport fees be made with the consent, on the one hand, of the airport manager, and of the airport's users on the other.

The increase in 2018 compared to 2017 is due to a number of factors, including the differing increase in the main drivers of traffic and construction service revenues.

Group revenues from the Aviation Strategic Business Unit were overall up 18.4% on 2017. The individual accounts broke down as follows:

- Passenger Revenues (+4.8%): the growth in passenger revenues outstripped the increase in passenger traffic (+3.8%) due to the tariff update applied from January 1, 2018, which resulted in a slight increase in tariffs for this category of revenues;
- Carrier Revenues (+0.2%): despite the increase in total tonnage, Carrier revenues decreased - due to the reduction in cargo traffic and General Aviation;
- Airport Operator Revenues: growth of 5.3% following an increase in aviation fuel revenues;
- Incentives: decreasing on 2017 despite traffic growth due to contractual renegotiations;
- Construction Service Revenues: growth (151.3%) related to greater investment compared to the previous year.

## 2.2 NON-AVIATION STRATEGIC BUSINESS UNIT

### 2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change	% Change
Retail and Advertising	14,625	13,218	1,407	10.6%
Parking	15,946	15,095	851	5.6%
Real Estate	2,393	2,305	88	3.8%
Passenger services	5,609	5,086	523	10.3%
Construction Service Revenues	2,507	1,506	1,001	66.5%
Other revenues	2,474	2,437	37	1.5%
Non-Aeronautical and FSC Revenue Reduction	0	(53)	53	n.a.
<b>Total NON-AVIATION SBU Revenues</b>	<b>43,554</b>	<b>39,594</b>	<b>3,960</b>	<b>10.0%</b>

Total non-aviation business revenues in 2018 rose 10%, with all the revenue items increasing. The individual areas performed as follows.

#### **Retail and Advertising**

Contributing to the growth of 10.6% on 2017 was both the retail segment, principally the strong performance of Food&Beverage, and the advertising segment due to the good performance of sales by the sub-agencies of advertising spaces.

#### **Parking**

Parking revenues grew 5.6% on the previous year, due to the increase in passenger numbers and the conversion of most of this growth, the slight increase in certain tariffs and the return of car spaces from the People Mover site.

#### **Real Estate**

This segment expanded 3.8%, due to the leasing of a number of buildings located off airport grounds which produced effects only for a part of the previous year, and the renegotiation of contracts at the end of 2017.

#### **Passenger services**

In 2018 passenger services were up 10.3% on 2017, mainly due to premium (*lounge and accessory services*) and self-hire services, whose performance is outlined below.

#### **Premium services**

This business grew on the basis of increased passenger numbers which reflect also the gaining popularity of directly managed lounges and those managed through specialised airport lounge channels.



## Car hire sub-concessions

2018 featured the effects of the new contractual agreement with all the car hire companies in 2017 which substantially modified some of the most important parameters adopted for the calculation of the royalties. Revenue growth was also driven by the availability of new spaces for the commercial offices in the premium category, particularly requested by the market, and the renegotiation of rents.

## Construction Service Revenues

This item's growth (66.5%) relates to increased investment in the business unit over the previous year.

## 3 ANALYSIS OF THE OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS:

### 3.1 CONSOLIDATED OPERATING RESULTS ANALYSIS

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change	% Change
Revenues from aeronautical services	56,342	53,212	3,130	5.9%
Revenues from non-aeronautical services	41,160	38,222	2,938	7.7%
Revenues from construction services	15,650	6,735	8,915	132.4%
Other operating revenues and income	940	977	(37)	-3.8%
<b>REVENUES</b>	<b>114,092</b>	<b>99,146</b>	<b>14,946</b>	<b>15.1%</b>
Consumables and goods	(1,952)	(1,852)	(100)	5.4%
Service costs	(20,030)	(18,694)	(1,336)	7.1%
Construction service costs	(14,905)	(6,414)	(8,491)	132.4%
Leases, rentals and other costs	(8,123)	(7,668)	(455)	5.9%
Other operating expenses	(3,210)	(3,465)	255	-7.4%
Personnel costs	(27,154)	(26,832)	(322)	1.2%
<b>COSTS</b>	<b>(75,374)</b>	<b>(64,925)</b>	<b>(10,449)</b>	<b>16.1%</b>
<b>EBITDA</b>	<b>38,718</b>	<b>34,221</b>	<b>4,497</b>	<b>13.1%</b>
Amortisation of concession rights	(5,857)	(5,749)	(108)	1.9%
Amortisation of other intangible assets	(1,323)	(989)	(334)	33.8%
Depreciation of tangible assets	(2,219)	(2,085)	(134)	6.4%
<b>AMORTISATION, DEPRECIATION AND WRITE-DOWNS</b>	<b>(9,399)</b>	<b>(8,823)</b>	<b>(576)</b>	<b>6.5%</b>
Provisions for doubtful accounts	(64)	12	(76)	n.a.
Provisions for renewal of airport infrastructure	(3,752)	(2,544)	(1,208)	47.5%
Provisions for other risks and charges	(291)	(240)	(51)	21.3%
<b>PROVISIONS FOR RISKS AND CHARGES</b>	<b>(4,107)</b>	<b>(2,772)</b>	<b>(1,335)</b>	<b>48.2%</b>
<b>TOTAL COSTS</b>	<b>(88,880)</b>	<b>(76,520)</b>	<b>(12,360)</b>	<b>16.2%</b>
<b>OPERATING RESULT</b>	<b>25,212</b>	<b>22,626</b>	<b>2,586</b>	<b>11.4%</b>
Financial income	384	274	110	40.1%
Financial expenses	(620)	(852)	232	-27.2%
<b>RESULT BEFORE TAXES</b>	<b>24,976</b>	<b>22,048</b>	<b>2,928</b>	<b>13.3%</b>
<b>TAXES FOR THE YEAR</b>	<b>(7,049)</b>	<b>(5,865)</b>	<b>(1,184)</b>	<b>20.2%</b>
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>17,927</b>	<b>16,183</b>	<b>1,744</b>	<b>10.8%</b>
Profit (Loss) for the year - Minority interests	0	214	(214)	-100.0%
<b>Profit (Loss) for the year – Group</b>	<b>17,927</b>	<b>15,969</b>	<b>1,958</b>	<b>12.3%</b>

A consolidated profit of Euro 17.9 million was reported in 2018, up 10.8% on 2017.

This result derives from a series of actions driven by operational activities of the Group in recent years i.e. the development of the connections network and the increase of the traffic served, the maintenance of the offer mix and the strong effect deriving from the passenger growth on all the principal business

components. In addition, the development of the managed traffic units to maximise the impact also on the non-aviation component and the closer focus on operating costs, whose numbers bore out the measures undertaken.

Operating **revenues** overall grew 15.1%. Specifically:

- **revenues from aeronautical services** were up 5.9%, mainly due to improved traffic and the tariff update;
- **revenues from non-aeronautical services** rose 7.7% due to the good performance of all category components, as outlined in the relative section;
- **revenues from construction services** increased 132.4% following the rolling out of investments regarding concession rights:

**Costs** overall rose 16.1% on 2017.

These break down as follows:

- ✓ **consumables and goods** increased (+5.4%), mainly due to the greater use of aviation fuel to support higher sales;
- ✓ **service costs** rose 7.1%, particularly due to:
  - maintenance in terms of increased works on buildings, road signage and third-party assets for the workshop service;
  - the considerable increase in snow clearance operations on 2017, due to snowfalls and particularly harsh temperatures in February and March;
  - the PRM service due to the increased number of departing passengers;
  - the reversal in 2017, of “one-off” System Charges for the Cogeneration plant, recognised to the 2016 Annual Accounts for Euro 719 thousand; net of this effect service costs increased 3.2% on the previous year.
- ✓ higher **construction service costs** (+132.4%) due to greater investment;
- ✓ the 5.9% increase in **lease, rentals and other costs** is mostly due to the increased traffic upon which the concession and security fees are calculated, in addition to increased fees for certain technology investments;
- ✓ **other operating expenses** reduced 7.4%, principally due to the absence of accessory charges on the purchase of a building in 2017.

Reference should be made to the personnel costs section of this report for further details.

The **EBITDA** totalled Euro 38.7 million, increasing 13.1% on 2017.

**Depreciation and amortisation** increased 6.5% due to more assets coming on stream and new Group investments; the increase in **provisions** (48.2%) is mainly due to higher provisions for the renewal of airport infrastructure provision deriving from the higher utilisation in the year following the important interventions on the runway undertaken during the closure of the airport in September 2018 in addition to the updating of the scheduled interventions for the next ten years.

The **Operating Result** was Euro 25.2 million, compared to Euro 22.6 million in 2017 (+11.4%).

**Net financial expenses** amounted to Euro 0.2 million compared to net expenses of Euro 0.6 million in 2017. The improvement is due the effect of interest rates on higher financial income from the discounting of provisions and to the reduction in bank interest charges on the basis of a lower debt and the review of the financial conditions applied to the loan maturing in 2024, agreed on April 6, 2017.

The **result before tax** totalled Euro 25 million compared to Euro 22 million in 2017 (+13.3%).

**Taxes for the year** of Euro 7 million compared to Euro 5.9 million, with the increase substantially owing to the higher result before taxes, in addition to the absence of fiscal benefits related to research and development investments.

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

- IRES 24%;
- IRAP 4.2% (Airport Companies);
- IRAP (3.9%).

Following that outlined above the **profit**, entirely attributable to the Group, reported **consolidated profit** of Euro **17.9 million**, up 1.74 million (+10.8%) on the previous year.

The **adjusted EBITDA** of construction services and of the non-recurring components is presented below:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change	% Change
Revenues from aeronautical services	56,342	53,212	3,130	5.9%
Revenues from non-aeronautical services	41,160	38,222	2,938	7.7%
Other operating revenues and income	940	977	(37)	-3.8%
<b>ADJUSTED REVENUES</b>	<b>98,442</b>	<b>92,411</b>	<b>6,031</b>	<b>6.5%</b>
Consumables and goods	(1,952)	(1,852)	(100)	5.4%
Service costs	(20,030)	(19,413)	(617)	3.2%
Leases, rentals and other costs	(8,123)	(7,668)	(455)	5.9%
Other operating expenses	(3,210)	(3,465)	255	-7.4%
Personnel costs	(27,154)	(26,832)	(322)	1.2%
<b>ADJUSTED COSTS</b>	<b>(60,469)</b>	<b>(59,230)</b>	<b>(1,239)</b>	<b>2.1%</b>
<b>ADJUSTED GROSS OPERATING PROFIT (ADJUSTED EBITDA)</b>	<b>37,973</b>	<b>33,181</b>	<b>4,792</b>	<b>14.4%</b>
Revenues from construction services	15,650	6,735	8,915	132.4%
Construction service costs	(14,905)	(6,414)	(8,491)	132.4%
<b>Construction Services Margin</b>	<b>745</b>	<b>321</b>	<b>424</b>	<b>132.1%</b>
Utilities - "One-off" system charges	0	719	(719)	n.a.
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>38,718</b>	<b>34,221</b>	<b>4,497</b>	<b>13.1%</b>

As presented in the table, excluding revenues and costs from construction services and the reversal of "one-off" system charges in the previous year, against revenue growth of 6.5%, costs increases were contained to 2.1%, resulting in an **adjusted EBITDA** of Euro 38 million, +14.4% on 2017.

The "one off" system charges were isolated from the account "service costs" for a better comparison of the figures between the two years and which refer to system charges relating to the AdB co-generation plant, recorded in the 2016 Financial Statements and reversed in 2017, as not due.

### 3.2 CASH FLOW ANALYSIS

The consolidated cash flow statement, indicating cash flows generated/absorbed from operating, investing and financing activities, is summarised below for the financial years 2018 and 2017:

in thousands of Euro	As at 31.12.2018	As at 31.12.2017	Change
Cash flow generated / (absorbed) by operating activities before working capital changes	38,066	34,351	3,715
Cash flow generated / (absorbed) by net operating activities	30,342	25,275	5,067
Cash flow generated / (absorbed) by investment activities	(10,806)	(13,349)	2,543
Cash flow generated / (absorbed) by financing activities	(19,983)	(15,827)	(4,156)
Change in closing cash flow	(447)	(3,901)	3,454
Cash and cash equivalents at beginning of year	16,209	20,110	(3,901)
Change in closing cash flow	(447)	(3,901)	3,454
Cash and cash equivalents at end of the year	15,762	16,209	(447)

**Cash flows generated by net operating activities** amount to Euro 30.3 million, increasing Euro 5.1 million on 2017 due to:

- the increase in cash flows generated from core operations of Euro 3.7 million;
- lower absorption of net working capital resources due to the increase in trade payables and other liabilities, which increased in the period above the increase in receivables.

**Investment activities** absorbed cash of Euro 10.8 million compared to Euro 13.3 million in 2017 as follows:

- net infrastructural investment for Euro 19.2 million compared to Euro 12.7 million in 2017;
- equity investments for Euro 2.4 million compared to income from equity disposals of Euro 0.9 million in 2017;
- offset by Euro 10.7 million income from financial instruments compared to absorption of Euro 1.5 million in 2017.

Finally, **financing activities** absorbed cash of Euro 20 million (Euro 15.8 million in 2017), due to the payment of dividends of Euro 14.2 million (Euro 10 million in 2017) and the settlement of loan instalments maturing in the period (Euro 5.8 million in both periods).

In summary, operating activities generated in the year of Euro 30.3 million (**cash flow from net operating activities**), which together with the divestment of temporary liquidity of Euro 10.7 million, for a total of Euro 41 million, was utilised as follows:

- Euro 19.2 million infrastructural investments;
- Euro 14.2 million dividends;
- Euro 5.8 million repayment of loans;

- Euro 2.4 million of equity investments;  
with reduction of final cash equal to Euro 0.4 million.

The Group net financial position for 2018 against 2017 is presented below.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
A Cash	27	27	0
B Other cash equivalents	15,735	16,182	(447)
C Securities held for trading	0	0	0
<b>D Liquidity (A+B+C)</b>	<b>15,762</b>	<b>16,209</b>	<b>(447)</b>
<b>E Current financial receivables</b>	<b>13,449</b>	<b>20,617</b>	<b>(7,168)</b>
F Current bank debt	(43)	(54)	11
G Current portion of non-current debt	(4,433)	(5,807)	1,374
H Other current financial debt	(2,050)	(1,806)	(244)
<b>I Current financial debt (F+G+H)</b>	<b>(6,526)</b>	<b>(7,667)</b>	<b>1,141</b>
<b>J Current net financial position (I-E-D)</b>	<b>22,685</b>	<b>29,159</b>	<b>(6,474)</b>
K Non-current bank debt	(14,690)	(19,109)	4,419
L Bonds issued	0	0	0
M Other non-current liabilities	0	0	0
<b>N Non-current financial debt (K+L+M)</b>	<b>(14,690)</b>	<b>(19,109)</b>	<b>4,419</b>
<b>O Net Financial Position (J+N)</b>	<b>7,995</b>	<b>10,050</b>	<b>(2,055)</b>

The Group **Net Financial Position** at December 31, 2018 was Euro 8 million compared to Euro 10 million at December 31, 2017.

The decrease is due to the lower **total liquidity** on the one hand (the accounts D+E, equal to Euro 29.2 million compared to Euro 36.8 million at December 31, 2017, decreasing Euro 7.6 million), partially offset by the similar fall in **total financial debt** (accounts I + N, equal to Euro 21.2 million compared to Euro 26.8 million at December 31, 2017, decreasing Euro 5.6 million), principally due to the repayment of loans.

### 3.3 FINANCIAL POSITION ANALYSIS

The Group financial position, classified according to “sources” and “uses”, is presented below for the two-year period 2017-2018:

USES	As at 31.12.2018	As at 31.12.2017	Change in Absolute value	% Change
Trade receivables	14,272	13,220	1,052	8%
Tax receivables	161	334	(173)	-51.8%
Other Receivables	4,500	3,854	646	16.8%
Inventories	594	538	56	10.4%
<b>Sub-total</b>	<b>19,527</b>	<b>17,946</b>	<b>1,581</b>	<b>8.8%</b>
Trade payables	(19,011)	(16,208)	(2,803)	17.3%
Tax payables	(2,123)	(1,671)	(452)	27.0%
Other payables	(24,244)	(22,503)	(1,741)	7.7%
<b>Sub-total</b>	<b>(45,378)</b>	<b>(40,382)</b>	<b>(4,996)</b>	<b>12.4%</b>
Assets held-for-sale	0	117	(117)	-100.0%
<b>Net operating working capital</b>	<b>(25,851)</b>	<b>(22,319)</b>	<b>(3,532)</b>	<b>15.8%</b>
Fixed assets	188,218	177,709	10,509	5.9%
Deferred tax assets	6,108	6,799	(691)	-10.2%
Other non-current assets	17,712	21,367	(3,655)	-17.1%
<b>Total fixed assets</b>	<b>212,038</b>	<b>205,875</b>	<b>6,163</b>	<b>3.0%</b>
Provisions for risks, charges & severance	(17,848)	(18,743)	895	-4.8%
Deferred tax liabilities	(2,456)	(2,371)	(85)	3.6%
Other non-current liabilities	(168)	(169)	1	-0.6%
<b>Sub-total</b>	<b>(20,472)</b>	<b>(21,283)</b>	<b>811</b>	<b>-3.8%</b>
<b>Fixed Operating Capital</b>	<b>191,566</b>	<b>184,592</b>	<b>6,974</b>	<b>3.8%</b>
<b>Total Uses</b>	<b>165,715</b>	<b>162,272</b>	<b>3,443</b>	<b>2.1%</b>

SOURCES	As at 31.12.2018	As at 31.12.2017	Change in Absolute value	% Change
<b>Net financial position</b>	<b>7,995</b>	<b>10,050</b>	<b>(2,055)</b>	<b>-20.4%</b>
Share Capital	(90,314)	(90,314)	0	0.0%
Reserves	(65,469)	(65,218)	(251)	0.4%
Profit for the year	(17,927)	(15,969)	(1,958)	12.3%
<b>Group Shareholders' equity</b>	<b>(173,710)</b>	<b>(171,501)</b>	<b>(2,209)</b>	<b>1.3%</b>
Minority Interests	0	(821)	821	-100.0%
<b>Total Shareholders' Equity</b>	<b>(173,710)</b>	<b>(172,322)</b>	<b>(1,388)</b>	<b>0.8%</b>
<b>Total sources</b>	<b>(165,715)</b>	<b>(162,272)</b>	<b>(3,443)</b>	<b>2.1%</b>

The Group statement of financial position shows an increase in **operating net working capital** compared to the end of 2017 (+Euro 3.5 million from Euro 22.3 million to Euro 25.9 million), mainly due to the increase in trade payables, tax payables and other liabilities. The former items increased due to higher purchases and investments and not related to longer payments terms which, on the contrary, decreased from 91 to

88 average days. The increase in “other payables” is mainly related to the boarding fee municipal surtax and the Fire Prevention Service fee.

**Operating fixed capital** reports an increase on December 31, 2017 (+Euro 7 million from Euro 184.6 million to Euro 191.6 million), mainly due to investments in the period which were higher than the fall in “other non-current assets” as a result of the upcoming maturity of short-term liquidity with the consequent reclassification to current assets and/or collection.

At December 31, 2018, **Consolidated Shareholders' Equity** was Euro 173.7 million (Euro 172.3 million at December 31, 2017): in addition to the net result, the movement reflects the distribution of dividends approved by the Parent Company’s Shareholders’ Meeting of April 28, 2018 of Euro 14.2 million. The **Group Shareholders’ Equity** is of the same amount given the absence, at December 31, 2018, of minority shareholders due to the acquisition by the Parent Company of the residual 49% of Tag Bologna Srl in October 2018.

### 3.4 KEY INDICATORS

The key consolidated financial indicators for the two-year period are presented below.

KEY INDICATORS		2018	2017	AVERAGE
ROE	(Net Result/ Average Net Equity)	10.4%	9.6%	10.0%
ROI	Adjusted Operating Result/ Average Net Capital Employed	14.9%	13.5%	14.2%
ROS	Adjusted Operating Result/ Adjusted revenues	24.9%	23.4%	24.1%
ROCE	Adjusted Operating Result/ Net Capital Employed	14.8%	13.3%	14.0%
ROD financial	Financial expenses on financial debt/ Bank payables	2.8%	2.6%	2.7%
Debt ratio	Financial expenses on financial debt/ Adjusted EBITDA	1.4%	2.0%	1.7%
Liquidity ratio	Current assets and assets held-for-sale Current Liabilities	0.90	1.06	0.98
Enlarged Solvency Margin	(Net equity+Non-current liability)/ Non-current assets	0.97	1.02	1.00
Financial independence	Net Equity/ Total Assets	0.67	0.66	0.66

The days sales outstanding and the days payable outstanding are presented below:

DSO and DPO	2018	2017	Change
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Aeroporto Guglielmo Marconi di Bologna S.p.A.

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*This document is a courtesy translation from Italian into English. In case of any inconsistency between the two versions, the Italian original version shall prevail.*

Days sales outstanding	41	42	(1)
Days payable outstanding	88	91	(4)

Good credit control by the Group permits particularly contained average collection days and decreasing despite the increase in revenues. The average days payable of Group suppliers also decreased.

### 3.5 INVESTMENTS

Investments totalled Euro 19.5 million in 2018, of which approx. Euro 7.8 million for the execution of the Masterplan and Euro 11.6 million on airport operations.

The main investments concluded in 2018 related to:

- **Runway upgrade:** during the four days of the airport's closure in September, a structural and functional upgrade to the runway and of a connecting runway was undertaken;
- **Monitoring of the airport perimeter:** the installation of a radar control system on the airport perimeter was completed, integrated to the current control platform on CCTV;
- **AdB offices extension (Training Center):** works on the "Training Center", supporting also training as per EASA Reg. EC 139/2014, was completed;
- **Upgrading offices and commercial space:** the construction of the commercial offices for the car rental companies was completed;
- **New Loges paths:** the works on the new foot path to assist accessibility for passengers with reduced mobility was completed.

Furthermore, in terms of other investments in airport operations, the following work was carried out to improve the service offered to passengers and increase the efficiency of company processes:

- 4 new bag drop desks;
- 4 new help phone video stations for reduced mobility passenger assistance;
- new flight information monitors to improve and extend public communication;

Among the principal works not yet completed at December 31 ,2018 we report:

- **Terminal expansion:** the design of the extension on the existing terminal was completed, approved by the Competent Authority in February 2019;
- **New de-icing apron and building:** construction of the de-icing apron is ongoing;
- **People Mover:** AdB continues works on the moving walkway between the Airport Station and Terminal;
- **New Multi-story Car Park:** the design of the parking lot close to the terminal was approved by Enac. The executive design phase began;
- **Express parking extension:** the design of the Express Parking extension concluded;
- **Cargo Building:** the executive design of a specialist operators dedicated building was completed to be sent to the Competent Authorities for approval.



## Provisions for renewal

The total works for the realisation of the renewal and maintenance cycle of the airport infrastructure and plant under concession at December 31, 2018 amounts to Euro 4.5 million, of which Euro 0.4 million for landside interventions, Euro 3.3 million for airside interventions and Euro 0.8 million for plant interventions.

In particular, we report the renewal of a section of the runway and the extraordinary maintenance of the taxiway during the days of airport closure, in addition to miscellaneous works, including the renewal of the terminal roofing and of the cargo building, and the upgrading of the toilet facilities at the Marconi Business Lounge.

## 3.6 PERSONNEL

### Workforce breakdown

	for the year ended 31.12.2018	for the year ended 31.12.2017	Change	% Change
<b>Full Time Equivalent average workforce</b>	<b>464</b>	<b>448</b>	<b>16</b>	<b>4%</b>
Executives	10	10	0	0%
Managers	30	29	1	3%
White-collar	328	317	11	3%
Blue-collar	96	92	4	4%

	for the year ended 31.12.2018	for the year ended 31.12.2017	Change	% Change
<b>Average workforce</b>	<b>515</b>	<b>492</b>	<b>23</b>	<b>5%</b>
Executives	10	10	0	0%
Managers	30	29	1	3%
White-collar	373	357	16	4%
Blue-collar	102	96	6	6%

Source: Company workings

The increase in the workforce of 16 full-time equivalent employees compared to 2017 is mainly due to the hiring of security and operating area personnel in line with the increase in traffic.

## Costs

	for the year ended 31.12.2018	for the year ended 31.12.2017	Change	% Change
Personnel costs	27,154	26,832	322	1.2%

Source: Company workings

The increase in personnel costs of 1.2% is mainly due to the expanded workforce as described above, in part offset by the recourse to temporary staff; in addition to normal salary increases.

## TRADE UNION RELATIONS

The company has applied since 2014 an agreement negotiated with the trade unions for the introduction of flexible benefits. In view of the conclusion of this agreement at the end of 2017 and the new welfare legislation approved at national level in 2017, the company sought at the beginning of the year to sign a new agreement regarding these benefits.

During the first half of 2018, a supplementary Result-based bonus agreement was in addition signed.

The Municipality of Bologna, the Metropolitan City and the Trade Unions requested the Company, as the Airport Manager, to promote the signing of a protocol of understanding in relation to tender bidding with the Trade Unions. On September 27, 2018 an understanding was reached with the objective to promote the full regularity of the working conditions, safety and legality within the various activities undertaken at Bologna airport and the setting up some monitoring instruments for the tender bidding processes. A large part of these matters is already outlined in the Ethics Code of the Company and regard the conduct and operational instructions of line and staff functions.

## TRAINING OF PERSONNEL

Training in 2018 concerned:

- obligatory regulatory refresher courses on Security (Legislative Decree No. 81/2008), DGR (Dangerous Goods), PRM (Reduced Passenger Mobility – Reg. 1107/2006) and Airside Safety and ADC (Airside Driving Certificate), principally utilising the four days of airport shutdown for the extraordinary maintenance of the runway in September;
- training course on Privacy and Cyber Risk related to the entry into force on May 25 of the GDPR (General Data Protection Regulation) concerning the entire company population;
- meetings with the Ethics and Anti-corruption Committee, also concerning the entire company population, to inform and explain the development in AdB of an Anti-corruption Policy, integrated into the Organisational and Management Model, in order to prevent and reprimand corruption and illegality;
- course on Digital Transformation, aimed at the “Innovation” group, made up of ICT professionals and other cross-departmental personnel;
- MS Project course directed at all PM’s in the Infrastructure Department;
- training course on Regulation 139/2014 and the Airport Manual to draw attention towards the responsibility of the airport manager on the functioning of the airport, with the duty to ensure directly or indirectly the provision of airport operating services, and the fundamental need for the installation of an organisational structure to ensure the protection of the safety and in compliance with the requisites established by law, not only limited to its own organisation but also in relation to all parties and/or organisations which operate airside;
- course on the Human Factor in the aeronautic field, to continue to encourage a culture of safe behaviour.

## 4 MAIN NON-FINANCIAL RESULTS ANALYSIS

### 4.1 THE ENVIRONMENT

The Group remains focused on all major environmental issues, from its impact on air quality, to noise pollution, energy conservation and alternative energy.

During 2018, the company introduced its new air-quality monitoring system and relative monthly analysis of the data, with publication on the internet site. In addition, during the year, the company was involved in the activity relating to the verification of the non-applicability to the Environmental Impact Evaluation (VIA) of the Master Plan as indicated in greater detail below.

#### 4.1.1 AIRPORT INFRASTRUCTURE DEVELOPMENT

In 2018 the process continued for the approval of the updating of the Masterplan with the issue of the opinion of the non-applicability to the Environmental Impact Evaluation (VIA) by the Environment Ministry on November 26. The review of the Masterplan is particularly based on a new philosophy for the development of the airport and the current land side area, in addition to expansion over the period until 2030. The current airport will expand both airside (departures lounge in the first expansion phase) and land side (new frontage, new arrivals area and new roadways in the second phase).

In the first half of 2018, the design of the first phase of the existing airport's extension concluded; in the second half of the year the project was reviewed by ENAC for the subsequent approval in early 2019. This project is one of the main components of the Masterplan and involves an expansion of over 24,000 sq./m. of the current departures lounge, with a new pier and new central area available to all passengers, alongside new commercial spaces.

### 4.2 AIRPORT SECURITY

#### *Safety Management System (SMS)*

During 2018, a new edition of the Airport Manual was published and the safety policy of the airport was updated in order to create an efficient balance between two objectives: reinforce the safety level through the promotion of reporting activities and at the same time install a blame/no blame culture aimed at the deontological responsibility of the operators.

In addition, during the year the Safety and Compliance Monitoring Management System undertook over 90 internal and external audits, prepared a definitive policy for the management of the changes of an operational, organisational and infrastructural nature and a new hazard log was implemented which saw the active involvement of all Post Holders.

Finally, in addition to the ordinary safety activity, frequent meetings were held (safety meetings) with operators involved in airside activities, educational videos continued on the most critical operational security issues and airside safety was increased through 22 direct inspections.

## **Security**

During 2018, the Parent Company undertook initiatives to improve the Passenger Experience through the reduction of the queueing times, more efficient communication and a better passenger approach in the control phase.

From February 2017 the surveillance and patrolling service became part of the activities of the airport manager, as required by legislation. Therefore, a Central Coordination command centre was set up 24/24 by a Security Supervisor with responsibility for security on airport grounds through a CCTV system and through an access control system. A patrolling service was also introduced on the airport grounds which was undertaken by an independent control service. In 2018 a radar control system was installed on the airport perimeter, integrated to the current control platform on CCTV.

## **4.3 QUALITY**

The service quality, in terms of regulatory of the service, hospitality, communication and information, represents a key strategic objective of the Parent Company. The service quality integrates a strong focus on passengers' needs with a vision open to new trends in the industry, with the objective to offer the passenger airport infrastructure and services which will render a satisfactory travel experience.

In order to guarantee a good level of the service quality and of the infrastructures, Bologna Airport constantly monitors performances, accompanied by a regular comparison with other airport operators.

### **2018 quality performance**

The quality performance of Bologna Airport in 2018 was positive, as illustrated by the increase in the satisfaction of passengers compared to 2017 on several fronts. However, there were small signs of a slowdown in some indicators - mainly related to infrastructure capacity and comfort. This decline was however moderate and against generally very good performance levels - signs of an ability to manage difficult situations which has emerged in some periods of the year, in particular due to pressures on traffic. The general satisfaction index rose to 98.5% and parallel rises in satisfaction were seen in airport cleanliness, the cleanliness and functionality of the bathrooms and the regularity and rapidity of the service.

In relation to the quality of services provided, the waiting time for security controls and check-in decreased on 2017, reporting a significant turnaround despite the increase in traffic. The waiting time for baggage delivery confirmed the upward trend both for first and last bags: the Manager is undertaking corrective measures to monitor and inform the handlers which directly manage the baggage reclaim service.

Key Quality Indicators		2018	2017
Overall satisfaction	% of satisfied passengers	98.5%	97%
Service regularity and speed	% of satisfied passengers	97.5%	97%
General cleaning level perception	% of satisfied passengers	98.6%	97.3%
Toilet cleanliness and functionality level perception	% of satisfied passengers	96.0%	93.2%
Check-in queue waiting	Time in 90% of cases	16'09''	18'22''
Waiting time for baggage screening control	Time in 90% of cases	5'56''	6'22''
First/last bag return time from aircraft block-on (from system)	First bag (time in 90% of cases)	25'	24'
	Last bag (time in 90% of cases)	33'	31'

Source: Company workings

The satisfaction results of the ASQ - Airport Service Quality - programme of ACI World were positive. The 2018 general satisfaction index was 3.77 (in line with 2017 of 3.79) and was driven by the very good results for the information service, security controls and airport personnel.

## 5 REGULATORY FRAMEWORK

### 5.1 TARIFF REGULATION 2016-2019

In accordance with the current regulatory framework and the tariff models created by the Airport Regulation Authority ("ART"), in 2015 AdB launched and successfully completed the tariff-setting process for the period 2016-2019, closely coordinated and supervised by the said Authority.

In October 2018, in accordance with the Authority's Model, consultation was conducted with the airlines and the adjusted tariff levels are applicable from January 1, 2019.

ART with motion No. 92/2017 approved the new tariff Models, based on which the company will define the tariffs for the four-year period 2020-2023, commencing the relative consultation in 2019. With motion No. 84/2018, ART subsequently commenced a review procedure of the airport fee regulation models approved with Motion No. 92/2017, procedure still in course.

### 5.2 REG. (EC) 139/2014: NEW CERTIFICATION OF ITALIAN AIRPORTS

The European Commission, with Regulation (EC) 139 of February 12, 2014, entering into force on March 6, 2014, adopted the enacting regulation of Regulation (EC) No. 216/2008. This new regulation was the basis for the conversion of the airport certificate of the Parent Company in 2017, with the objective to maintain a high and uniform level of civil aviation security in Europe, in accordance with the requisites outlined in the European regulation and European Security Aviation Agency (EASA) rules. In particular, the Airport Manager, in the gradual configuration as the "Airport Authority", was assigned: the responsibility of the functioning of the airport and new and more stringent duties in relation to coordination and control of public and private parties, as well as training of airport personnel, in relation to maintaining continuous operating safety levels (so-called "Continuous Safety").

### 5.3 REGULATIONS ON INCENTIVES AND SUBSIDIES PAID FROM AIRPORTS TO AIRLINES

#### *Italian Regulations*

Decree-Law No. 145/2013, known as the “Destination Italy Act”, introduced rules for incentives, subsidies and all other forms of payment from airport managers for airlines in support of the launch and development of routes intended to meet and promote demand in the affected user catchment areas. In particular, Article 13, paragraphs 14 and 15, of the said Decree, as amended by the conversion law, Law No. 9 of February 21, 2014, provided that the Ministry of Infrastructure and Transport (hereinafter the “MIT”) was to issue specific implementing guidelines, in consultation with ART and the Italian Civil Aviation Authority (“ENAC”).

On August 11, 2016, the MIT thus issued a ministerial decree adopting “*Guidelines for incentives for the launch and development of routes by airlines...*”, effectively repealing the previous guidelines of October 2, 2014 and replacing the previous rules with comprehensive new regulations on the subject, applicable solely to incentives of public origin, requesting to specify if the MEO test was undertaken or otherwise.

On a regulatory level a new communication obligation was introduced by the Italian Airport Regulation Authority (ART) relating to the incentives granted by the airport managers in favour of airline carriers. This obligation, which requires an annual detailed communication by carrier, in particular, was enacted with ART motion No. 92/2017 on approval of the current tariff Models which will be applied also to AdB in the determination of the next tariff period (2020-2023).

The Parent Company since 2002 publishes a traffic development policy on its website regarding the incentive plan, with the aim of ensuring fair, transparent and non-discriminatory access, and thereby ensuring the broadest possible participation.

### 5.4 FIRE PREVENTION FUND

Article 1, paragraph 1328, of Law No. 296 of December 27, 2006 (2007 Finance Law) requires the payment by Italian airport management companies of an amount, to be calculated proportionally to its airline traffic, in order to lower the cost to the State for the provision of fire prevention services (so-called Fire Prevention Fund). This purpose was modified by Article 4, paragraph 3-*bis* of Law Decree No. 185/2008, entering into force on January 29, 2009, which separated the relationship between those required to fund the so-called Fire Prevention Fund and the benefit deriving from the activity financed, allocating the Fund to differing purposes than its original scope related to airport fire prevention services.

Following the entry into force, from January 1, 2016 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 Legislature, through Law Decree No. 159 of October 1, 2007 converted with modifications by Law No. 222 of November 29, 2007, introduced the qualification of “payments”, with reference to the contributions allocated to the Fire Prevention Fund. This latter was subject to a constitution legality opinion, following the deferral by the Court of Cassation, through reasoned ordinance issued on December 28, 2016. From July 26, 2018, as per Article 30 of Law No. 87 of 1953, the challenged provision of Article 1, paragraph 478 of Law No. 208 of December 28, 2015, declared illegal, with the Constitutional Court order No. 167/2018, may no longer be applied.

Within the judicial framework we must also mention the important judgement of the Court of Cassation of February 1, 2019, No. 3162, which outlines a definitive framework encompassing the complex Fire Prevention Fund, in which the following was definitively ascertained and declared:

- the nature of the tax contribution to be paid;
- the competent tax jurisdiction.

This pronouncement of the Cassation recalls, in addition, with particular importance from a general judicial principle viewpoint, the ruling handed down by the Rome Provincial Tax Commission No. 10137/51/14, which ascertained the “non-obligation to pay the tax from 2009, due to the non-applicability of its original legislative purpose as per Article 4, paragraph 3-*bis* of Legislative Decree No. 185 of 2008”. For further details, reference should be made to the Disputes section.

## **5.5 BOARDING FEE MUNICIPAL SURTAX TO BE ALLOCATED TO INPS**

Through inter-ministerial Decree No. 357 of October 29, 2015, the Ministry for Infrastructure and Transport, together with the Ministry for the Economy and Finance, established the new further boarding fee municipal surtax (as per Article 2, paragraph 11 of Law No. 350 of December 24, 2003), allocated to finance the charge deriving from the application of the provisions of paragraph 21 of Article 13 of Law Decree No. 145/2013, converted, with modifications, into Law No. 9 of February 21, 2014. In particular, the inter-ministerial Decree No. 357/2015, in force from January 1, 2016, established that the new further boarding fee municipal surtax to be allocated to INPS, as per Article 2, paragraph 11 of Law No. 350 of December 24, 2003, and subsequent modifications, was equal to Euro 2.50 for the year 2016, to Euro 2.42 for the year 2017 and Euro 2.34 for the year 2018.

For the period September 1 - December 31, 2016 Article 13-*ter* of Law Decree No. 113 of June 24, 2016, introduced by Law conversion No. 160 of August 7, 2016 suspended the application of this increase; the increase was then suppressed, from January 1, 2017, by Article 1, paragraph 378 of Law No. 232/2016.

Therefore, for the boarding fee for the period from January 2017, the airport management companies were required to pay to INPS the amounts received as the passenger municipal surtax equal to Euro 3 per passenger as per the provisions of paragraph 2, Article 6-*quater* of Law Decree No. 7/2005, converted into Law No. 43 of 2005 and equal to Euro 2 as per the provisions of paragraph 75 of Article 4 of Law No. 92/2012.

Law Decree No. 4 of January 28, 2019 establishes “Urgent provisions on citizens income and pensions” (so-called “Quota 100” Decree and Citizens income) in force from January 29, 2019, as per Article 26 that:

- for the year 2019, the Euro 3, already included in the municipal surtax and allocated up to December 31, 2018 to the Airline transport solidarity fund, shall be paid to the above-mentioned Fund for 50% with the remaining 50% to the INPS Assistance support and pension management;
- from 2020, the Euro 3 will be entirely paid to the INPS Assistance support and pension management;
- the provisions were repealed, for the year 2019, which provided for an increase in the municipal surtax equal to Euro 0.32 per passenger.

For the year 2018 and, in view of that outlined above, also in 2019, the boarding fee municipal surtax at the Bologna airport totals Euro 6.50.

## **5.6 THE ADMINISTRATIVE ACCOUNTABILITY OF LEGAL PERSONS**

The Parent Company has voluntarily adopted since 2008 the Organisation, Management and Control Model (hereafter also the “Model”), established by Legislative Decree No. 231 of June 8, 2001 and latterly updated with Board motion of December 17, 2018 which also renewed the composition of the Board.

The Model integrates the Anti-corruption Policy which fights against active and passive corruption.

We also report that, in line with best domestic and international practice, in 2016 the company adopted the Whistleblowing Policy which ensures, also organisationally, that the employee reporting illegal conduct is not subject to prejudicial disciplinary consequences and is protected in the case of “direct or indirect discriminatory measures, with effects on working conditions for reasons related directly or indirectly to complaints”. This protection, however, has a limit in the “cases of responsibility against slander or defamation or in accordance with Article 2043 of the Civil Code”. The whistleblowing instrument is a means for the prevention and correction of malfunctioning or degeneration of the internal control system or management of the company/entity, which may result in risks for the employees or for the company/entity



or the committal of offenses, implementing the activation of adequate actions of investigation, remediation and mitigation. Within this initiative a technological application system was created for the management of reporting, through the development and implementation of a platform which permits in general all internal and external stakeholders (employees, shareholders, partners, etc.) to send reports to pre-established addressees, ensuring effective and confidential communication. The technological platform became operative from November 1, 2016.

The Whistleblowing Policy was therefore integrated into the Model from April 2018, following the regulatory obligation to implement an IT channel within the Model which ensures confidentiality of the identity of the reporting person and through which it is possible to report circumstances of illicit behaviour. For details upon the Model, reference should be made to the Corporate Governance and Ownership Structure Report.

## **5.7 NEW “TERMINAL VALUE” REGULATION.**

Article 15-quinquies, paragraph 1, of Legislative Decree No. 148 of October 16, 2017, converted, with amendments, by Law No. 172 of December 4, 2017, amended Article 703 of the navigation code, replacing the original fifth paragraph with the current fifth, sixth, seventh, eighth and ninth paragraphs, as follows:

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

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

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

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

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

During 2018, the Parent Company undertook detailed analysis on the Terminal Value regulation both from a legal and accounting viewpoint. Relating to this latter, together with other airport management companies, assessments were initiated of the regulation in order to ensure its correct transposition where impacting financial reporting. Considering that the impact of the Terminal Value at December 31, 2018 is



not significant, the Group opted not to state this in the financial statements while awaiting the conclusion of the detailed analysis in progress.

## **5.8 NON-FINANCIAL INFORMATION REPORT**

With Legislative Decree No. 254 of December 30, 2016, implementing Directive 2014/95/EC, companies qualifying as large scale “public interest entities” are required to prepare and publish an individual or consolidated report containing, for each financial year, information concerning environmental, social, personnel, human rights and anti-corruption matters. This information may be contained in the Directors’ Report or in a separate document. The Directors are responsible for preparing and publishing the Report. These documents are subject to Board of Statutory Auditors and Independent Audit Firm review. The European Regulation was drawn up in consideration of the recognition that “non-financial communication is fundamental to manage the transition towards a sustainable global economy, combining long-term profitability, social justice and environmental protection”.

The company, in accordance with Article 5, paragraph 3, letter b of Legislative Decree 254/2016 has drawn up the consolidated non-financial information as a separate report. The 2018 consolidated non-financial information report, drawn up as per the “GRI Standards”, is available on the Group website.

## **5.9 PRIVACY COMPLIANCE**

The Parent Company implemented on May 25, 2018 a specific model in order to ensure adequate compliance with European Regulation No. 679/2016 (GDPR - General Data Protection Regulation) - and the necessary adjustment of the organisation, processes, company deeds and procedures. A specific Register was set up and an analysis of the risk in order to adopt adequate security measures. The model is implemented and developed in accordance with the principles outlined in the GDPR of privacy by design and privacy by default through a dedicated inter-departmental body (Data Protection Committee) comprising internal specialist personnel. The Company appointed a Data Protection Officer (DPO) and periodic audits are undertaken to ensure correct compliance with legislation.

## **5.10 CONTINUITY OF SERVICES PROVIDED BY ALITALIA IN EXTRAORDINARY ADMINISTRATION**

By order of the Ministry of Economic Development of May 2, 2017, published in edition No. 104 of Italy's Official Gazette dated May 6, 2017, Alitalia - Società Aerea Italiana S.p.A was admitted to the extraordinary administration procedure, with immediate effect and three Extraordinary Commissioners were appointed. The Court of Civitavecchia declared Alitalia - Società Aerea Italiana S.p.A. in extraordinary administration (“Alitalia SAI in EA”) insolvent by judgment of May 11, 2017. The decree of the Ministry of Economic Development of May 12, 2017 was then published in edition no. 124 of the Official Gazette of May 30, 2017, also admitting Alitalia Cityliner S.p.A. to the extraordinary administration procedure and appointing the same panel of commissioners as for Alitalia.

Article 1, paragraph 1 of Legislative Decree No. 38 of April 27, 2018, extended from April 30, 2018 to October 31, 2018 the deadline established by Article 12, paragraph 1 of Legislative Decree No. 148 of 2017, concerning the execution of the transfer procedure of business units involved in the extraordinary administration of Alitalia S.p.A. and established that the entire state loan of Euro 900 million be repaid by December 15, 2018. Conversion Law No 77 of June 21, 2018, with modifications, of Legislative Decree No. 38/2018 in addition established precise disclosure obligations upon the Commissioners to the Parliament. The half-year commissioner’s report states that the three proposals with regards to the transfer of assets did not meet the requirements established in the tender rules as without binding content and the essential elements required, and therefore with a difficult to envisage future path.

The Parent Company, as part of the extraordinary administration procedure, in a timely manner raised the receivable matured to May 2, 2017 of Euro 0.78 million, of which Euro 0.66 million requested in preference

form as per Article 1023 No. 1 of the navigation code, and Euro 0.12 million as unsecured. At the statement of liabilities hearing fixed for February 6, 2018, only the receivables of employees were examined. For the examination of the various receivables, after various postponements, the hearing was fixed for February 20, 2019, but this date was again postponed for a date to be determined.

### 5.11 IRESA

The IRESA - regional tax on airplane noise emissions - was instigated as a tax by the Emilia-Romagna Region through Regional Law No. 15 of December 21, 2012 (BUR 285/2012), Articles 12-18.

The regulation for this tax was subsequently suspended for an undetermined period by Regional Law No. 28 of December 20, 2013. In particular, Article 49 within the "Amendments to the Regional Law No. 15 of 2012" states "The provisions contained in chapter III (IRESA) will be applicable from a period to be subsequently established by regional law". In December 2018, the Emilia-Romagna Regional Assembly, at Article 33 of Legislative Motion No. 103/2018 replaced - in the above-mentioned Article, the words "will be applicable from a period to be subsequently established by regional law", with the words "from July 1, 2019". The enacting law, with the time scale so amended, provides that the IRESA is due by the airport operator for the sound emissions produced by civil aircraft, for each take-off and landing and is determined taking into account the maximum weight at take-off (MTOW) and the level of the sound emissions of the aircraft. It also provides that the payment will be made by the carriers to the airport manager which then pays the sum to the Region with the method for the payment, transmission and composition of the sums subsequently defined by the Regional Council which may implement a specific convention deed with the airport managers. The allocation of the funds, net of the above-mentioned convention costs, will be attributed 50% to the completion of the acoustic monitoring system and acoustic anti-pollution and to any indemnity for the residence in zones A and B in the airport's surrounding area as defined by the Environmental Ministry Decree of October 31, 1997. At the date of this report, given the role of the airport manager, the Parent Company has commenced discussions with both the Emilia Romagna Region and with the Bologna Airport Stakeholders Committee in order to correctly manage the new tax at the date of entry into force, while also reconfirming the considerations and perplexities already expressed, given the non-uniform imposition of this tax which results in potential harm - on a competitive basis - for the management company of the "Guglielmo Marconi" airport.

## 6 DISPUTES

This section outlines the main - fundamental in financial terms - disputes and/or those which in the period saw significant legal and/or non-legal developments, without therefore providing an exhaustive outline of all positions for which specific amounts have been allocated to the disputes risk provision.

### ***Fire Prevention Fund***

In relation to the contribution to the Fund set up by the 2007 Finance Act in order to reduce the cost to the State for the organisation and provision of the **fire prevention service** at Italian airports, the Parent Company promoted, in 2012, a specific judicial action before the Rome Civil Tax Court, substantially requesting the Judge to ascertain and declare the cessation of the obligatory contribution following the change in the purpose of the afore-mentioned Fund, i.e. from January 1, 2009. In fact, from that date the resources accumulated in the Fund were allocated to the generic requirements of the public purse and civil defence, as well as for financing salary increases of the Fire Prevention Service.

Currently the Rome Court, following a series of postponements and suspensions deriving from the systematic reassignment of the case to different judges, has not outlined its conclusions. However with the existence, over the years, of a consolidated jurisprudence (*ex pluris* Rome Provincial Tax Court No. 10137/51/2014 - passed into Law - and Rome Provincial Tax Court No. 2517/2019) sealed by the pronouncement of the Court of Cassation No. 3162 of February 1, 2019 which affirmed: i) the nature of the contribution to the Fire Prevention Fund, ii) the consequent competent tax jurisdiction, iii) the non-

obligation to pay the tax from 2009, due to the non-applicability of its original legislative purpose, the Company is awaiting a definitive pronouncement of non-competence by the civil judge.

In relation to the above-mentioned civil case, promoted by the Company before the Rome Court, the Tax Administrations notified however on January 16, 2015 an injunctive decree relating to the presumed contribution to the Fire Prevention Fund for the years 2007, 2008, 2009 and 2010. This decree, containing clear material and formal errors, was immediately opposed, requesting the cancellation of the decree or, in replacement, to declare upon its jurisdiction and to order the reinstatement of the case before the Rome Court. On December 20, 2017, the Bologna Court issued a jurisdiction ordinance, declaring the Tax Commission as the competent judge, which cancelled Injunction Decree No. 20278/14.

Unexpectedly and incomprehensively, on May 24, 2018, the State District Lawyer notified an appeal against the ordinance of the Bologna Court of December 20, 2017.

The Company therefore appealed (RG No. 2020/18), fully outlining its defence and invoking, preliminarily, the clear lack of jurisdiction of the Bologna Court.

The company in order to obtain a direct recognition of the principles embodied universally by the Court of Cassation and by the Rome Provincial Tax Court will present its case before the tax judge, once proceedings may take place, of the cases currently before the Rome Court (RG No. 22375/12) and the Bologna Court of Appeal (RG No. 2020/18).

The current legal scenario allows for a more positive evaluation of the entire issue concerning the Fire Prevention Fund but, while awaiting a future direct recognition of the principles embodied in a uniform manner by the recent key judgements (see Regulatory Framework Chapter), there are no new judicial or extrajudicial issues arising with direct effects on the Parent Company, such as to result in a change in the treatment in the financial statements of the contribution to the Fire Protection Fund.

## 7 MAIN RISKS AND UNCERTAINTIES

In accordance with the disclosure requirements set out in Art. 2428, paragraph 2, No. 6-*bis* of the Italian Civil Code, the Group holds financial instruments that qualify as significant in quantitative terms. However, considering the criteria that inform its choice of investments, such as:

- minimising the risk of the return of invested capital;
- the differentiation of the credit institutions;
- the duration, normally less than two years;
- the return offered;

the Group believes the **financial risks** – understood as the risks of changes in the value of the financial instruments – to be limited.

The Group is not subject to **foreign exchange risk** since it does not undertake transactions in foreign currencies.

In view of the significant commitments to infrastructure development, **liquidity risk** could manifest as difficulty in obtaining timely, cost-effective financing. To meet the needs deriving from its investment plan, the Group has taken comprehensive steps to obtain the medium-term financial resources required for its development. In particular, the Parent Company's recent IPO has improved the Group's liquidity and financial profile. Finally, the cash flows, funding requirements and the liquidity of the Group companies are constantly monitored in order to ensure the efficient management of financial resources.

The Group has sought to minimise **interest rate risk**, in view of its outstanding financing, by entering into both fixed-rate and floating-rate facilities.

Finally, in relation to the **credit risk** the continuing global economic crisis had a strong negative impact on the airline industry, with a consequent increase in the credit risk. The Group's **credit risk** is moderately concentrated, in that 48% of its accounts receivable are claimed from its top ten clients. This risk is offset through specific and trade payable management and control tools and procedures, in addition to adequate

provisioning for doubtful accounts, according to the principles of prudence, in continuity with the financial statements of the previous year.

The commercial policies pursued by the Group to limit its exposure involve:

- requesting immediate payment for transactions with end consumers or occasional counterparties (i.e., parking areas);
- requesting advance payment from occasional airlines or airlines without an appropriate credit profile or collateral;
- requesting performance bonds from sub-concessionaire clients.

### **Risks related to a dependence on Ryanair traffic volumes**

Group operations are significantly based on relations with the leading airlines at the airport and to which the Group offers its services, including - in particular - Ryanair. Due to the large proportion of total passenger flights at the airport operated by Ryanair, the Group is exposed to the risk that the airline may scale back or discontinue entirely its operations at the airport. Ryanair passengers accounted for 44.9% of the airport's total traffic volumes in 2018. AdB and Ryanair strengthened their partnership on October 27, 2016 by entering into a long-term agreement set to expire in 2022, whereby they undertook to increase the number of destinations served by Bologna airport, in addition to achieving a consistently high standard of service due to the airport's continuing investments and the airline's "Always Getting Better" programme. The agreement lays out a scheme relating to the airport's traffic development policy and Ryanair's commitment to abide by it, in addition to a contractual safeguard mechanism that ensures that the objectives will be met. Although in the Company's opinion Bologna airport is of strategic importance to the airline, it is still possible that Ryanair may decide to change the routes served, significantly reducing or discontinuing entirely its flights at the airport, or that at some point in the future the agreement might not be renewed, in whole or in part, or might contain conditions less favourable for the Group. Any reduction or stoppage of flights by the afore-mentioned airline or the stoppage or change to flights with other destinations with high passenger traffic volumes may impact - even to a significant degree - the Group financial statements. In the light of the interest shown by low-cost carriers in Bologna airport and of general traffic development at the airport, the Company believes that the Group could reasonably weather a possible discontinuation or limitation of flights by Ryanair through the possible redistribution of passenger traffic to the other airlines operating at the airport and the airport's ability to attract new carriers. However, there remains the possibility that if a significant period of time were to elapse from the discontinuation of flight operations and the partial or complete replacement of the lost flights by other carriers, or if such replacement were to prove more difficult than expected or wholly or partially infeasible, such a discontinuation or reduction of flights could have an adverse effect, including to a material degree, on the Group's financial performance and financial position.

### **Risk related to the effect of incentives on revenue margins**

The Parent Company is exposed to the risk of a decrease in the margins of its Aviation Business Unit due to an increase in traffic volumes by airlines that receive incentives. In accordance with its incentive policy aimed at developing traffic and routes at the Airport, the Company pays some airlines – including both legacy and low-cost carriers – incentives tied to passenger traffic volumes and new routes. This policy limits incentives to levels compatible with positive revenue margins for the Group on each airline's operations. However, should passenger traffic and the routes operated by airlines receiving incentives increase over time, the Aviation Business Unit's positive margins could decline proportionally, with a negative impact, possibly to a material degree, on the Group's financial performance and financial position.

Although the low-cost segment's share of the Italian national market is increasing, the Company manages this risk by actively developing a traffic mix that permits it to maintain positive margins.

### **Risks related to implementation of the Action Plan**

The Parent Company invests in the Airport on the basis of an Action Plan approved by the Italian Civil Aviation Authority (ENAC). AdB could encounter difficulties in implementing the investments provided for under the Action Plan in a timely manner due to unforeseeable events or delays in the process of obtaining authorisation for and/or executing the works, with positive adverse effects on the amount of the tariffs that may be applied and possible risks of withdrawal from or termination of the Agreement. The Action Plan was drafted on the basis of the investments envisaged in the Master Plan according to a modular approach, the main driver of which is air traffic performance.

### **Risks related to the regulatory framework**

The Aeroporto Guglielmo Marconi di Bologna S.p.A. Group's core business involves acting as concession holder operating under special exclusive rights to the Bologna airport grounds. Primarily for this reason, it operates in an industry that is highly regulated at the domestic, supranational and international levels. 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.

### **Risk related to the high level of intangible assets in proportion to the Group's total assets and shareholders' equity**

In the Group Consolidated Financial Statements at December 31, 2018, non-current assets include, among others, concession rights for Euro 166 million and Euro 157 million at December 31, 2017. They accounted for 63.77% of total assets at December 31, 2018 and for 60.02% at December 31, 2017. Concession Rights accounted respectively for 95.73% of Group shareholders' equity at December 31, 2018 and for 91.27% at December 31, 2017. These amounts represent the values of the concession rights as determined in accordance with the application of interpretation IFRIC 12 – *Service Concession Arrangements* ("IFRIC 12") to all assets set to revert to the grantor, ENAC, received in 2004.

When preparing the Group's Consolidated Financial Statements, the concession rights were tested for impairment in accordance with IAS 36.

The impairment test performed did not identify any impairment of the carrying amounts of the concession rights in 2018 and no impairment losses were therefore recognised on the assets concerned.

For further details, reference should be made to the "Test on the recoverability of assets and group of assets" paragraph at Note 1 of the 2018 Consolidated Financial Statements.

### **Seasonality of revenues**

Due to the cyclical nature of the sector in which the Group generally operates, higher revenues and operating results are expected in the third quarter rather than in the first and final quarters of the year. Higher revenues are concentrated in June-September, during the peak summer vacation period

experiencing maximum usage levels. In addition, there is a strong business passenger component, due to the characteristics of the local business community and the presence of internationally renowned trade fair events, which offsets the seasonal peaks of tourist activity. Accordingly, financial performance figures for interim periods may not be representative of the Group's financial performance and financial position situation at the annual level.

## 8 OPERATING PERFORMANCE OF THE PARENT COMPANY

The table below summarises the economic and financial performance of the Parent Company in the two-year period under consideration; for the relevant comments, reference should be made to chapter 3 as the numbers are similar to the Group.

### 8.1 PARENT COMPANY RESULTS

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change	% Change
Revenues from aeronautical services	51,084	47,636	3,448	7.2%
Revenues from non-aeronautical services	40,636	37,687	2,949	7.8%
Revenues from construction services	15,620	6,650	8,970	134.9%
Other operating revenues and income	1,053	1,005	48	4.8%
<b>Revenues</b>	<b>108,393</b>	<b>92,978</b>	<b>15,415</b>	<b>16.6%</b>
Consumables and goods	(755)	(808)	53	-6.6%
Service costs	(18,514)	(17,270)	(1,244)	7.2%
Construction service costs	(14,876)	(6,333)	(8,543)	134.9%
Leases, rentals and other costs	(7,979)	(7,529)	(450)	6.0%
Other operating expenses	(3,158)	(3,407)	249	-7.3%
Personnel costs	(25,876)	(25,522)	(354)	1.4%
<b>Costs</b>	<b>(71,158)</b>	<b>(60,869)</b>	<b>(10,289)</b>	<b>16.9%</b>
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>37,235</b>	<b>32,109</b>	<b>5,126</b>	<b>16.0%</b>
Amortisation of concession rights	(5,659)	(5,552)	(107)	1.9%
Amortisation of other intangible assets	(1,320)	(964)	(356)	36.9%
Depreciation of tangible assets	(2,166)	(2,010)	(156)	7.8%
<b>Amortisation, depreciation &amp; write-downs</b>	<b>(9,145)</b>	<b>(8,526)</b>	<b>(619)</b>	<b>7.3%</b>
Provisions for doubtful accounts	(42)	17	(59)	n.a.
Provisions for renewal of airport infrastructure	(3,696)	(2,537)	(1,159)	45.7%
Provisions for other risks and charges	(284)	(236)	(48)	20.3%
<b>Provisions for risks and charges</b>	<b>(4,022)</b>	<b>(2,756)</b>	<b>(1,266)</b>	<b>45.9%</b>
<b>Total Costs</b>	<b>(84,325)</b>	<b>(72,151)</b>	<b>(12,174)</b>	<b>16.9%</b>
<b>Operating Result</b>	<b>24,068</b>	<b>20,827</b>	<b>3,241</b>	<b>15.6%</b>
Financial income	355	263	92	35.0%
Financial expenses	(589)	(813)	224	-27.6%
<b>Result before taxes</b>	<b>23,834</b>	<b>20,277</b>	<b>3,557</b>	<b>17.5%</b>
<b>Taxes for the period</b>	<b>(6,733)</b>	<b>(5,368)</b>	<b>(1,365)</b>	<b>25.4%</b>
<b>Profit (loss) for the year</b>	<b>17,101</b>	<b>14,909</b>	<b>2,192</b>	<b>14.7%</b>



The **adjusted EBITDA** of construction services and of the non-recurring components in the two years is presented below:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change	% Change
Revenues from aeronautical services	51,084	47,636	3,448	7.2%
Revenues from non-aeronautical services	40,636	37,687	2,949	7.8%
Other operating revenues and income	1,053	1,005	48	4.8%
<b>Adjusted revenues</b>	<b>92,773</b>	<b>86,328</b>	<b>6,445</b>	<b>7.5%</b>
Consumables and goods	(755)	(808)	53	-6.6%
Service costs	(18,514)	(17,989)	(525)	2.9%
Leases, rentals and other costs	(7,979)	(7,529)	(450)	6.0%
Other operating expenses	(3,158)	(3,407)	249	-7.3%
Personnel costs	(25,876)	(25,522)	(354)	1.4%
<b>Adjusted costs</b>	<b>(56,282)</b>	<b>(55,255)</b>	<b>(1,027)</b>	<b>1.9%</b>
<b>Adjusted Gross Operating Profit (Adjusted EBITDA)</b>	<b>36,491</b>	<b>31,073</b>	<b>5,418</b>	<b>17.4%</b>
Revenues from construction services	15,620	6,650	8,970	134.9%
Construction service costs	(14,876)	(6,333)	(8,543)	134.9%
<b>Construction Services Margin</b>	<b>744</b>	<b>317</b>	<b>427</b>	<b>134.7%</b>
Utilities - "One-off" system charges	0	719	(719)	n.a.
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>37,235</b>	<b>32,109</b>	<b>5,126</b>	<b>16.0%</b>

## 8.2.1 CASH FLOW STATEMENT OF THE PARENT COMPANY

	<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
A	Cash	22	22	0
B	Other cash equivalents	12,803	13,925	(1,122)
C	Securities held for trading	0	0	0
<b>D</b>	<b>Liquidity (A+B+C)</b>	<b>12,825</b>	<b>13,947</b>	<b>(1,122)</b>
<b>E</b>	<b>Current financial receivables</b>	<b>11,037</b>	<b>19,610</b>	<b>(8,573)</b>
F	Current bank debt	(40)	(52)	12
G	Current portion of non-current debt	(3,920)	(5,298)	1,378
H	Other current financial debt	(2,050)	(1,806)	(244)
<b>I</b>	<b>Current financial debt (F+G+H)</b>	<b>(6,010)</b>	<b>(7,156)</b>	<b>1,146</b>
<b>J</b>	<b>Current net financial position (I-E-D)</b>	<b>17,852</b>	<b>26,401</b>	<b>(8,549)</b>
K	Non-current bank debt	(11,436)	(15,345)	3,909
L	Bonds issued	0	0	0
M	Other non-current liabilities	0	0	0
<b>N</b>	<b>Non-current financial debt (K+L+M)</b>	<b>(11,436)</b>	<b>(15,345)</b>	<b>3,909</b>
<b>O</b>	<b>Net Financial Position (J+N)</b>	<b>6,416</b>	<b>11,056</b>	<b>(4,640)</b>

### 8.3 PARENT COMPANY STATEMENT OF FINANCIAL POSITION

USES	As at 31.12.2018	at 31.12.2017	Change in absolute value	% Change
Trade receivables	13,759	12,561	1,198	9.5%
Tax receivables	3	201	(198)	-98.5%
Other Receivables	4,355	3,769	586	15.5%
Inventories	527	488	39	8.0%
<b>Sub-total</b>	<b>18,644</b>	<b>17,019</b>	<b>1,625</b>	<b>9.5%</b>
Trade payables	(18,471)	(15,739)	(2,732)	17.4%
Tax payables	(2,063)	(1,595)	(468)	29.3%
Other payables	(24,078)	(22,242)	(1,836)	8.3%
<b>Sub-total</b>	<b>(44,612)</b>	<b>(39,576)</b>	<b>(5,036)</b>	<b>12.7%</b>
Assets held-for-sale	0	117	(117)	-100.0%
<b>Net operating working capital</b>	<b>(25,968)</b>	<b>(22,440)</b>	<b>(3,528)</b>	<b>15.7%</b>
Fixed assets	182,802	172,168	10,634	6.2%
Deferred tax assets	5,822	6,487	(665)	-10.3%
Other non-current assets	20,747	20,433	314	1.5%
<b>Total fixed assets</b>	<b>209,371</b>	<b>199,088</b>	<b>10,283</b>	<b>5.2%</b>
Provisions for risks, charges & severance	(17,364)	(18,289)	925	-5.1%
Deferred tax liabilities	(2,027)	(2,003)	(24)	1.2%
Other non-current liabilities	(192)	(192)	0	0.0%
<b>Sub-total</b>	<b>(19,583)</b>	<b>(20,484)</b>	<b>901</b>	<b>-4.4%</b>
<b>Fixed Operating Capital</b>	<b>189,788</b>	<b>178,604</b>	<b>11,184</b>	<b>6.3%</b>
<b>Total Uses</b>	<b>163,820</b>	<b>156,164</b>	<b>7,656</b>	<b>4.9%</b>

SOURCES	As at 31.12.2018	at 31.12.2017	Change in absolute value	% Change
<b>Net financial position</b>	<b>6,416</b>	<b>11,056</b>	<b>(4,640)</b>	<b>-42.0%</b>
Share Capital	(90,314)	(90,314)	0	0.0%
Reserves	(62,821)	(61,997)	(824)	1.3%
Profit for the year	(17,101)	(14,909)	(2,192)	14.7%
<b>Group Shareholders' equity</b>	<b>(170,236)</b>	<b>(167,220)</b>	<b>(3,016)</b>	<b>1.8%</b>
Equity attributable to non-controlling interests	0	0	0	0.0%
<b>Total Shareholders' Equity</b>	<b>(170,236)</b>	<b>(167,220)</b>	<b>(3,016)</b>	<b>1.8%</b>
<b>Total Sources</b>	<b>(163,820)</b>	<b>(156,164)</b>	<b>(7,656)</b>	<b>4.9%</b>



## 9 STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND NET RESULT

Reconciliation between shareholders' equity and the result for the year of the Parent Company and the Consolidated shareholders' equity and result is shown below:

<i>in thousands of Euro</i>	Shareholders' Equity 31.12.2018	Net Result 31.12.2018
<b>Net equity and result of Aeroporto G. Marconi S.p.A.</b>	170,236	17,101
Net equity and result of the consolidated company Tag Bologna s.r.l.	1,939	259
Net equity and result of the consolidated company Fast Freight Marconi S.p.A.	4,684	567
<b>Aggregated net equity and result</b>	<b>176,859</b>	<b>17,927</b>
Carrying value of consolidated companies	(3,193)	0
Elimination and write-down of investments in subsidiaries	111	0
Valuation effects of associated companies under the equity method	0	0
Alignment costs and revenues of the subsidiaries consolidated to costs and revenues of the Parent Company	(1)	0
Elimination costs relating to the conferment capitalised to increase the investment in FFM	(66)	0
<b>Consolidated net equity and result</b>	<b>173,710</b>	<b>17,927</b>
Minority interest share of net equity and result	0	0
<b>GROUP NET EQUITY AND RESULT</b>	<b>173,710</b>	<b>17,927</b>

<i>In thousands of Euro</i>	Shareholders' Equity 31.12.2017	Net Result 31.12.2017
<b>Net equity and result of Aeroporto G. Marconi S.p.A.</b>	167,220	14,909
Net equity and result of the consolidated company Tag Bologna s.r.l.	1,676	439
Net equity and result of the consolidated company Fast Freight Marconi S.p.A.	4,112	836
<b>Aggregated net equity and result</b>	<b>173,008</b>	<b>16,183</b>
Carrying value of consolidated companies	(729)	0
Elimination and write-down of investments in subsidiaries	111	0
Valuation effects of associated companies under the equity method	0	0
Alignment costs and revenues of the subsidiaries consolidated to costs and revenues of the Parent Company	(2)	0
Elimination costs relating to the conferment capitalised to increase the investment in FFM	(66)	0
<b>Consolidated net equity and result</b>	<b>172,322</b>	<b>16,183</b>
Minority interest share of net equity and result	821	214
<b>GROUP NET EQUITY AND RESULT</b>	<b>171,501</b>	<b>15,969</b>

## 10 TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND RELATED PARTIES

Reference should be made to the specific paragraph of the Notes to the consolidated financial statements at December 31, 2018 for information concerning transactions undertaken during the period with subsidiaries, associates and related parties.

## 11 ALTERNATIVE PERFORMANCE INDICATORS

In this Directors' Report, various performance indicators are presented in order to permit a better assessment of operating performance and financial position.

On December 3, 2015, Consob published Communication No. 92543/15, rendering applicable the Guidelines issued on October 5, 2015 by the European Security and Markets Authority (ESMA) regarding the presentation of such indicators in regulated information circulated or financial statements published on or after July 3, 2016. These Guidelines, updating the previous CESR Recommendation (CESR/05-178b), seek to promote the utility and transparency of alternative performance indicators included in regulated information or financial statements within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.

The criteria utilised for these indicators, in line with the above communications, are provided below:

- **EBITDA:** EBITDA (earnings before interest, taxation, depreciation and amortisation) is defined by management as the result before taxes for the year, financial income and charges, income and charges from equity investments, depreciation, amortisation and impairment. It therefore coincides, in this case, with the gross operating margin. EBITDA is not identified as an accounting measure as per IFRS and therefore should be considered as an alternative measure for the evaluation of the Group's performance. Since calculation of this indicator is not governed by the accounting standards that form the basis of preparation of the Group's Consolidated Financial Statements, the criterion used to determine and measure the indicator might not be uniform with that adopted by other groups. Accordingly, the figure in question might not be comparable with that presented by such other groups;
- **Adjusted EBITDA:** this is a measure used by the Group's management to monitor and assess the Group's operating and financial performance. This is calculated by subtracting from EBITDA:
  - the margin calculated as the difference between the Group's construction revenues and construction costs as the Airport's manager and
  - for the comparative period, the reversal of "one-off" system charges in 2016.
- **Net Financial Position:** the composition of net financial position is represented in accordance with the Consob Communication of July 28, 2006 and ESMA recommendation ESMA/2011/81.

## 12 GUARANTEES PROVIDED

The following table summarises the guarantees provided in the two years by the Group.

in thousands of Euro	at 31/12/2018	at 31/12/2017	Change	% Change
Sureties	6,498	9,348	(2,850)	-30.5%
Pledge on Equity Financial Instruments	10,873	10,873	0	0.0%
Patronage letters	3,779	2,316	1,463	63.2%
<b>Total guarantees provided</b>	<b>21,149</b>	<b>22,537</b>	<b>(1,387)</b>	<b>-6.2%</b>

At December 31, 2018, the guarantees provided by the Group total Euro 21.1 million and principally concern:

- sureties, mainly:
  - o to ENAC (the Italian Civil Aviation Authority) pursuant to the Full Management Agreement (Euro 4.4 million);
  - o to Marconi Express S.p.A. for the proper fulfilment of the obligations assumed by the Parent Company by entering into the incentive agreement dated September 30, 2016 (Euro 0.87 million). This guarantee, although AdB paid the final quota of the Equity Financial Instrument in December 2018, will expire in June 2019;
  - o to the Bologna Customs Agency for various custom deposits of the subsidiary Fast Freight Marconi Spa totalling Euro 1.03 million. For these latter there is a co-obligation of the Parent Company for a similar amount.
- a pledge of the equity financial instrument issued by Marconi Express S.p.a. and subscribed for by the Parent Company for a nominal value of Euro 10.87 million, securing the obligations of Marconi Express to the credit institutions that financed the People Mover project. The Pledge on Equity Financial Instruments agreement was signed on September 30, 2016;
- a letter of patronage concerning the mortgage loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena), equal to the residual principal, which at the end of the period amounted to Euro 3.8 million.

### **13 TREASURY SHARES IN PORTFOLIO**

In accordance with Article 2428, paragraphs 2, 3 and 4 of the Civil Code, it is communicated that Adb and the Group at December 31, 2018 hold treasury shares.

### **14. SHARES HELD BY DIRECTORS AND STATUTORY AUDITORS**

Based on the legally required communications, the Directors and Statutory Auditors of Aeroporto Guglielmo Marconi di Bologna Spa directly and/or indirectly holding shares at December 31, 2018 were:

- the Chief Executive Officer Nazareno Ventola 2,750 shares.

### **15 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK**

No events have occurred subsequent to year end that would require changes in terms of the presented performance or equity and financial position and that would therefore necessitate adjustments and/or additional disclosures in the financial statements.

However, some significant events occurred after the end of the year or are set to occur in the coming months.

#### **Traffic performance and launch of new connections**

In February 2019, the airport registered an increase in passenger traffic of 8.5% compared to February 2018, with a total of 588,730 passengers.

In the first two months of 2019, Bologna airport passengers numbered 1,229,889, up 7.8%. Movements rose 8.3% (10,379)

With regards to the launch of new connections and the addition of flights:

- American Airlines will commence from June 6, 2019 a new flight for Philadelphia with 4 weekly flights;

- Finnair will commence a new direct connection for Helsinki with 3 weekly flights from April 10, 2019;
- Laudamotion will commence a new flight for Stuttgart with 6 weekly flights from Summer 2019;
- Ryanair will introduce:
  - new flights for Corfu, Crotone and Podgorica with 2 weekly flights during Summer 2019;
  - new flight for Marseille with 3 weekly flights during Summer 2019;
- Blue Panorama will introduce a new flight for Reggio Calabria for Summer 2019 with 3 weekly flights;
- Turkish Airlines will introduce the third daily flight on the Bologna-Istanbul route in June 2019;
- Georgian Airlines will commence the third daily flight on the Bologna-Tblisi route in Summer 2019.

The Chairman of the Board of Directors

*(Enrico Postacchini)*

Bologna, March 14, 2019

**Consolidated Financial Statements for the year ended December 31, 2018**

Statement of Consolidated Financial Position  
Consolidated Income Statement  
Consolidated Statement of Comprehensive Income  
Consolidated Cash Flow Statement  
Statement of Changes in Consolidated Shareholders' Equity

## Statement of Consolidated Financial Position

<i>in thousands of Euro</i>	Note	As at 31.12.2018	As at 31.12.2017
Concession Rights		166,292	156,523
Other intangible assets		2,059	1,784
<b>Intangible assets</b>	<b>1</b>	<b>168,351</b>	<b>158,307</b>
Land, property, plant and equipment		15,135	14,670
Investment property		4,732	4,732
<b>Tangible assets</b>	<b>2</b>	<b>19,867</b>	<b>19,402</b>
Investments	<b>3</b>	43	43
Other non-current financial assets	<b>4</b>	16,205	19,827
Deferred tax assets	<b>5</b>	6,108	6,799
Other non-current assets	<b>6</b>	1,464	1,496
<b>Other non-current assets</b>		<b>23,820</b>	<b>28,165</b>
<b>NON-CURRENT ASSETS</b>		<b>212,038</b>	<b>205,874</b>
Inventories	<b>7</b>	594	538
Trade receivables	<b>8</b>	14,272	13,220
Other current assets	<b>9</b>	4,661	4,188
Current financial assets	<b>10</b>	13,449	20,617
Cash and cash equivalents	<b>11</b>	15,762	16,209
<b>CURRENT ASSETS</b>		<b>48,738</b>	<b>54,772</b>
Assets held-for-sale	<b>12</b>	0	117
<b>TOTAL ASSETS</b>		<b>260,776</b>	<b>260,763</b>

<i>in thousands of Euro</i>	Note	As at 31.12.2018	As at 31.12.2017
Share capital		90,314	90,314
Reserves		65,469	65,218
Profit (loss) for the year		17,927	15,969
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>13</b>	<b>173,710</b>	<b>171,501</b>
<b>MINORITY INTERESTS</b>	<b>13</b>	<b>0</b>	<b>821</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>173,710</b>	<b>172,322</b>
Severance and other personnel provisions	<b>14</b>	4,205	4,405
Deferred tax liabilities	<b>15</b>	2,456	2,371
Provisions for renewal of airport infrastructure	<b>16</b>	10,332	9,575
Provisions for risks and charges	<b>17</b>	1,028	1,265
Non-current financial liabilities	<b>18</b>	14,690	19,109
Other non-current liabilities		168	169
<b>NON-CURRENT LIABILITIES</b>		<b>32,879</b>	<b>36,894</b>
Trade payables	<b>19</b>	19,011	16,208
Other liabilities	<b>20</b>	26,367	24,174
Provision for renewal of airport infrastructure	<b>21</b>	1,757	3,498
Provisions for risks and charges	<b>22</b>	526	0
Current financial liabilities	<b>23</b>	6,526	7,667
<b>CURRENT LIABILITIES</b>		<b>54,187</b>	<b>51,547</b>
<b>TOTAL LIABILITIES</b>		<b>87,066</b>	<b>88,441</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>260,776</b>	<b>260,763</b>

## Consolidated Income Statement

<i>in thousands of Euro</i>	Note	for the year ended 31.12.2018	for the year ended 31.12.2017
Revenues from aeronautical services		56,342	53,212
Revenues from non-aeronautical services		41,160	38,222
Revenues from construction services		15,650	6,735
Other operating revenues and income		940	977
<b>Revenues</b>	<b>24</b>	<b>114,092</b>	<b>99,146</b>
Consumables and goods		(1,952)	(1,852)
Service costs		(20,030)	(18,694)
Construction service costs		(14,905)	(6,414)
Leases, rentals and other costs		(8,123)	(7,668)
Other operating expenses		(3,210)	(3,465)
Personnel costs		(27,154)	(26,832)
<b>Costs</b>	<b>25</b>	<b>(75,374)</b>	<b>(64,925)</b>
Amortisation of concession rights		(5,857)	(5,749)
Amortisation of other intangible assets		(1,323)	(989)
Depreciation of tangible assets		(2,219)	(2,085)
<b>Depreciation, amortisation and impairment</b>	<b>26</b>	<b>(9,399)</b>	<b>(8,823)</b>
Provisions for doubtful accounts		(64)	12
Provisions for renewal of airport infrastructure		(3,752)	(2,544)
Provisions for other risks and charges		(291)	(240)
<b>Provisions for risks and charges</b>	<b>27</b>	<b>(4,107)</b>	<b>(2,772)</b>
<b>Total Costs</b>		<b>(88,880)</b>	<b>(76,520)</b>
<b>Operating result</b>		<b>25,212</b>	<b>22,626</b>
Financial income	<b>28</b>	384	274
Financial expenses	<b>28</b>	(620)	(852)
<b>Result before taxes</b>		<b>24,976</b>	<b>22,048</b>
Taxes for the year	<b>29</b>	(7,049)	(5,865)
<b>Profit (loss) for the year</b>		<b>17,927</b>	<b>16,183</b>
Minority interest profit (loss)		0	214
Group profit (loss) for the year		17,927	15,969
Undiluted earnings/(loss) per share (in Euro)		0.50	0.44
Diluted earnings/(loss) per share (in Euro)		0.50	0.44

## Consolidated Statement of Comprehensive Income

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017
Profit (loss) for the year (A)	17,927	16,183
<i>Other profits (losses) that will be reclassified in the net result for the year</i>	0	0
<b><i>Total other profits (losses) that will be reclassified in the net result for the year (B1)</i></b>	<b>0</b>	<b>0</b>
<b><i>Other profits (losses) that will not be reclassified in the net result for the year</i></b>		
Actuarial profits (losses) on severance and other personnel provisions	129	23
Tax impact on actuarial profits (losses) on severance and other personnel provisions	(31)	(6)
<b><i>Total other profits (losses) that will not be reclassified in the net result for the year (B2)</i></b>	<b>98</b>	<b>17</b>
<b>Total other profits (losses), net of taxes (B1 + B2) = B</b>	<b>98</b>	<b>17</b>
<b>Total profits (losses), net of taxes (A + B)</b>	<b>18,026</b>	<b>16,200</b>
of which Minority Interests	0	214
of which Group	18,026	15,986



## Consolidated Cash Flow Statement

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017
Core income-generating operations		
Result for the year before taxes	24,976	22,048
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(745)	(321)
+ Depreciation and amortisation	9,399	8,823
+ Provisions	4,107	3,089
+ Interest expense (income) for discounting and severance provisions	(105)	159
+/- Interest income and financial charges	340	419
+/- Losses/gains and other non-monetary costs/revenues	2	29
+/- Severance provisions and other personnel costs	92	105
<b>Cash flow generated/(absorbed) by operating activities before changes in working capital</b>	<b>38,066</b>	<b>34,351</b>
Change in inventories	(56)	(19)
(Increase)/decrease in trade receivables	(1,101)	694
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	(461)	(893)
Increase/(decrease) in trade payables	2,803	539
Increase/(decrease) in other liabilities, various and financial	2,384	745
Interest paid	(535)	(702)
Interest collected	218	451
Taxes paid	(6,186)	(5,560)
Severance and other personnel provisions paid	(222)	(338)
Use of provisions	(4,568)	(3,993)
<b>Cash flow generated / (absorbed) by net operating activities</b>	<b>30,342</b>	<b>25,275</b>
Purchase tangible assets	(2,690)	(4,686)
Payment from sale of tangible assets	6	31
Purchase of intangible assets/concession rights	(16,892)	(8,072)
Proceeds on sale of intangible assets/concession rights	389	0
Purchase/capital increase of equity investments	(2,459)	0
Payment from sale of equity investments	117	878
Change in current and non-current financial assets	10,723	(1,500)
<b>Cash flow generated / (absorbed) by investment activities</b>	<b>(10,806)</b>	<b>(13,349)</b>
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(14,161)	(10,007)
Loans received	0	0
Loans repaid	(5,822)	(5,820)
<b>Cash flow generated / (absorbed) by financing activities</b>	<b>(19,983)</b>	<b>(15,827)</b>
<b>Final cash change</b>	<b>(447)</b>	<b>(3,901)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>16,209</b>	<b>20,110</b>
<b>Final cash change</b>	<b>(447)</b>	<b>(3,901)</b>
<b>Cash and cash equivalents at end of year</b>	<b>15,762</b>	<b>16,209</b>

## Statement of Changes in Consolidated Shareholders' Equity

<i>in thousands of Euro</i>	<i>Share capital</i>	<i>Share Premium Reserve</i>	<i>Legal Reserve</i>	<i>Other reserves</i>	<i>FTA Reserve</i>	<i>Actuarial profits/(losses) reserve</i>	<i>Profit (losses) carried forward</i>	<i>Assets held-for-sale reserve</i>	<i>Profit (loss) for the year</i>	<i>Group shareholders' equity</i>	<i>Minority interests</i>	<i>Shareholders' Equity</i>
<b>Shareholders' Equity as at 31.12.2016</b>	<b>90,314</b>	<b>25,683</b>	<b>5,018</b>	<b>34,923</b>	<b>(3,222)</b>	<b>(933)</b>	<b>2,413</b>	<b>0</b>	<b>11,311</b>	<b>165,507</b>	<b>607</b>	<b>166,114</b>
Allocation of the 2016 financial year result	0	0	527	677	0	0	10,107	0	(11,311)	0	0	0
Share capital increase	0	0	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(10,007)	0	0	(10,007)	0	(10,007)
Assets held-for-sale	0	0	0	0	0	0	0	13	0	13	0	13
Total comprehensive profit (loss)	0	0	0	0	0	19	0	0	15,969	15,988	214	16,202
<b>Shareholders' Equity as at 31.12.2017</b>	<b>90,314</b>	<b>25,683</b>	<b>5,545</b>	<b>35,600</b>	<b>(3,222)</b>	<b>(914)</b>	<b>2,513</b>	<b>13</b>	<b>15,969</b>	<b>171,501</b>	<b>821</b>	<b>172,322</b>
Allocation of the 2017 financial year result	0	0	759	837	0	0	14,373	0	(15,969)	0	0	0
Share capital increase	0	0	0	0	0	0	0	0	0	0	0	0
Consolidation 100% of Tag Srl	0	0	6	0	(50)	(5)	(1,593)	0	0	(1,642)	(821)	(2,463)
Dividends paid	0	0	0	0	0	0	(14,161)	0	0	(14,161)	0	(14,161)
Assets held-for-sale	0	0	0	0	0	0	0	(13)	0	(13)	0	(13)
Total comprehensive profit (loss)	0	0	0	0	0	98	0	0	17,927	18,026	0	18,026
<b>Shareholders' Equity as at 31.12.2018</b>	<b>90,314</b>	<b>25,683</b>	<b>6,310</b>	<b>36,437</b>	<b>(3,272)</b>	<b>(821)</b>	<b>1,132</b>	<b>0</b>	<b>17,927</b>	<b>173,710</b>	<b>0</b>	<b>173,710</b>

# Notes to the Consolidated Financial Statements for the year ended December 31, 2018

## Group activities

The Group operates in the airport management business. In particular:

- Aeroporto Guglielmo Marconi di Bologna S.p.A. (hereinafter “AdB” or the “Parent Company”) is full manager of Bologna airport under Full Management Agreement No. 98 of July 12, 2004 and subsequent additional instruments, approved by Decree of the Ministry of Transport and Infrastructure and the Ministry of the Economy and Finance on March 15, 2006, with a term of 40 years from December 28, 2004. Its registered office is located at Via del Trionvirato 84, Bologna and it is registered with the Bologna Companies Register.
- Fast Freight Marconi S.p.A. (hereinafter FFM) operates in the cargo and mail handling business at Bologna airport. Its registered office is located at Via del Trionvirato 84, Bologna and it is registered with the Bologna Companies Register. It is subject to management and coordination by Aeroporto Guglielmo Marconi di Bologna S.p.A.
- TAG Bologna S.r.l. (hereinafter TAG) operates in the general aviation business as a handler and manager of the related infrastructure at the Bologna airport. Its registered office is located at Via del Trionvirato 84, Bologna and it is registered with the Bologna Companies Register. It is subject to management and coordination by Aeroporto Guglielmo Marconi di Bologna S.p.A..

## Accounting Standards adopted for the preparation of the 2018 Consolidated Financial Statements

### Basis of preparation

These consolidated financial statements concern the year ended December 31, 2018 and include the comparative figures for the year ended December, 2017 (hereafter “the Group consolidated financial statements” or “consolidated financial statements”).

The consolidated financial statements were prepared under the historic cost convention, except for financial assets held-for-sale, and Intangible Assets comprising Energy Certificates, which were recognised at fair value, and in accordance with the going concern principle. The Group considers that, although enduring a difficult economic and financial environment, no significant uncertainties exist (as defined by paragraph 25 of IAS 1) on the going concern.

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

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

The Group consolidated financial statements were prepared in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) endorsed by the European Union and in force at the preparation date of the financial statements, in addition to the provisions issued in enactment of Article 9 of Legislative Decree 38/2005 (Consob Motions No. 15519 and 15520 of July 27, 2006).

In 2014, the Group voluntarily opted to prepare the consolidated financial statements in accordance with International Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and prepared considering the transition date to IFRS (First Time Adoption “FTA”) as January 1, 2012.

The publication of the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. and the two subsidiaries (the Group) for the year ended December 31, 2018 was approved by the Board of Directors on March 14, 2019.

## **Content and form of the consolidated financial statements**

The Group opted to apply the Separate and Consolidated Statement of Comprehensive Income, as permitted by IAS 1, considering such more representative of operations. In particular, the Statement of Consolidated Financial Position has been prepared by separating assets and liabilities into current and non-current categories.

An asset is considered current when:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held principally for trading;
- it is expected to be realised within twelve months from the Consolidated Financial Statements date;
- it consists of cash or cash equivalents unless it is forbidden to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year.

All other assets are classified as non-current.

A liability is considered current when:

- it is expected to be settled within the normal operating cycle;
- it is held principally for trading;
- it must be settled within twelve months of the closing date of the year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of the closing date of the year.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified respectively under non-current assets and liabilities.

The Consolidated Income Statement has been prepared by classifying income and expenses by their nature, whereas the Consolidated Cash Flow Statement has been prepared using the indirect method, according to which cash flows are classified into operating, investing and financing categories.

## **Basis of consolidation**

The Consolidated Financial Statements include the Statement of Consolidated Financial Position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the statement of changes in consolidated shareholders' equity.

The Group opted to prepare the statement of comprehensive income which includes, in addition to the result for the period, also the changes to equity relating to income items which, in accordance with International Accounting Standards, are recognised under equity.

The consolidated financial statements were prepared based on the financial statements of the company and its subsidiaries, directly and indirectly held, approved by the respective shareholders' meetings or executive bodies, appropriately adjusted in line with IFRS, with the exception of the financial statements of Tag Bologna Srl, approved by the Board of Directors of February 12, 2019 and whose Shareholders' Meetings is called for April 1, 2019. 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.

An entity may exercise control if it is exposed to or has the right to variable income streams, based on the relationship with the investee, and, at the same time, has the capacity to affect such income streams through the exercise of power over the investee.

Specifically, an entity is able to exercise control if, and only if, it has:

- power over the investment entity (or holds valid rights which confer it the current capacity to control the significant activities of the investment entity);
- exposure or rights to variable returns deriving from involvement with the investment entity;
- the capacity to exercise its power on the investment entity to affect its income streams.

When a company of the Group holds less than the majority of the voting rights (or similar rights) of an investee, it should consider all the facts and significant circumstances to establish whether control of the investment entity exists, including:

- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- Voting rights and potential voting rights of the Group.

The Group reconsiders if it has control of an investee and if the facts and circumstances indicate that there have been changes in one or more of the three significant elements for the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses this control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the statement of comprehensive income from the date in which the Group obtains control until the date in which the Group no longer exercises control on the company.

The result for the period and each of the other comprehensive income statement items are allocated to the shareholders of the Parent Company and minority shareholders, even if this implies that the minority shareholder investments have a negative balance. Where necessary, appropriate adjustments are made to the financial statements of the subsidiaries, in line with the accounting policies of the Group. All assets and liabilities, shareholders' equity, revenues and costs, and inter-company cash flows relating to transactions between entities of the Group are completely eliminated on consolidation.

When the share in the equity held by the Parent Company changes, which does not result in a loss of control, this change must be recorded under equity. If the Group loses control, it must:

- eliminate the assets (including any goodwill) and the liabilities of the subsidiary;
- eliminate the book value of all the minority shareholdings;
- eliminate the cumulative translation reserve recorded in equity;
- record the fair value of the amount received;
- record the fair value of any holding maintained in the former subsidiary;
- record the profit or loss in the income statement for the period;
- reclassify the share of the Parent Company of any items previously recorded in the statement of comprehensive income to the income statement or profits/(losses) carried forward, as required by specific accounting standards, as if the Group had directly sold the related assets or liabilities.

The following table summarises the information on the subsidiaries at December 31, 2018 and 2017 in terms of the Group's direct and indirect holding.

<i>in thousands of Euro</i>	Currency	Share capital	% Held	
			As at 31.12.2018	As at 31.12.2017
Fast Freight Marconi S.p.a. Società Unipersonale	Euro	520	100.00%	100.00%
Tag Bologna S.r.l. Società Unipersonale	Euro	316	100.00%	51.00%

On October 2, the Parent Company finalised the strategic acquisition of 49% of TAG Bologna S.r.l., which is now therefore wholly-owned.

The following table summarise the information on the associates at December 31, 2018 and 2017 in terms of the Group's direct and indirect holding.

<i>in thousands of Euro</i>	Currency	Share capital	As at 31.12.2018	As at 31.12.2017
Ravenna Terminal Passeggeri S.r.l.	Euro	165	24.00%	24.00%

The Share Capital of the associate Ravenna Terminal Passeggeri Srl was reduced for losses from Euro 300 thousand to Euro 165 thousand by the Shareholders' Meeting of April 4, 2017. This transaction has no impact on the consolidated financial statements of the AdB Group as the value of the investment was fully written down in previous financial years.

## Accounting policies

### Business combinations and goodwill

Business combinations are recognised using the purchase method. The purchase cost is calculated as the total of the fair value consideration transferred at the acquisition date, and the value of any minority equity holding. For every business combination, the Group decides whether to measure the minority interest at fair value or in proportion to the amount held in the identifiable net assets of the investee. The acquisition costs are expensed in the year 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.

In the case of business combinations undertaken in a series of phases, the previous holding is remeasured at fair value at the acquisition date and any profit or loss is recorded to the income statement. It is therefore considered in the determination of goodwill.

Any potential payment to be recognised is recorded by the acquirer at fair value at the acquisition date. The change in the fair value of the potential payment classified as an asset or liability must be recorded in the income statement or in the statement of comprehensive income. Where the potential payment is not within the scope of IAS 39, the amount is measured in accordance with the appropriate IFRS. If the potential payment is classified in equity, the amount is not remeasured and its subsequent settlement is recorded in equity.

The goodwill is initially recorded at cost represented by the excess of the total consideration 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 fair value of the net assets acquired exceeds the total consideration paid, the Group again verifies if it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedure utilised to determine the amount to be recorded at the acquisition date. If from the new valuation the fair value of the net assets acquired is still above the consideration, the difference (profit) is recorded in the income statement.

After initial recognition, goodwill is measured at cost less any loss in value. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash-generating units expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the disposal. 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.

### **Investments in associates and joint ventures**

An associate is one in which the Group exercises significant influence and is not classifiable as a subsidiary or joint venture. Group investments in associates are measured under the equity method.

Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the associate share of the profit or loss after the date of acquisition.

Goodwill pertaining to associates is included in the carrying value of the investment and is not subject to amortisation or an impairment test.

The income statement reflects the Group's share of the associate's result for the period. If an associate records adjustments with direct charges to shareholders' equity, the Group records its share and records such (where applicable) in the statement of changes in shareholders' equity. Profits and losses deriving from transactions between the Group and associates are eliminated in proportion to the investment held in the associate.

The Group share of the results of the associates is recognised in the income statement. The share of the result represents the result of the associate attributed to the shareholders; this refers therefore to the net result after taxes and the share attributable to the other shareholders of the associate.

The reporting date of the financial statements of the associate must coincide with the year-end of the Parent Company. The company's financial statements must be prepared using uniform accounting policies for like transactions and events in similar circumstances.

Subsequent to the application of the equity method, the Group assesses whether it is necessary to recognise a loss in value of investments in associates. The Group at each reporting date assesses whether an investment in an associate has incurred a loss in value. Where a loss arises, the Group calculates the amount of the loss as the difference between the recoverable value of the associate and the carrying value in the financial statements, recognising this difference in the income statement.

Once significant influence on the associate no longer exists, the Group values any residual investment at fair value. Any difference between the carrying value of the investment at the date significant influence no longer exists and the fair value of the residual investment and the amount received must be recorded in the income statement.

### **Conversion of accounts in foreign currencies**

#### *Transactions and balances*

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. The profits and losses deriving from the conversion are recorded in the income statement.

Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded. The non-monetary accounts recorded at fair value in foreign currencies are converted using the exchange rate at the date the value was determined. The profit or loss deriving from the translation of non-monetary items is treated in line with the recognition of the profit or loss recorded on the change in the fair value of these items (i.e. the translation differences on the accounts to which the fair value changes is recorded in the statement of comprehensive income or in the income statement are recorded, respectively in the statement of comprehensive income or in the income statement).



## **Intangible assets**

An intangible asset is an asset without physical substance, identifiable, under control of the entity and capable of generating future economic benefits, and those derived from business combinations. The useful life of the intangible assets is measured as definite or indefinite.

Intangible assets with a definite 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 definite intangible assets is recorded in the income statement.

The Group has not identified intangible assets with indefinite useful lives.

“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.

The Concession under which the Group operates meets the requirement that the concession holder must construct and operate the infrastructure on the grantor's behalf. Accordingly, the Group may not recognise it among tangible assets.

The Group contracts with third parties responsible for constructing and improving the infrastructure. Accordingly, the fair value of the fees for the construction/improvement services rendered by the Group is the fair value of the fees for the construction/improvement service rendered by third parties, plus a mark-up representative of the internal costs of planning and coordination of the work by a specific internal unit.

The external costs incurred to provide construction service are therefore recognised under the item “Construction service costs” of the income statement.

Together with these costs, the Group also recognises an increase in the item “Concession rights” equal to the fair value of the service rendered, with a balancing entry to the item “Revenues from construction services”.

The resulting concession rights are amortised on a straight-line basis over the term of the concession, starting when the asset constructed on the grantor's behalf becomes operational.

The useful life of an intangible asset deriving from contractual rights or other legal rights is determined on the basis of the lower between the duration of the contractual or legal rights (concession duration) and the utilisation period of the asset. The recoverability of the carrying value less amortisation is verified annually adopting the impairment test criteria.

“Software, licences and similar rights” primarily refers to the costs of implementing and customising management software and of purchasing software licences, amortised at a rate of 33%.

“Energy Certificates” refers to the White Certificates concerning the Trigeneration plant recognised to the Parent Company by the energy services operator (GSE). These certificates are measured at fair value represented by the average sales price of the last annual market session of energy efficiency securities.

The gains and losses deriving from the elimination of an intangible asset are measured as the difference between the net sales proceeds and the book value of the intangible asset, and are recorded in the income statement in the year in which they are eliminated.

### **Tangible assets**

Tangible assets are initially recognised at purchase price or construction cost and 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.

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 fixed 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. 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.

The depreciation rates used are as follows:

- Buildings and light construction: from 3% to 10%;
- Machinery, equipment and plant: from 10% to 31.5%;
- Furnishings, office machines and vehicles: from 12% to 25%.

The residual value of the asset, useful life and the methods applied are reviewed on an annual basis and adjusted if necessary at the end of each year.

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.

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.

### **Investment property**

The Group classifies land purchased for the execution of future real-estate investments to be defined as investment property.

Such land is initially recognised at purchase cost and then measured at cost.

The items of tangible assets in question are not subject to depreciation because they refer to land. The Group uses technical appraisals to monitor the fair value of the property in question in order to determine whether it has become impaired.

Investment properties are eliminated from the financial statement when they are sold or when they are unusable on a long-term basis and no future economic benefits are expected from their sale. Any profits or losses due to the retirement or disposal an investment property are recognised in the income statement when the property is retired or disposed of.

## **Leasing**

The definition of a contractual agreement as a leasing operation (or containing a leasing operation) is based on the substance of the agreement and requires an assessment of whether the agreement depends on the utilisation of one or more specific assets or whether the agreement transfers the right to the utilisation of this asset. The verification that an agreement contains a lease is carried out at the beginning of the agreement.

A leasing contract is classified as a finance lease or an operating lease at the beginning of the lease. A lease contract that substantially transfers all the risks and rewards of ownership of the asset leased, is classified as a finance lease.

An operating lease is a leasing contract which does not qualify as a finance lease. The Group as lessee records operating leases in the income statement on a straight-line basis over the duration of the contract. The Group recognises leasing agreements in which it is the lessor as operating leases when it retains essentially all the risks and benefits of ownership of the asset. The initial negotiating costs are added to the carrying amount of the leased asset and recognised over the duration of the contract, on the same basis as lease income. Rent not estimated in advance is recognised as revenue in the period in which it matures.

## **Impairment of non-financial assets**

The carrying amount of non-financial assets 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 evaluates, in relation to the assets other than goodwill, the existence of indicators of a reduction 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 profit.

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

### Concession rights

The Group undertakes an impairment test on Concession rights annually at the year-end close or more frequently if events or changes in circumstances indicate that the carrying amount may have incurred a loss in value (whenever impairment indicators arise).

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.

For impairment testing purposes, the Group has identified a single CGU (cash generating unit), which coincides with the Aeroporto G. Marconi di Bologna S.p.A. Group.

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.

### **Financial assets**

IFRS 9 provides for a single approach for the analysis and classification of all financial assets, including those contained in embedded derivatives. The classification and the relative measurement is made considering both the management model of the financial assets and the contractual characteristics of the cash flows from the asset.

The financial asset is measured using the amortised cost method where both of the following conditions are satisfied:

- the management model of the financial asset consists of holding the asset with the sole purpose of collecting the relative cash flows; and
- the financial asset generates, at pre-determined contractual dates, cash flows exclusively representative of the return from the financial asset and repayment of capital.

The financial asset is measured at fair value, with recognition of the effects in the statement of comprehensive income, if the objectives of the management model are to hold the financial asset in order to obtain the contractual cash flows or to sell the asset.

Finally, there is the residual category of financial assets measured at fair value with recognition of the effects through the income statement, which includes assets held for trading.

A financial asset which satisfies the requirements to be classified and measured at amortised cost may, on initial recognition, be designated as a financial asset at fair value, with recognition through the income statement, if this accounting treatment permits the elimination or significant reduction of the asymmetry in the measurement or recognition (so-called "accounting mismatch"), which would otherwise arise from the measurement of the asset or liability or from the recognition of the relative profits or losses on a different basis.

In addition, in the case of investments in equity instruments for which, therefore, it is not possible the recognition and measurement at amortised cost, where this concerns equity investments not held for trading purposes, but for strategic purposes, IFRS 9 provides that on initial recognition the entity may irrevocably choose to measure these at fair value, with recognition of any subsequent changes in the statement of comprehensive income without passing through profit or loss any gains or losses in the case of disposal.

Where the financial assets are only held for the Group's temporary needs to invest liquidity in order to obtain the contractual cash flows these are classified in the category "Held to collect - HTC".

Where the financial assets meet the Group's objective either to collect the contractual cash flows or the future sale these are classified in the category "Held to collect and sell – HTC&S".

The Group does not hold and did not hold during 2018 derivative financial instruments.

#### *Loans and receivables*

Loans, similar to trade receivables, are held until their collection at the contractual maturities and generate cash flows relating to the collection of the principal and interest. The Group analysed the contractual cash flows of these instruments and concluded that they comply with the amortised cost measurement criteria in accordance with IFRS 9.

The amortised cost is calculated taking into consideration all discounts or purchase premiums and includes the commissions which are an integral part of the effective interest rate and of the transaction costs. Current trade receivables are not discounted as the effect of discounting the cash flows is immaterial. The profits and losses are recognised to the income statement when the loans and receivables are eliminated or if there is an impairment, also through the amortisation process.

#### *Fair value*

In the notes, the Group discloses the fair value of financial instruments at amortised cost and non-financial assets, such as investment property.

Fair value concerns the price that will be received for the sale of an asset or which will be paid for the transfer of a liability, in a transaction settled between market operators at the measurement date.

Fair value measurement requires that the sale of the asset or transfer of the liability has taken place:

- (a) in the principal market of the asset or liability; or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for the Group.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or of selling to another market operator that would utilise the asset to its maximum or best use.

The Group utilises measurement techniques which are appropriate to the circumstances and for which there is sufficient available data to measure the fair value, maximising the utilisation of relevant observable inputs and minimising the use of non-observable inputs.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- ▶ Level 1 - prices listed (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- ▶ Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- ▶ Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same hierarchical level of the fair value in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements on a recurring basis, the Group assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

### **Impairment of financial assets**

IFRS 9 defines a new impairment model of financial assets, with the objective to provide useful information to the readers of the financial statements in relation to expected losses. In particular, the model requires verification and recognition of any expected losses at any time over the life of the instrument and the updating of the expected losses at each reporting date to reflect the changes in the credit risk of the instrument; therefore, it is no longer necessary that a particular event arises (“trigger event”) in order to verify and recognise losses on receivables.

The impairment test must be applied to all financial instruments, with the exception of those measured at fair value with recognition through the income statement.

The Group applies the simplified Provision Matrix approach and recognises the expected losses on all trade receivables based on the residual duration, defining a matrix for the provision based on the historical experience relating to the losses on receivables, adjusted to take into account specific forecast factors relating to the creditors and the economic environment (Expected Credit Loss – ECL concept).

The book value of the asset is reduced through the use of a provision and the amount of the loss recognised in the income statement.

Receivables which have incurred a loss in value are reversed when it is determined that they are irrecoverable.

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

Non-current assets classified as held-for-sale are measured at the lower of their carrying value and the fair value less selling costs. They are classified as such if 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 and the previous year comparative period, the profits 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 taxes for the period, 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.

### **Derecognition of financial assets**

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised firstly (e.g. eliminated from the statement of financial position) when:

- the rights to receive cash flows from the asset are extinguished, or

- the Group has transferred to a third party the right to receive the cash flows of the asset or has assumed the contractual obligation to pay entirely and without delay and (a) has substantially transferred all of the risks and rewards of ownership of the financial asset, or (b) has not substantially transferred all of the risks and rewards of the asset, but has transferred control.

### **Construction and service contracts work-in-progress**

Construction contracts work-in-progress are measured on the basis of the contractual payments matured with reasonable certainty in relation to the advancement of work under the percentage of completion method, determined through the measurement of work completed, to be attributed to the revenues and economic result of the contract to each year in proportion to the advancement of work. The positive or negative difference between the value of the completed portion of the contracts and that of the advances received is recognised in the statement of financial position, as an asset or liability, respectively, while also taking account of any impairment losses recognised due to risks associated with non-payment for work done on behalf of clients.

The contract revenues, in addition to the contractual payments, include the variances, price revisions and any claims up to the amount it is probable that they represent effective revenues that can be determined reliably.

If a project is expected to yield a loss, this loss is immediately recognised in full, regardless of the progress on the project.

Construction services for the grantor relating to the concession agreement to which AdB is a party are also recognised in the income statement according to the state of progress. In particular, construction and/or improvement revenue – which represents the consideration due for the services rendered – is measured at fair value, determined on the basis of the total costs incurred, consisting primarily of the costs of external services and the costs of benefits for employees engaged in the activities concerned.

The balancing entry for such construction service revenue is to a financial asset or airport concession taken to concession rights among intangible assets, as discussed in the relevant section.

### **Inventories**

Inventories 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.

### **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 (leaving indemnity) or other long-term benefits (e. g. non-competitive agreements, long-term incentive plans) 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 Financial Statements date but also the future salary increases and related statistical data.

Revaluations, which include actuarial profits and losses, changes in the effect of the limit on the assets, not including net interest (not applicable to the Group) and the return on plan assets (not including net interest) are recognised immediately in the statement of financial position by debiting or crediting profits/(losses) carried forward through other comprehensive income in the year in which they occur. Revaluations are not reclassified to the income statement in subsequent years.

The cost of employee service in prior periods is recognised in the income statement on the later of the following dates:

- (a) the date on which the plan is changed or reduced; and
- (b) the date on which the Group recognises the related restructuring costs.

Net interest on the net defined-benefit liabilities/assets are calculated by multiplying the net asset/liability by the discount rate. The Group recognises the following changes in the net defined-benefit obligation in the cost of goods sold, administrative expenses and selling and distribution costs in the consolidated income statement (by nature):

- Costs of employee service, inclusive of costs of both current and prior employee service, profits and losses on non-routine curtailments and settlements;
- Net interest income or expenses.

Following the amendments to severance benefits introduced by Law No. 296 of December 27, 2006 (Finance Law 2007) and subsequent Decrees and Regulations, the severance benefits of Italian companies with more than 50 employees matured from January 1, 2007, or from the option date chosen by the employee, is included under defined contribution plans, both in the case of supplementary pension options and in the case of allocation to the INPS Treasury Fund. The severance benefits accrued until December 31, 2006 have been treated as defined-benefit.

The contributions to be paid into a defined-contribution plan in exchange for the employee service in question are treated both as a liability (account payable) after having deducted any contributions already paid, and as a cost.

### **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 Financial Statements 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 reporting 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.

#### *Provision for renewal of airport infrastructure*

In accordance with the obligations assumed under current agreements, the provision for renewal of airport infrastructure includes accruals relating to extraordinary maintenance, refurbishment and replacement to be undertaken at a future point in time to ensure that airport infrastructure remains duly functional and secure. Accruals to this provision are recognised according to the degree of use of the infrastructure, indirectly reflected in the expected date of replacement/renewal. The values recorded in this line item also take due account of a financial component, to be applied according to the intervals between the various renewal cycles, intended to ensure that the provisions set aside are adequate. The estimate of the provision for renewal of airport infrastructure therefore requires complex professional technical judgement, in particular in relation to the nature of the costs to be incurred, their amount and the timing of the expected interventions.

#### **Trade payables and other non-financial liabilities**

Short-term trade payables, which mature within the normal commercial terms, are recognised at cost (their nominal value) and are not discounted as the discounting of cash flows is insignificant.

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

#### **Loans**

Other financial liabilities, with the exception of the derivatives, are recognised initially at cost, corresponding to the fair value of the liability plus transaction costs that are directly attributable at the issue of the liability.

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

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

#### **Financial guarantee liabilities**

Financial guarantee liabilities issued by the Group are contracts which require a specific payment to reimburse the holder of a debt security against a loss incurred following non-compliance of the debtor in the payment at the scheduled contractual maturity date. Financial guarantee contracts are initially recognised as a liability at fair value, increased by the directly attributable transaction costs to the issue of the guarantee. After initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised, less accumulated amortisation.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the underlying obligation of the liability is extinguished, settled or cancelled. If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the separate income statement.

### **Recognition of revenues**

Revenues are recognised 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. Commercial discounts, recorded as a direct deduction of revenues, are measured on the basis of contracts signed with airlines and tour operators. Royalties are recorded based on the accruals principle in accordance with the contracts in force and as per 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.

### **Recognition 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.

Interest expense is recognised in accordance with the accruals principle, which takes into account the effective yield of the liabilities to which it refers. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which requires a lengthy period before availability for use shall be capitalised as part of the cost of that asset.

### **Taxes for the year**

#### *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 shareholders' equity and not to the income statement. The Directors periodically assess the positions assumed in the income tax returns where the fiscal regulations are subject to interpretations and, where appropriate, record appropriate provisions.

#### *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. The deferred tax liabilities are recorded against all temporary taxable differences, with the exception of:

- 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 year's profit calculated for purposes of the Financial Statements or on 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 recognised on all temporary differences and fiscal losses carried forward to the extent of the probable existence of adequate future tax profits that can justify the use of deductible temporary differences and fiscal losses carried forwards, except:

- when deferred tax assets relate to the temporary differences deriving from the initial recognition 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 year's profit calculated for the purposes of the Financial Statements or on profit or loss 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 carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent it is unlikely that sufficient tax profits will be available in the future, so that some or all of the asset may be used. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the tax profit is sufficient to permit such deferred tax assets to be recovered.

Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the amounts are paid, considering the rates in effect and those already issued or substantially issued as of the closing date of the financial statements.

Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the statement of comprehensive income, in line with the item to which they refer.

The Group offsets deferred tax assets and deferred tax liabilities when there is a legal right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities relate to income taxes due to the same tax authority.

The fiscal benefits acquired following a business combination, but which do not satisfy the criteria for separate recognition at the acquisition date, may be recognised subsequently, when updated information is received on the facts and on the circumstances. The adjustment is recognised as a reduction of goodwill (up to the value of the goodwill), where this is recorded during the measurement period, or in the income statement, if recorded subsequently.

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

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

#### *Indirect taxes*

Costs, revenues, assets and liabilities are recognized net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the income statement;
- the trade receivables and payables include the indirect taxes applicable.

The net amount of the indirect taxes to be recovered or be paid to the Tax Authorities is included in the financial statements under receivables or payables.

## **Earnings per share**

### Undiluted

The earnings/(loss) per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

### Diluted

The diluted earnings/(loss) per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted in respect of the dilution potential of ordinary shares, while the profit or loss of the Group is adjusted to take into account the effects, net of income taxes, of the conversion.

## **Dividends and distribution of assets other than Cash and Cash Equivalents**

The Group records a liability against the distribution to its shareholders of available liquidity or assets other than available liquidity when the distribution is appropriately authorised and is no longer at the discretion of the company. Based on company law in Europe, a distribution is authorised when it is approved by the shareholders. The corresponding amount is recorded directly in shareholders' equity.

The distribution of assets other than available liquidity is measured at fair value of the assets to be distributed; the remeasurement of the fair value is recorded directly in shareholders' equity.

On the payment of the dividend, any difference between the book value of the assets distributed and the book value of the dividend payable is recorded in the statement of comprehensive income.

## **Listing costs**

Within the listing project concluded on July 14, 2015 with the commencement of trading of the shares on the Star Segment of the Electronic Equities Market (Mercato Telematico Azionario) organised and managed by Borsa Italiana Spa, the Parent Company incurred specific costs, such as (i) commissions recognised to the coordinating banks of the offer, (ii) fees paid to consultants, specialists and legal advisors, (iii) other costs such communication costs, prospectus printing costs and other miscellaneous expenses and charges.

In a listing operation, where the Issuer issues new shares and lists both the new and existing shares, some costs are incurred jointly for the share capital increase and the sale of the new shares, and for the sale of existing shares. In this situation, the criteria for their allocation to the two activities must be identified based on reasonable criteria which reflects the substance of IAS 32, recognising them in part as a decrease of Shareholders' Equity and in part in the Income Statement.

The listing costs which are incremental in nature directly attributable to the share capital increase which would otherwise be avoided, such as for example purposes the intermediary fees, were recorded in 2015 as a decrease in the Shareholders' Equity in the Share Premium Reserve; the remainder, again for example purposes, such as the costs relating to consultants, specialists and legal advisors, was recorded in part in the Income Statement and in part under Shareholders' Equity in accordance with the criterion illustrated above.

## Cash Flow Statement

The Company prepared the cash flow statement in accordance with the indirect method as permitted by IAS 7. The Company reconciled the pre-tax profit with the net cash flows from operating activities. IAS 7, paragraph 33 allows classification of interest income and expense as an operating activity or financial activity based on the presentation considered most representative by the entity; the Company classifies interest income received and interest expense paid as cash flows from operating activities.

## Accounting standards, amendments and interpretations endorsed by the European Union adopted by the Group

From 2018 the following new accounting standards, amendments and interpretations, revised by the IASB, entered into force:

### *IFRS 9 Financial instruments*

The Group has concluded its analysis, which commenced in 2016, of the impact from the application of the new standard IFRS 9 financial instruments on the financial position, operating results and cash flow of the Group.

On July 24, 2014, the IASB issued the definitive version of IFRS 9 replacing IAS 39. The principal amendments to the standard concerns a new model of "classification and measurement", impairment, hedge accounting and own liabilities. With the exception of the hedge accounting, retrospective application is required of the standard, but it is not obligatory to disclose comparative information. In relation to the hedge accounting, the standard is generally applied prospectively, with some limited exceptions. IFRS 9 entered into force from January 1, 2018 and the Group has applied the new standard from the date of obligatory application.

The standard introduces the need to undertake a business model analysis to define the classification of the financial instruments. The business model of a company reflects how financial instruments are managed in order to generate cash flows; its business model indicates if the cash flows are due to contractual cash flows, to sales or both. This assessment is made on the basis of expected future scenarios.

From evaluations undertaken it emerged that the principal impacts relate to the classification model of the financial assets and liabilities which up to December 31, 2017 were classified in the category "AFS" as this category is no longer included under IFRS 9 and the adoption of the impairment model of predictive financial assets which did not result in any impact on shareholders' equity and on the 2017 result.

As already illustrated in the 2017 Annual Report, the Group does not have any significant financial position effects following the adoption of the new rules within the standard, including the new hedge accounting model. Given the insignificance of the IFRS 9 effects the Group did not restate the comparative figures.

For further information, reference should be made to Note 4 and Note 10.

### *IFRS 15 - Revenues from contracts with customers*

IFRS 15 was issued in May 2014 and introduces a new model in five steps applied to revenues from contracts with customers from January 1, 2018. Based on IFRS 15, in fact, it is necessary to analyse the contracts and the relative accounting effects through the following five steps:

1. Identification of the contract;
2. Identification of the performance obligations in the contract;

3. Establishment of the sales price;
4. Allocation of the transaction price to each of the performance obligations identified;
5. Recognition of the revenues on the satisfaction of the performance obligation.

IFRS 15 provides for the recognition of revenues for an amount which reflects the payment which the Group considers to have the right to in exchange for the transfer of goods or services to the customer. The new standard replaces IAS 11, IAS 18 and the relative interpretations and is applied to all revenues from contracts with customers, unless these contracts are within the scope of other standards. The Group applies the new standard from the obligatory application date, adopting the modified retrospective method.

Within the assessment process of the accounting effects deriving from the adoption of the new standard concluded by the Group and initiated during 2016 and 2017, through the analysis undertaken on both Aeroporto Guglielmo Marconi di Bologna S.p.A. and the other subsidiaries of the Group, the following revenue streams were identified:

1. Airport fees
2. Commercial/non-comm. sublicense/lease
3. Parking
4. Construction Services
5. Others

In summary there were no effects identified deriving from the adoption of IFRS 15 on the statement of financial position, income statement and financial position of the Group, with the exception of the reclassification of "one-off" promotional incentives, such as incentives for the start-up of new flights, up to December 31, 2017 recorded under costs for services provided to carriers and classified from January 1, 2018 as a direct reduction of airport fee revenues, as already applied for the variable incentives recognised based on traffic. Relating to the year 2018, this concerns Euro 83 thousand compared to Euro 142 thousand in the previous year. This reclassification did not however have any impact on shareholders' equity and on the 2017 Group profit.

For further information reference should be made to Note 24.

#### *Amendments to IFRS 2 -Classification and recognition of share-based payments*

On June 21, 2016, the IASB published the amendments to the standard, with the aim of clarifying how to account for certain types of share-based payment transactions. The amendments concern: (i) the effects of "vesting conditions" and "non-vesting conditions" with regard to the valuation of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement function for withholding tax obligations (iii) an amendment to the terms and conditions of a share-based payment that changes the transaction's classification from cash-settled to equity-settled. The amendments are applicable from January 1, 2018; although early application is permitted, the Group adopted these amendments prospectively from January 1, 2018 and no effects arose in the consolidated annual financial statements or on the disclosures following the adoption of these amendments.

#### *Improvements to IFRS (2014-2016 cycle)*

The series of improvements, issued in December 2016, concerned the elimination of short-term exemptions provided for First Time Adoption by IFRS 1, the classification and measurement of equity investments valued at fair value and recognised in the income statement in accordance with IAS 28 - Investments in Associates and Joint Ventures, and clarification on the scope of disclosures required by IFRS 12 – Disclosure of Interests in Other Entities. The application of the amendments are obligatory for financial years ending after January 1, 2017 and January 1, 2018. The Group adopted these improvements from the obligatory effective date and no effects arose on the consolidated half-year financial statements or on the disclosures in the notes.

#### *IFRIC 22 - Foreign currency transactions and advances*

On December 8, 2016, IASB published this interpretation which concerns foreign currency transactions paid or received in advance. These amendments were adopted by the Group at the obligatory effective date (January 1, 2018) and had no impact on the consolidated annual financial statements and on the disclosures in the notes.

#### *Amendments to IAS 40 - Changes in the allocation of investment property*

The amendments clarify when an entity should transfer a property, including property under construction or development, into or out of the category "Investment property". It clarifies that a change in the intended use does not occur due to a simple change in management's intentions. The introduction of these amendments had no impact on the consolidated annual financial statements of the Group.

Excluded from the list are the amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts as they do not concern the activities undertaken by the Group.

### **New accounting standards and amendments not yet effective and not adopted in advance by the Group**

#### *IFRS 16 – Leasing (in force from January 1, 2019)*

IFRS 16 was published in January 2016 and replaces IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives and SIC 27 Evaluating the substance of transactions in the legal form of a lease.

The scope of application of the new standard, which enters into force from January 1, 2019, concerns all leasing contracts, with some exceptions. The accounting method of all leasing reassumes the model under IAS 17, although excluding leasing for insignificant amounts and short-term lease contracts. At the recognition date of the lease it is necessary to recognise the liability for the lease instalments and the asset for which the entity has the right of utilisation, separately recognising the financial expenses and depreciation relating to the asset. The liability may be remeasured (for example changes in the contractual terms or changes in indices related to the payment of the instalments) and this change must be recorded on the underlying asset. From the lessor's viewpoint the accounting model is substantially unchanged from the current IAS 17.

As illustrated in the paragraph relating to IFRS 15, the AdB Group has underwritten leasing contracts as lessor with the sub-license of airport areas and spaces to its customers and also has undertaken leasing contracts as lessee for equipment, plant, machinery, automotive vehicles and land; reference should be made to the paragraph on Commitments and risks for the amount of the minimum lease payables and receivables which the Group has contractually undertaken for the coming years.



The implementation process for the Standard, involving set-up of the IT infrastructure for the accounting management and the alignment of the administrative and control processes applicable to the critical areas governed by the Standard, is in the process of being completed.

The Group has elected to apply the standard retrospectively from January 1, 2019 (modified retrospective method). From the lessor's viewpoint, there are no changes in the new standard compared to the current accounting method. From a lessee viewpoint, the Group expects an increase in EBITDA for the reclassification of leasing expenses for hire and rental to the accounts depreciation and financial expenses and a decrease in the Net Financial Position for the recording of the lease payables under trade payables. From the analysis undertaken to-date, the estimate of the impact is as follows:

Initial recognition and valuation in balance sheet	Usage right capitalised in assets	€ 2,077K
	Financial liabilities recognised to liabilities	- € 2,077K
	Valuation equal to present value of future charges	
To income statement	Hire charges	- € 557K
	Amortisation usage right	€ 544K
	Interests on leasing	€ 46K

*In thousands of Euro*

In addition, reference should be made to Note 31 for disclosures on minimum leasing payments required by IAS 17.

#### *Amendments to IFRS 9 - Prepayment Features with Negative Compensation*

(applicable from financial years ending after January 1, 2019).

This allows companies to measure specific prepayments on financial assets through the so-called negative compensation at amortised cost or at fair value from "other comprehensive income" in the case where a specific condition is met, rather than at the fair value of the income statement. The impacts of these amendments on the consolidated financial statements are currently under evaluation.

At the date of authorisation of these consolidated financial statements, the competent bodies of the European Union have not yet completed the endorsement process relating to the new standards and amendments applicable to the financial statements for years that commence from January 1, 2019 and illustrated below:



### *IFRIC 23 - Uncertainty over Income Tax treatments*

(applicable from financial years ending after January 1, 2019).

The interpretation clarifies the applications of the requirements for recognition and measurement in IAS 12 - "Income taxes" in the case of uncertainty on the treatment of income taxes. The Interpretation concerns specifically: (i) the case in which an entity considers separately the uncertain fiscal treatment, (ii) the assumptions which an entity makes on the review of the fiscal treatment by the tax authorities, (iii) how an entity determines assessable income (or fiscal loss), assessable base, fiscal losses not utilised, tax credits not utilised and tax rates and (iv) in what manner an entity considers changes of facts and circumstances. The Interpretation does not add new disclosure requirements, however outlines the existing requirements in IAS 1 relating to disclosure on opinions, information on assumptions of facts and other estimates and information on tax under/over accruals within AS 12 "Income taxes". The interpretation provides a choice between two transition models: (i) retroactive application which utilises IAS 8 - "Accounting policies, changes in accounting estimates and errors", only if the application is possible, or (ii) retroactive application with cumulative effect of the initial application recorded as an adjustment to shareholders' equity at the date of the initial application and without remeasurement of the comparative information. The date of the initial application is the beginning of the annual reference period in which an entity applies the interpretation for the first time. No significant effect is expected on the Group consolidated financial statements from the application of the new standard.

### *Amendments to IAS 28 - Long-term interests in associates and joint ventures*

(applicable from financial years ending after January 1, 2019).

This clarifies how the entity should use IFRS 9 to represent long-term interests in an associate company or joint venture, for which the equity method is not applied. No significant effect is expected on the Group consolidated financial statements from the application of the new standard.

### *Improvements to IFRS*

In December 2017, the IASB also issued Annual Improvements to IFRS 2015-2017, a series of amendments to IFRS in response to issues raised, mainly: (I) to IFRS 3 - Business Combinations, clarifying how a company must re-measure holdings, previously held in a joint operation, once control of the business is obtained; (II) to IFRS 11 – Joint Arrangements, for which a company does not re-value holdings previously held in a joint operation when it obtains joint control of the activity, (III) to IAS 12 - Income Tax, which clarifies that the impact on income tax deriving from dividends (that is, the distribution of profits) should be recognised in the income statement, regardless of how the tax arises; (IV) and to IAS 23 – Borrowing costs, which clarifies that a company is to treat as part of a general debt any debt originally assumed for the development of an asset when this asset is ready for its intended use or for sale. The changes will be effective from January 1, 2019 and significant effects are not expected on the Group consolidated financial statements.

### *Amendment to IAS 19 - Plan Amendment, Curtailment or Settlement*

In February 2018, the IASB issued amendments to IAS 19 which specifies how companies should determine the pension payable when changes to a given pension plan occur. IAS 19 "Employee Benefits" specifies how a company should account for a defined benefit pension plan. When a change is made to a plan, an adjustment, a reduction or a regulation, IAS 19 requires that the net defined benefit asset or liability is to be re-measured. The changes require a company to use the updated assumptions from this recalculation to determine the cost of the current service and the net interest for the remainder of the reference period after the plan is changed. The amendments will enter into force from January 1, 2019. The Group is currently evaluating the impacts on the consolidated financial statements.

### *Amendments to References to the Conceptual Framework in IFRS Standards*

The IASB issued on March 29, 2018 a revised version of the Conceptual Framework of the financial statements which includes the accounting standards IFRS. This instrument guarantees that the accounting standards are conceptually correct and that transactions of the same type are treated in the same manner, providing useful information to investors and other stakeholders. The Conceptual Framework helps in addition, businesses to implement adequate accounting policies when no IFRS standard disciplines the specific transaction; in addition, it assists the stakeholders in general to understand the accounting standards. The Conceptual Framework modified includes: a new chapter on the measurement and reporting rules of the financial results; more precise definitions and rules - in particular the definition of liabilities; clarifications on important issues, such as the rules on administration, prudence and uncertainty of calculations in the financial reporting. The amendments will enter into force from January 1, 2020.

### *Amendments to IFRS 3 Business Combination*

On October 22, 2018, the IASB published, in the updated version of IFRS 3 - Business combinations, the amendment to the definition "business". The new definition highlights that the purpose of the business is to provide products and services to clients, while the previous definition focused on the purpose to produce income in the form of dividends, lower costs or other economic benefits for the investors or other parties. The distinction between business and company is fundamental, in that the recognition of goodwill may occur only following the acquisition of a business. The companies apply to the business combinations the new definition of business to transactions whose date is on or subsequent to January 1, 2020.

### *Amendments to IAS 1 and IAS 8: Definition of Material*

On October 31, 2018, the IASB published this amendment and clarified in IAS 1 "Presentation of Financial Statements" and in IAS 8 "Accounting policies, changes in accounting estimates and errors" the definition of "significant" and aligned this definition to that utilised in the Conceptual framework and in the IFRS. A disclosure is significant if its omission or erroneous measurement may reasonably influence decisions which the principal users of the financial statements make on the basis of the financial statements. The amendments will enter into force from January 1, 2020.

IFRS 17 - Insurance contracts are excluded from the list since this accounting standard does not pertain to the activity carried out by the Group.

### **Discretionary valuations and significant accounting estimates**

The preparation of the financial statements requires the directors of the Group to undertake discretionary valuations, estimates and assumptions which impact upon the amount of revenue, costs, assets and liabilities and related disclosures, as well as potential liabilities. The uncertainty concerning these assumptions and estimates could result in significant changes in the book value of these assets and/or liabilities in the future.

### *IAS 8 Correction of estimates and accounting errors*

Some elements in the financial statements may not be measured with precision and therefore are subject to estimates which depend on future and uncertain conditions of the company's operations. These estimates over time will incur revision to take into account data and information which is available subsequent to the initial estimates. The effect of the change of accounting estimates must be recorded prospectively in the year in which they occur, including them in the economic result of the year and of future years, where the change also affects this latter. The prospective recognition of the effects of the estimates means that the changes are applied to the transactions on the change in the estimate. The revision or change in the accounting estimate arises from new information or new developments in operating activities and for this reason they do not represent a correction of errors.

The errors of previous years are omissions and incorrect measurements of accounts in the financial statements of an entity for one or more years deriving from the non-utilisation or the erroneous utilisation of reliable information which was available when the financial statements were authorised for their publication and it is reasonable to consider that such information could have been obtained and utilised in the preparation and presentation of these financial statements. These errors include the effects of arithmetic errors, errors in the application of accounting policies, inaccuracies or distorted interpretations of facts, and fraud. The financial statements are not in accordance with IFRS if they contain significant errors or irrelevant if committed intentionally in order to obtain a specific presentation of the statement of financial position, of the economic result or of the cash flows of the entity. Potential errors of the current year, recorded in the same year, are corrected before the financial statements are authorised for publication. The errors uncovered in subsequent years, if considered significant and if the correction is considered feasible, must be corrected in the comparative disclosure presented in the financial statements for the following year, remeasuring the opening balances of assets, liabilities and shareholders' equity (restatement).

The restatement is not applied and the error is not recorded using the prospective method where the errors and the omissions are considered insignificant.

Omissions or incorrect measurements of accounts are recorded if, individually or overall, they may impact the economic decisions of the readers of the financial statements. The restatement depends on the size and nature of the omission or incorrect measurement assessed depending upon the circumstances.

#### *Estimates and assumptions*

The key assumptions undertaken by management and which have the most significant effect on the reported amounts or have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. The Group based its estimates and assumptions on information available at the preparation date of the consolidated financial statements. However, the current circumstances and assumptions on future developments may alter due to changes in the market and events outside of the Group's control. These changes, where occurring, are reflected in the assumptions.

#### *Impairment of non-financial assets*

Reference should be made to that previously illustrated in the standard "impairment of non-financial assets" and that illustrated below in Note 1-Intangible Assets.

#### *Fair value of investment property*

The Group records investment property at cost, which approximates the fair value of the investment properties given their particular nature (absence of a comparable active market).

#### *Fair value of financial instruments*

The Group provides in the Notes the fair value of the financial instruments. When the fair value of a financial asset or financial liability may no longer be measured based on the prices on an active market, the fair value is determined utilising various valuation techniques, including the discounted cash flow model. The inputs inserted in this model are recorded from observable markets, where possible, but when this is not possible, a certain level of estimation is required to define the fair values. The estimates include considerations on variables such as the liquidity risk, the credit risk and volatility. The changes of the assumptions on these elements may have an impact on the fair value of the financial instrument recorded.

### IAS 10\_Subsequent events to the reporting date

The Group in the analysis of subsequent events to the reporting date analyses the conditions on which it is necessary to make changes on the accounting data and relative disclosures, depending on whether this concerns events occurring after the reporting date:

- to operations existing at the reporting date for which an adjustment to the financial statements is necessary (adjusting events);
- to operations which arose after the reporting date and for which no adjustment to the financial statements is necessary (non-adjusting events).

### Operating Segment information

The Aeroporto Guglielmo Marconi di Bologna Group, in application of IFRS 8, identified its operating segments as the business areas which generate revenues and costs, whose results are periodically reviewed by the highest decision-making level in order to evaluate the outcome of the decisions concerning the allocation of resources and for which separate financial statements are available.

The Group operating segments as per IFRS 8 - Operating Segment are as follows:

- Aviation;
- Non-Aviation;
- Other.

The disclosure concerning operating segments for the Continuing Operations is outlined to reflect the future organisational structure of the Group, with separate disclosure for Discontinued Operations.

In relation to the operating segments, the Group evaluates their performance based on passenger revenues, separating those concerning the aviation sector from those concerning the non-aviation sector.

The account "Other" residually includes those businesses not directly attributable to the identified segments.

In Group operations, financial income and charges and taxes are not allocated to the individual operating segments.

The segment assets are those employed by the segment for operating activities or which may be allocated reasonably for the carrying out of operating activities.

The segment assets presented are measured utilising the same accounting policies adopted for the presentation of the Group consolidated financial statements.

<i>in thousands of Euro</i>	for the year	for the year	for the year	Total for the
	ended	ended	ended	
	31.12.2018	31.12.2018	31.12.2018	31.12.2018
	Aviation	Non-Aviation	Other	
Revenues	70,538	43,554	0	114,092
Costs	(54,798)	(20,576)	0	(75,374)
<b>EBITDA</b>	<b>15,740</b>	<b>22,978</b>	<b>0</b>	<b>38,718</b>
Depreciation and amortisation	(6,364)	(3,035)	0	(9,399)
Provisions	(3,567)	(540)	0	(4,107)
<b>Operating result</b>	<b>5,809</b>	<b>19,403</b>	<b>0</b>	<b>25,212</b>
Financial income	0	0	384	384
Financial expenses	0	0	(620)	(620)
<b>Result before taxes</b>	<b>5,809</b>	<b>19,403</b>	<b>(236)</b>	<b>24,976</b>
Taxes for the year	0	0	(7,049)	(7,049)
<b>Profit (loss) for the year</b>	<b>5,809</b>	<b>19,403</b>	<b>(7,285)</b>	<b>17,927</b>
Minority interests profit (loss)	0	0	0	0
Group profit (loss)	0	0	0	17,927

<i>in thousands of Euro</i>	for the year ended 31.12.2017 Aviation	for the year ended 31.12.2017 Non-Aviation	for the year ended 31.12.2017 Other	Total for the year ended 31.12.2017
Revenues	59,552	39,594	0	99,146
Costs	(45,378)	(19,547)	0	(64,925)
<b>Gross operating profit</b>	<b>14,174</b>	<b>20,047</b>	<b>0</b>	<b>34,221</b>
Depreciation and amortisation	(5,970)	(2,853)	0	(8,823)
Provisions	(2,339)	(433)	0	(2,772)
<b>Operating result</b>	<b>5,865</b>	<b>16,761</b>	<b>0</b>	<b>22,626</b>
Financial income	0	0	274	274
Financial expenses	0	0	(852)	(852)
<b>Result before taxes</b>	<b>5,865</b>	<b>16,761</b>	<b>(578)</b>	<b>22,048</b>
Taxes for the year	0	0	(5,865)	(5,865)
<b>Profit (loss) for the year</b>	<b>5,865</b>	<b>16,761</b>	<b>(6,443)</b>	<b>16,183</b>
Minority interests profit (loss)	0	0	0	214
Group profit (loss)	0	0	0	15,969

The table below presents the segment information for assets:

<i>in thousands of Euro</i>	As at 31.12.2018 Aviation	As at 31.12.2018 Non-Aviation	As at 31.12.2018 Other	Consolidated Financial Statements at 31.12.2018
<b>Non-current assets</b>	<b>160,917</b>	<b>27,401</b>	<b>23,720</b>	<b>212,038</b>
<b>Intangible assets</b>	<b>154,111</b>	<b>14,240</b>	<b>0</b>	<b>168,351</b>
Concession rights	153,032	13,260	0	166,292
Other intangible assets	1,079	980	0	2,059
<b>Tangible assets</b>	<b>6,737</b>	<b>13,130</b>	<b>0</b>	<b>19,867</b>
Land, property, plant and equipment	6,737	8,398	0	15,135
Investment property	0	4,732	0	4,732
<b>Other non-current assets</b>	<b>69</b>	<b>31</b>	<b>23,720</b>	<b>23,820</b>
Investments	0	0	43	43
Other non-current financial assets	0	0	16,205	16,205
Deferred tax assets	0	0	6,108	6,108
Other non-current assets	69	31	1,364	1,464
<b>Current assets</b>	<b>13,622</b>	<b>5,369</b>	<b>29,747</b>	<b>48,738</b>
Inventories	379	215	0	594
Trade receivables	9,512	4,760	0	14,272
Other current assets	3,731	394	536	4,661
Current financial assets	0	0	13,449	13,449
Cash and cash equivalents	0	0	15,762	15,762
<b>Total assets</b>	<b>174,539</b>	<b>32,770</b>	<b>53,467</b>	<b>260,776</b>

<i>in thousands of Euro</i>	As at 31.12.2017 Aviation	As at 31.12.2017 Non-Aviation	As at 31.12.2017 Other	Consolidated Financial Statements at 31.12.2017
<b>Non-current assets</b>	<b>151,737</b>	<b>26,120</b>	<b>28,017</b>	<b>205,874</b>
<b>Intangible assets</b>	<b>145,701</b>	<b>12,606</b>	<b>0</b>	<b>158,307</b>
Concession rights	144,841	11,682	0	156,523
Other intangible assets	860	924	0	1,784
<b>Tangible assets</b>	<b>5,941</b>	<b>13,461</b>	<b>0</b>	<b>19,402</b>
Land, property, plant and equipment	5,941	8,729	0	14,670
Investment property	0	4,732	0	4,732
<b>Other non-current assets</b>	<b>96</b>	<b>52</b>	<b>28,017</b>	<b>28,165</b>
Investments	0	0	43	43
Other non-current financial assets	0	0	19,827	19,827
Deferred tax assets	0	0	6,799	6,799
Other non-current assets	96	52	1,348	1,496
<b>Current assets</b>	<b>12,622</b>	<b>4,744</b>	<b>37,406</b>	<b>54,772</b>
Inventories	322	216	0	538
Trade receivables	9,241	3,979	0	13,220
Other current assets	3,059	549	580	4,188
Current financial assets	0	0	20,617	20,617
Cash and cash equivalents	0	0	16,209	16,209
<b>Assets held-for-sale</b>	<b>0</b>	<b>0</b>	<b>117</b>	<b>117</b>
<b>Total assets</b>	<b>164,360</b>	<b>30,863</b>	<b>65,541</b>	<b>260,763</b>

Segment disclosure regarding the identified operating segments is undertaken as outlined below.

*Aviation*: refers to the airport's core business. This includes aircraft landing, take-off and parking fees, passenger boarding fees, freight fees, in addition to passenger security control fees and hand-carry and checked baggage control fees. It includes also cargo handling, customs clearance and fuelling operations. Finally, this segment includes all centralised infrastructure and exclusive assets: the centralised infrastructure represents revenues received in relation to infrastructure under the exclusive operation of the airport management company for reasons of safety, security or in view of their economic impact. Exclusive assets concern check-in desks, the gates and spaces assigned to airport operators.

*Non-Aviation*: operations not directly connected to the aviation business. This include sub-concession, retail, catering, self-hire and parking management operations, the Marconi Business Lounge and advertising.

The breakdown of revenues and costs between the Aviation and Non-Aviation SBU's follows ENAC's guidelines for analytic/regulatory reporting for airport management companies, in line with Article 11 *decies* of Law No. 248/05 and the Ministry of Transport Guidelines of December 31, 2006.

The residual accounts excluded from regulatory reporting were subsequently allocated according to the operating criteria.

The main differences were as follows:

- accounts not considered relevant for regulatory accounting purposes which are allocated through a specific review of the individual cost/revenue items;
- revenues and costs for construction services allocated according to an analytical breakdown of investments in the year between the two SBU's according to regulatory criteria;
- incentives for the development of air traffic, allocated entirely to the Aviation SBU in accordance with the financial statement breakdown.

## Information concerning the Main Clients

Group revenues mainly derive from the following clients:

<i>Description</i>
RYANAIR LTD
ALITALIA SAI SPA (pre and post extra. admin.)
WIZZ AIR HUNGARY LTD
TRAVEL RETAIL ITALIANA SRL
BRITISH AIRWAYS PLC
LUFTHANSA LINEE AEREE GERMANICHE
EMIRATES
SOCIETE' AIR FRANCE S.A.
VECCHIA MALGA NEGOZI SRL
AIR DOLOMITI SPA

## COMMENTS ON THE MAIN ITEMS ON THE STATEMENT OF CONSOLIDATED FINANCIAL POSITION

### ASSETS

#### 1. Intangible assets

The following table breaks down intangible assets at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Concession rights	166,292	156,523	9,769
Software, licences and similar rights	1,620	1,105	515
Other intangible assets	65	71	(6)
Energy Certificates	0	321	(321)
Other intangible assets in progress	374	287	87
<b>TOTAL INTANGIBLE ASSETS</b>	<b>168,351</b>	<b>158,307</b>	<b>10,044</b>



The table below presents the changes in intangible assets for the year ended December 31, 2018 compared to December 31, 2017, by asset category.

<i>in thousands of Euro</i>	31.12.2017			Movement in the period				31.12.2018		
	Historic cost	Historical cost	Book value	Increases / Acquisitions	Amortisation	Decreases / Disposals/ Write-downs	Decrease provision	Historic cost	Accumulated amortisation	Book value
Concession rights	186,452	(29,929)	156,523	15,651	(5,760)	(616)	494	201,487	(35,195)	166,292
Software, licences and similar rights	10,056	(8,951)	1,105	1,832	(1,317)	0	0	11,888	(10,268)	1,620
Other intangible assets	250	(179)	71	0	(6)	0	0	250	(185)	65
Energy Certificates	321	0	321	68	0	(389)	0	0	0	0
Intangible assets in progress	287	0	287	89	0	(2)	0	374	0	374
<b>TOTAL INTANGIBLE ASSETS</b>	<b>197,366</b>	<b>(39,059)</b>	<b>158,307</b>	<b>17,640</b>	<b>(7,083)</b>	<b>(1,007)</b>	<b>494</b>	<b>213,999</b>	<b>(45,648)</b>	<b>168,351</b>

Concession rights increased at December 31, 2018 by Euro 15.6 million (equal to the fair value of construction services provided in the year), principally due to:

- resurfacing works on an extensive runway section, of the entire “Golf” connecting runway and of a number of sections of the “Charlie-Delta-Echo” connecting runways, with the upgrading of the relative horizontal signage and the installation of new lighting (AVL). These works were undertaken in September, during the four days of the airport’s closure;
- works in progress for the new de-icing apron and the relative service building;
- construction works on the new “Training Center” building which, following ENAC certification in application of EC regulation 139/2014, houses the training center which centralises all airport personnel technical training;
- building and installation of a monitoring and video surveillance system monitoring the airport perimeter, in application of the National Safety Programme;
- works to extend the new offices at the couriers building;
- work on the new road perimeter on the road pass perimeter in the northern section;
- other preparatory activities to the expansion of the passenger terminal; in 2018 the definitive design of the extension on the existing terminal was completed, approved by the Competent Authority in February 2019.

We in addition highlight the supply and installation of new flight information monitors to improve information to the public.

Finally, in 2018, definitive and executive engineering operations commenced for works execution and management with regard to the protection of buildings currently used by State Agencies, while the definitive engineering design works for the multilevel car park close to the eastern area of the airport was concluded.

Amortisation of concession rights in the year amounted to Euro 5.76 million and was applied according to the residual duration of the concession, alongside write-downs of Euro 97 thousand by the Parent Company for projects no longer realisable.

Software, licenses and similar rights increased Euro 1.83 million. This increase principally concerns:

- the purchase of software licenses for various operating systems and some management applications;
- the renewal of the new internet site;
- the harmonisation and integration of the human resources management systems;
- the implementation of new functionalities on the various IT systems deriving from the organisational and functional assessments;
- the design and analysis services ahead of the construction of the human-like robot “Pepper” used in the check-in area to provide verbal information to passengers.

The increase in the account “Energy certificates” concerns the valuation of 194 White Certificates relating to the Trigeneration plant, recorded under Other revenues and income in the Income Statement. At December 31, 2018 all had been sold.

Other intangible assets in progress include software development not concluded at December 31, 2018.

## Test on the recoverability of assets and group of assets

For the year 2018, the Group undertook an impairment test in order to assess the existence of any long-term losses in value with reference to the amounts recorded under Concession Rights, equal to Euro 166 million at December 31, 2018 (corresponding respectively to 63.77% of the total assets and to 95.73% of the total shareholders' equity at December 31, 2018); these Concession Rights are subject to impairment test at least once a year on the approval of the financial statements.

The test, as per IAS 36, 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). In consideration of the fact that the airport concession terminates in 2044, the explicit economic-financial projections for the period 2019-2044 were utilised, and in conformity with the new Article 703 of the Navigation Code, as modified by Article 15-*quinquies*, paragraph 1 of Legislative Decree No. 148 of October 16, 2017, converted with modifications into Law No. 172 of December 4, 2017 a "Terminal Value" was utilised.

This method is based on the presumption that the economic capital value of a company at a certain date (in the present case December 31, 2018) is representative of the algebraic sum of the following elements:

- 'operating' value, i.e. the present value of the cash flows from operating activities over a defined time period (explicit projection period; in the present case this coincides with the end of the airport concession expected for 2044)
- value of the non-strategic surplus assets at the measurement date.

For impairment testing purposes, the Group has identified a single CGU which coincides with the Aeroporto G. Marconi di Bologna S.p.A. Group.

For the analysis outlined above, the cash flows were taken from the 2019-2044 economic-financial projections formulated by the Board of Directors of February 21, 2019. This latter also approved the methodology relating to the impairment test.

The tariffs utilised for the calculation of the cash flows for the impairment test, in relation to the aeronautical revenues, were simulated on the basis of the interventions contained in the new 2019-2023 Interventions Plan and on the interventions scheduled from 2024 to 2044. For the subsidiaries, the revenues were estimated on the basis of the 2019-2023 Plans elaborated based on the detailed projections on expected traffic volumes.

Revenues from Non-Aeronautical Services and Other Revenues were calculated based on the budget estimates for the period 2019-2023 of the contracts in place, of the historical data and of the forecast passenger traffic which represents a key element also for these revenues. For the period 2024-2044, in line with the historical data and conservatively compared to the 2019-2023 forecasts, an annual revenue increase was projected of 3.8% from 2024 to 2044.

The objectives and the assumptions of the 2019-2044 economic-financial projections were determined taking into account the historical results of the operations and were calculated on the basis of the estimates of the passenger traffic and of the relative revenues, as well as the estimates calculated on the basis of the principal industry analysis and studies, also utilising reasonable growth parameters and not exceeding those expected within the industry. In relation to this we highlight that:

(i) these objectives and assumptions utilised as reference the annual results, which therefore incorporate the interim results of the company and also the historic results of the entire year;

(ii) these long-term forecasts were elaborated on the basis of the growth objectives and improvements compared to the historical results and therefore contain elements of uncertainty and may be considered challenging;

(iii) the industry studies to which the Group made reference for the afore-mentioned long-term forecasts take into account both inter-European traffic and global traffic. The Bologna Airport traffic is prevalently based in Europe and has recently been developing inter-continental routes; therefore, it was considered appropriate to utilise these industry studies.

The operating cash flow was discounted utilising the UDCF (Unlevered Discounted Cash Flow) at a rate equal to the weighted average cost of debt and own funds (WACC - Weighted Average Cost of Capital), equal to 6.75%, determined through the application of the Capital Asset Pricing Model ("CAPM") with:

- Italian risk-free rate (average 12 months) equal to 2.75%;
- Equity market risk premium equal to 6.50%;
- Average beta for the peers identified (panel of listed airport companies) equal to 0.54.

The cost of third-party capital was calculated applying to the IRS 10 years the spread applied in the last loan underwritten, net of the tax effect (24%) equal to 2.28%.

The weighting of own funds and of debt capital equal to respectively 78.6% and 21.4% was made on the basis of an average gearing of industry peers equal to 27.2%.

A premium was also applied on the additional risk equal to 1.0% taking into account the following factors:

- level of risk in the 2019-2044 Economic-Financial Forecasts, in particular considering forecasts relating to a period as long as 2024-2044;
- smaller size of the company compared to the listed companies in the sample.

Based on that outlined above the company therefore determined a WACC of 6.75%.

The impairment test performed did not identify any impairment of the carrying amounts of the concession rights in 2018 and no impairment losses were therefore recognised on the assets concerned.

The Group considered it appropriate to undertake some sensitivity analysis in order to verify the impacts on the recoverable amount deriving from changes considered reasonable possible in the following parameters considered significant:

- EBITDA margin: -5%;
- WACC: +1%

and analysing the impacts which this change has in relation to the differential with the value of the Net Capital Employed ("NCE") and with the account Intangible Assets.

Neither of the sensitivities indicated any impairment.

The value of the EBITDA margin which renders the value of the CGU equal to the book value of the Net Capital Employed is 33.67%.

The value of the WACC which renders the value of the CGU equal to the book value of the Net Capital Employed is 8.5%.

The Group did not consider it necessary to obtain a specific fairness opinion on the impairment tests undertaken on the Concession Rights recorded under Intangible Assets, also in consideration of the accounting criteria on the basis of the costs incurred and not on the basis of specific market values or fair values of these intangible assets.

An impairment test simulation was also undertaken considering in the determination of the WACC a duration of the interest rates (free risk rate and swap rate) of 30 years, a duration which approximates the residual duration of the airport concession. Also in these cases, the test did not result in any impairment.

## 2. Tangible assets

The following table breaks down tangible assets at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	<b>As at 31.12.2018</b>	<b>As at 31.12.2017</b>	<b>Change</b>
Land	2,763	2,763	0
Buildings, light constructions and improvements	4,146	4,500	(354)
Machinery, equipment & plant	3,066	3,299	(233)
Furniture, EDP and internal transport	2,181	1,952	229
Tangible fixed assets in progress	2,979	2,156	823
Investment property	4,732	4,732	0
<b>TOTAL TANGIBLE ASSETS</b>	<b>19,867</b>	<b>19,402</b>	<b>465</b>

The table below shows the changes in tangible assets for the period ended December 31, 2018 compared to December 31, 2017, by asset category.

<i>in thousands of Euro</i>	31.12.2017			Movement in the year				31.12.2018		
	Historical cost	Accumulated depreciation	Book value	Increases/Acquisitions	Depreciation	Decreases/Disposals/ Write-downs	Decrease provision	Historical cost	Accumulated depreciation	Book value
Land	2,763	0	2,763	0	0	0	0	2,763	0	2,763
Buildings, light constructions and improvements	8,384	(3,884)	4,500	67	(421)	0	0	8,451	(4,305)	4,146
Machinery, equipment & plant	13,534	(10,236)	3,299	941	(1,171)	(26)	23	14,449	(11,384)	3,066
Furniture, EDP and transport	8,698	(6,746)	1,952	859	(627)	(82)	79	9,475	(7,294)	2,181
Tangible fixed assets in progress	2,156	0	2,156	823	0	0	0	2,979	0	2,979
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
<b>TOTAL TANGIBLE ASSETS</b>	<b>40,267</b>	<b>(20,866)</b>	<b>19,402</b>	<b>2,690</b>	<b>(2,219)</b>	<b>(108)</b>	<b>102</b>	<b>42,849</b>	<b>(22,983)</b>	<b>19,867</b>

In 2018, this category increased by Euro 2.69 million and mainly concerns, in addition to furniture and EDP, the purchase and installation of:

- digital advertising equipment;
- explosives recorders, equipment and devices to analyse and control liquids at the customs desks;
- some workshop equipment;
- forklifts for the loading and unloading of cargo;
- some service motor vehicles;
- a snow clearing vehicle;
- furniture, EDP and multimedia equipment for the new Training Center.

The depreciation of tangible assets in the year amounted to Euro 2.7 million.

Tangible fixed assets in progress include amounts incurred for projects not concluded at December 31, 2018, among which the first two tranches totalling Euro 1.78 million of the contributions granted by the Parent Company to Marconi Express Spa for the construction of the People Mover "Airport" station following completion of 66% of the airport area works in addition to works in progress on the footbridge connection between the station and the terminal.

Investment property includes the total value of land owned by the Group earmarked for the construction of investment property; these amounts were initially recorded at purchase cost and subsequently measured using the cost method.

This land is not subject to amortisation but, as per IAS 40, a technical report is undertaken to support the fair value. The technical report undertaken internally by the Parent Company confirms that the value of the inscription cost approximates, for nature and strategic value of the investment, its fair value. At the preparation date of the consolidated financial statements, there were no impairment indicators on these assets.

### 3. Investments

The investment in the associate Ravenna Terminal Passeggeri S.r.l., taking into account the forecasted negative results for the years 2015 and 2016, was written down in 2014. The results in subsequent years confirmed this forecast (loss in 2015 of Euro 47 thousand, loss in 2016 of Euro 27 thousand and profit in 2017 of Euro 1 thousand).

The following table breaks down other investments at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2017	Increases / Acquisitions	Decreases / Disposals	Write-downs	As at 31.12.2018
Other investments	43	0	0	0	43
<b>TOTAL INVESTMENTS</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43</b>

The composition of the account is as follows:

<i>in thousands of Euro</i>	Holding	As at 31.12.2018	As at 31.12.2017	Change
Consorzio Energia Fiera District	14.3%	3	3	0
CAAF dell'Industria Spa	0.07%	0	0	0
Bologna Welcome Srl	10%	40	40	0
<b>TOTAL OTHER INVESTMENTS</b>		<b>43</b>	<b>43</b>	<b>0</b>



#### 4. Other non-current financial assets

The following table shows the movements in other non-current financial assets for the year ended December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2017	Increases/ Acquisitions	Decreases / Reclass.	Write- downs	As at 31.12.2018
Equity Financial Instruments	10,000	873	0	0	10,873
Escrow bank accounts/Saving bonds	9,570	5,000	(9,500)	0	5,070
Other financial assets	257	5	0	0	262
<b>TOTAL OTHER NON-CURRENT FINANCIAL ASSETS</b>	<b>19,827</b>	<b>5,878</b>	<b>(9,500)</b>	<b>0</b>	<b>16,205</b>

At December 31, 2018 the account "Other non-current financial assets" mainly comprises:

- Euro 10.9 million of equity financial instruments in Marconi Express Spa, concession holder for the construction and management of the rapid rail link infrastructure between the Airport and Bologna Central Station called People Mover. This financial instrument, subscribed on January 21, 2016 for a total value of Euro 10.9 million, is recorded at December 31, 2018 corresponding to the amount effectively paid or rather the cost incurred at that date. The decrease in the year corresponds to the payment in December 2018 of the fourth and final quota corresponding to the final certificate of the works. The investment, in addition to the strategic/operating interest related to improving accessibility to the airport, meets the Group's objective both in relation to the collection of the contractual cash flows and to any future sale of the financial asset. In accordance with the new standard IFRS 9, this is therefore classified to the financial asset category "Held to collect and sell - HTC&S". This financial instrument does not comply with the SPPI test and consequently this asset must be measured at fair value through profit or loss. Specifically, considering the difficulty in measuring the fair value of this Equity Financial Instrument, the Group availed of the exemption permitted for equity financial instruments where the fair value may not be reliably measured. Consequently, the subsequent valuations of this SFP are at cost and any reductions in value, quantified comparing the book value with the present value of the expected cash flows discounted at the market rate for similar instruments, are recorded in the Income Statement and may not be written back. In summary, the application of the new accounting standard on the financial instruments does not modify the valuation of the Equity Financial Instruments in Marconi Express;
- the account "Deposit accounts/Savings bonds" comprises temporary investments of liquidity undertaken by the Group in order to collect the contractual cash flows. As per IFRS 9, these investments are classified in the category "Held to collect - HTC". The contractual maturity defined, the yield defined and calculated on the notional amount permits the achievement of the SPPI tests and therefore the valuation at amortised cost in continuity with that undertaken in previous years in application of IFRS 9. Changes in the year were as follows:
  - the acquisition in December 2018 of Savings Bonds for Euro 5 million with maturity December 2020;
  - the reclassification to current financial assets deriving from the reduced contractual maturity of Euro 8 million of Time Deposits acquired in December 2017 and with maturity June 2019 and of Euro 1.5 million of Time Deposits acquired in November 2017 and maturity May 2019;
- Euro 0.26 million of a capitalisation product with a duration of 5 years expiring in May 2021 which the Group has classified in accordance with the new standard IFRS 9 in the category "Held to collect - HTC", as this complies with the Group's need to invest temporary liquidity held in order to collect the contractual cash flows. However, in this specific case, the maturity is defined contractually, but the return is related to the capital management performance and therefore this financial

instrument is measured at fair value through profit or loss. Also in this case there are no changes compared to the previous accounting treatment.

## 5. Deferred tax assets

The following table presents the movements in deferred tax assets for the year ended December 31, 2018 compared with December 31, 2017.

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Util./Reclass.	As at 31.12.2018
<b>DEFERRED TAX ASSETS</b>	<b>6,799</b>	<b>870</b>	<b>(1,561)</b>	<b>6,108</b>

The tables below outline the breakdown of the items resulting in the recognition of deferred tax assets, broken down between IRES and IRAP.

In particular:

- “Other deferred deductible costs” mainly include maintenance costs as per Article 107 of the CFA, deductible in future years;
- “Fiscally deferred provisions” mainly includes other provisions for disputes and charges deductible in future years;
- “Provision for renewal of airport infrastructure” refers to the portion of the provision not deducted for IRES/IRAP purposes, in addition to the quota deductible for IRES purposes in future years;
- “Listing costs” includes the costs related to the listing of the shares of the company on the STAR Segment of the Italian Stock Market on July 14, 2015, recorded in the Income Statement and in part in an Equity reserve and deductible over 5 years from the year 2015.

<i>IREs rate 24%</i> <i>in thousands of Euro</i>	Assessable				Tax			
	at 31.12.2017	Increases	Uses	at 31.12.2018	at 31.12.2017	Increases	Uses	at 31.12.2018
1) Other costs IRES deferred deductibility	7,787	2,605	(2,539)	7,853	1,869	624	(609)	1,884
2) Provision for doubtful accounts	860	48	(6)	902	206	12	(1)	217
3) IRES deferred tax provisions	1,293	291	(3)	1,581	310	70	(1)	379
4) Provision for renewal of airport infrastructure	11,040		(567)	10,473	2,652		(140)	2,512
5) Amortisation concession rights from ENAC-ENAV agreement	235		(14)	221	57	-	(3)	54
6) Listing costs	1,849		(925)	924	444		(222)	222
7) Disc. sever. prov. plus other long-term personnel costs	474	53	(185)	342	88	13	(44)	57
8) Amortisation start-up and expansion costs	20	3	(2)	21	5	0	0	5
9) Tax losses recoverable	792		(164)	628	190		(39)	151
<b>Total IRES</b>	<b>24,350</b>	<b>3,000</b>	<b>(4,405)</b>	<b>22,945</b>	<b>5,821</b>	<b>719</b>	<b>(1,059)</b>	<b>5,481</b>

<i>IRAP rate 4.2%-3.9%</i> <i>in thousands of Euro</i>	Assessable				Tax			
	at 31.12.2017	Increases	Uses	at 31.12.2018	at 31.12.2017	Increases	Uses	at 31.12.2018
IRAP deferred tax provisions	435	6	(3)	438	19	-	0	19
Provision for renewal of airport infrastructure	13,073	3,559	(4,499)	12,133	549	149	(190)	508
Amortisation start-up and expansion costs FTA	20	3	(2)	21	1	-	0	1
Amortisation concess. rights from ENAC-ENAV agreement	163	-	(14)	149	7	-	(1)	6
Discounting other Long-term personnel costs	118	53	(53)	118	5	2	(2)	5
<b>Total IRAP</b>	<b>13,809</b>	<b>3,621</b>	<b>(4,571)</b>	<b>12,860</b>	<b>581</b>	<b>151</b>	<b>(193)</b>	<b>539</b>

The following table on the other hand shows the tax credits, within AdB, for the utilisation of the fiscal benefits in relation to: interventions for energy recovery; capex investments as per Article 18 of Law-Decree No. 91/2014; R&D investments as per Article 1, paragraph 35 of Law No. 190/2014. In relation to the utilisation of the R&D tax credits, the company in 2018 did not continue its research and development activities, rather focusing on projects which would increase the performance of the IT infrastructure and on the consolidation of activities already commenced. The objective taking into account also the Investment Plan is to continue the research activities in 2019 and 2020.

<i>Others</i>	Tax receivable				
	<i>In thousands of Euro</i>	As at 31.12.2017	Increases	Uses	As at 31.12.2018
Other Receivables		397		(309)	88
<b>Total Others</b>		<b>397</b>	<b>0</b>	<b>(309)</b>	<b>88</b>

## 6. Other non-current assets

The following table breaks down other non-current assets at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Non-current prepaid expenses and accrued income	59	108	(49)
Guarantee deposits	88	84	4
Non-current tax receivables	1,317	1,304	13
<b>OTHER NON-CURRENT ASSETS</b>	<b>1,464</b>	<b>1,496</b>	<b>(32)</b>

The main account relates to non-current tax receivables concerning the receivable recorded following the IRES reimbursement request for the non-deduction of IRAP on personnel costs (Legislative Decree 201/2011 and Tax Agency Decision No. 2012/140973 of 2012) for Euro 1 million. This amount includes the share of the subsidiaries Tag Bologna and Fast Freight Marconi and the former subsidiary Marconi Handling within the Group fiscal consolidation whose settlement will be undertaken directly by the Parent Company based on the tax consolidation agreement in the year the amounts are recorded in the financial statements.

## 7. Inventories

The following table breaks down inventories at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Inventories of raw materials, supplies and consumables	527	487	40
Inventories of finished products	67	51	16
<b>INVENTORIES</b>	<b>594</b>	<b>538</b>	<b>56</b>

Ancillary and consumable inventories did not change significantly and concern inventories held of workshop materials, heating fuel and de-icing liquid for the runway and for aircraft, as well as stationary and printing material. Finished product inventories concerns aviation fuel.

## 8. Trade receivables

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

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Trade receivables	15,230	14,128	1,102
Provisions for doubtful accounts	(958)	(908)	(50)
<b>TRADE RECEIVABLES</b>	<b>14,272</b>	<b>13,220</b>	<b>1,052</b>

The Group places great importance on the management of receivables, as seen in the contained increase in trade receivables despite the increase in revenues in 2018 and the consequent further decrease in the average collection days from 42 to 41 days (see Paragraph Key Indicators in the Directors' Report).

At December 31, 2018 trade receivables for Euro 14.3 million were recorded net of the provision for doubtful accounts of Euro 1 million, whose valuation was impacted, although not significantly, by the new accounting standards and in particular IFRS 9 with the adoption from January 1, 2018 of the Provision Matrix method. As illustrated in the Notes to the 2017 Annual Report concerning the new accounting standards, the impact is not significant considering the most significant part of the provision comprises write-downs based on specific analysis of overdue amounts and/or disputes, whose probability of recovery is estimated also through the support of legal advisors and taking into account guarantees received from clients. On the residual debtor balance, classified by customer category and overdue period, the simplified parameter method was applied permitted by IFRS 9 to companies with a diversified and fragmented client portfolio.

The movements in the provision for doubtful accounts were as follows:

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Utilizations	Releases	As at 31.12.2018
<b>PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(908)</b>	<b>(97)</b>	<b>22</b>	<b>25</b>	<b>(958)</b>

<i>in thousands of Euro</i>	As at 31.12.2016	Provisions	Utilizations	Releases	As at 31.12.2017
<b>PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(1,368)</b>	<b>(364)</b>	<b>763</b>	<b>61</b>	<b>(908)</b>

The provisions in the year total Euro 105 thousand, of which Euro 97 thousand classified in the account provisions in the income statement and the residual Euro 8 thousand recorded as a direct reduction of the relative revenues as concerning amounts matured in 2018 which are no longer considered collectible.

An analysis of the aging of trade receivables of the Group at December 31, 2018 compared with December 2017, 2017 is reported below:

<i>in thousands of Euro</i>	Not yet due	Overdue	Total as at 31.12.2018
Trade receivables for invoices/credit notes issued	8,459	6,733	15,192
Trade receivables for invoices/credit notes to be issued	38	0	38
<b>TOTAL TRADE RECEIVABLES</b>	<b>8,497</b>	<b>6,733</b>	<b>15,230</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30 days	Overdue 30- 60 days	Overdue 60-90 days	Overdue beyond 90	Total
<b>TRADE RECEIVABLES</b>	<b>8,459</b>	<b>3,956</b>	<b>845</b>	<b>396</b>	<b>1,536</b>	<b>15,192</b>

<i>in thousands of Euro</i>	Not yet due	Overdue	Total as at 31.12.2017
Trade receivables for invoices/credit notes issued	8,179	5,925	14,104
Trade receivables for invoices/credit notes to be issued	24	0	24
<b>TOTAL TRADE RECEIVABLES</b>	<b>8,203</b>	<b>5,925</b>	<b>14,128</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30 days	Overdue 30-60 days	Overdue 60-90 days	Overdue beyond 90	Total
<b>TRADE RECEIVABLES</b>	<b>8,179</b>	<b>3,314</b>	<b>933</b>	<b>133</b>	<b>1,545</b>	<b>14,104</b>

## 9. Other current assets

The following table breaks down other current assets at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
VAT Receivable	136	303	(167)
Direct income tax receivables	22	5	17
Other tax receivables	3	26	(23)
Employee receivables	88	74	14
Other receivables	4,412	3,780	632
<b>OTHER CURRENT ASSETS</b>	<b>4,661</b>	<b>4,188</b>	<b>473</b>

Other receivables are composed of:

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Prepayments and accrued income	298	316	(18)
Advances to suppliers	105	14	91
Pension and social security institutions	54	60	(6)
Municipal surtax receivable	4,538	3,897	641
Other current receivables provision for doubtful accounts	(1,088)	(1,085)	(3)
Other current receivables	505	578	(73)
<b>TOTAL OTHER RECEIVABLES</b>	<b>4,412</b>	<b>3,780</b>	<b>632</b>

Relating to the account "Municipal surtax receivable" the Group charged the carriers the boarding fee municipal surtax, as per Article 2, paragraph 11 of Law 350/2003 and subsequent integrations and modifications, and once collected, paid the amount to the State and to INPS respectively in the measure of Euro 1.50 and Euro 5.00 per passenger boarded - an amount valid until December 31, 2015 and from January 1, 2017.

The municipal surtax receivable increased in the year due to the increase in traffic as in 2018 there were no tariff changes considering that Article 55 of the "2017 Budget Law" provided for the definitive suppression, from January 1, 2017, of the municipal surtax, equal to Euro 2.41 for 2017 and Euro 2.34 for 2018, introduced by Article 13, paragraphs 21 and 23 of Law Decree 145/2013.

The account "other current receivables provision for doubtful accounts" includes the provision for municipal surtax doubtful accounts obtained for reclassification under assets in the statement of financial position, as a deduction of the respective receivable, of the municipal surtax to the carriers which in the meantime were subject to administration procedures or which contested the charge. This account:

- is exclusively an asset account,
- does not involve any provisions to the Income Statement,
- was classified as a deduction of the respective receivables due to the high improbability of recovery and the changes in the period are as shown in the table below:

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions/Increases	Utilizations	Releases	As at 31.12.2018
Provision for municipal surtax doubtful accounts	(1,085)	(13)	0	10	(1,088)
<b>TOTAL OTHER RECEIVABLES PROVISION FOR DOUBTFUL ACCOUNTS</b>	<b>(1,085)</b>	<b>(13)</b>	<b>0</b>	<b>10</b>	<b>(1,088)</b>

## 10. Current Financial Assets

The following table breaks down current financial assets at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Bonds	0	4,574	(4,574)
Deposit accounts	13,400	16,000	(2,600)
Other financial receivables	49	43	6
<b>CURRENT FINANCIAL ASSETS</b>	<b>13,449</b>	<b>20,617</b>	<b>(7,168)</b>

The changes in the period in other current financial assets are illustrated in the table below.

<i>in thousands of Euro</i>	As at 31.12.2017	Acquisitions	Other increases/ reclassifications	Decreases / Disposals	As at 31.12.2018
Bonds	4,574	0	0	(4,574)	0
Deposit accounts	16,000	3,900	9,500	(16,000)	13,400
Other financial receivables	43	0	6	0	49
<b>TOTAL OTHER CURRENT FINANCIAL ASSETS</b>	<b>20,617</b>	<b>3,900</b>	<b>9,506</b>	<b>(20,574)</b>	<b>13,449</b>

In detail:

- bonds: the senior bond for a nominal value of Euro 4.5 million, acquired in 2016 and matured and settled in September 2018. The investments in bonds meets the Group's temporary needs to invest liquidity in order to obtain the contractual cash flows. As per IFRS 9, these investments are classified in the category "Held to collect - HTC". The bonds are not convertible and have a defined maturity date; this results in the passing of the SPPI test and therefore the valuation at amortised cost in continuity with that undertaken in previous years in application of IAS 39;
- escrow bank accounts: this account concerns temporary investments in liquidity in:
  - deposit certificates for:
    - Euro 3.9 million subscribed in December 2018 and with maturity June 2019;
  - time deposits for:
    - Euro 8 million acquired in December 2017 with maturity June 2019 (reclassified from non-current financial assets note 4);
    - Euro 1.5 million acquired in November 2017 with maturity May 2019 (reclassified from non-current financial assets note 4).

This category of financial investments also meets the Group's temporary needs to invest liquidity in order to obtain the contractual cash flows. As per IFRS 9, these investments are classified in the category "Held to collect - HTC". The contractual maturity defined, the yield

defined and calculated on the notional amount permits the passing of the SPPI tests and therefore the valuation at amortised cost in continuity with that undertaken in previous years in application of IAS 39.

The movements in the year were also due to the following:

- the sale in May of Euro 4 million of savings bonds subscribed August 2016 and with maturity August 2018. The advance settlement was undertaken in view of the payment maturities, among which the distribution of dividends on the 2017 result for Euro 14.2 million, as approved by the Shareholders' Meeting of April 24, 2018. The advance sale does not reflect a change in the business model underlying the purchase of this financial instrument, but represents an opportunity to maximise financial income;
- to the maturity:
  - in September 2018 of Euro 4 million of time deposits subscribed in March 2017;
  - in October 2018 of Euro 1 million of time deposits subscribed in April 2017;
  - at December 2018 of certificate deposits for Euro 7 million subscribed in December 2017.

## 11. Cash and cash equivalents

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Bank and postal deposits	15,735	16,182	(447)
Cash in hand and similar	27	27	0
<b>CASH AND CASH EQUIVALENTS</b>	<b>15,762</b>	<b>16,209</b>	<b>(447)</b>

“Bank and postal deposits” represent the bank current account balances.

## 12. Assets held-for-sale

The following table shows the breakdown of the assets held-for-sale:

<i>in thousands of Euro</i>	As at 31.12.2018	at 31.12.2017	Change
Investment in Bologna Congressi Spa	0	117	(117)
<b>ASSETS HELD-FOR-SALE</b>	<b>0</b>	<b>117</b>	<b>(117)</b>

At December 31, 2017 this account comprises the investment of 10% in Bologna Congressi Spa, which was sold on February 23, 2018 to Bologna Fiera Spa, majority shareholder of Bologna Congressi spa. At December 31, 2017, the capital profit of Euro 0.013 million was recorded as a shareholders' equity reserve. At December 31, 2018, given the completion of the operation, the reserve was eliminated and the profit recorded under financial income in account 28 of the Income Statement.

## Net Financial Position

The following table shows the breakdown of the net financial position at December 31, 2018 and December 31, 2017, in accordance with Consob Communication of July 28, 2006 and the ESMA/2011/81 Recommendations:

	<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017
A	Cash	27	27
B	Other cash equivalents	15,735	16,182
C	Securities held for trading	0	0
<b>D</b>	<b>Cash and cash equivalents (A)+(B)+(C)</b>	<b>15,762</b>	<b>16,209</b>
<b>E</b>	<b>Current financial receivables</b>	<b>13,449</b>	<b>20,617</b>
F	Current bank debt	(43)	(54)
G	Current portion of non-current debt	(4,433)	(5,807)
H	Other current financial debt	(2,050)	(1,806)
<b>I</b>	<b>Current financial debt (F)+(G)+(H)</b>	<b>(6,526)</b>	<b>(7,667)</b>
<b>J</b>	<b>Net current financial position (I)-(E)-(D)</b>	<b>22,685</b>	<b>29,159</b>
K	Non-current bank debt	(14,690)	(19,109)
L	Bonds issued	0	0
M	Other non-current debt	0	0
<b>N</b>	<b>Non-current financial debt (K)+(L)+(M)</b>	<b>(14,690)</b>	<b>(19,109)</b>
<b>O</b>	<b>Net financial debt (J)+(N)</b>	<b>7,995</b>	<b>10,050</b>

The accounts A + B are equal to the balance of the account “cash and cash equivalents”; reference should be made to note 11 for further details.

The account C + E is equal to the account “current financial assets”; reference should be made to note 10 for further details.

The accounts F + G + H are equal to the balance of the account “current financial liabilities”; reference should be made to note 23 for further details.

The account K is equal to the balance of the account “non-current financial liabilities”; reference should be made to note 18 for further details.

For a detailed analysis on the movements in the net financial position in the two-year period 2018-2017 reference should be made to the analytical analysis in the Directors’ Report.



## LIABILITIES

### 13. Shareholders' Equity

The following table breaks down the Shareholders' Equity at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Share capital	90,314	90,314	0
Reserves	65,469	65,218	251
Profit (loss) for the year	17,927	15,969	1,958
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>173,710</b>	<b>171,501</b>	<b>2,209</b>

#### i. Share capital

The share capital of the Parent Company at December 31, 2018 amounts to Euro 90,314,162, entirely paid-in and comprising 36,125,665 ordinary shares without par value.

The following table outlines the calculation of the basic and diluted earnings per share:

<i>in Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017
Group profit (loss)	18,025,716	15,987,383
Average number of shares outstanding	36,125,665	36,125,665
<b>Undiluted earnings per share</b>	<b>0.50</b>	<b>0.44</b>
<b>Diluted earnings per share</b>	<b>0.50</b>	<b>0.44</b>

(\*) Consolidated Statement of Comprehensive Income

The undiluted earnings and diluted earnings per share of the AdB Group at December 31, 2018 and at December 31, 2017 are the same due to the absence of potential dilutive instruments.

#### ii. Reserves

The following table breaks down the Reserves at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Share premium reserve	25,683	25,683	0
Legal reserve	6,310	5,545	765
Extraordinary reserve	36,437	35,600	837
FTA Reserve	(3,272)	(3,222)	(50)
Profits/(losses) carried forward	1,132	2,513	(1,381)
OCI Reserve	(821)	(914)	93
Assets held-for-sale reserve	0	13	(13)
<b>TOTAL RESERVES</b>	<b>65,469</b>	<b>65,218</b>	<b>251</b>

The share premium reserve comprises:

- Euro 14.35 million following the paid-in share capital increase approved by the Shareholders' Meeting of February 20, 2006;
- Euro 11.33 million following the public offering of shares in July 2015.

Pursuant to Article 2431 of the Civil Code this reserve is available but may not be distributed until the legal reserve has reached the limit established as per article 2430 of the Civil Code.

The legal reserve increased mainly due to the allocation of the profit in the previous year and, for a minor part, the allocation to the Group of the profit of previous years of minority interests.

The extraordinary reserve increased exclusively due to the allocation of the profit in the previous year. This reserve entirely comprises profits from previous years.

The change in the FTA reserve derives from the allocation to the Group of the FTA reserve of the minority interests until the previous year.

The change in the retained earnings is due to:

- allocation of the profits/losses deriving from the IAS accounting entries of the subsidiary companies;
- allocation of the 2017 profits of Tag;
- allocation to the Group of the profits in the previous years of minority interests;
- the consolidation adjustments deriving from the acquisition of the further holding of 49% of Tag.

The OCI reserve records the changes in the year deriving from the discounting of the Severance and other personnel provisions (Note 14) in accordance with IAS 19 revised, net of the relative tax effect in addition to the allocation to the Group of the actuarial gains/losses previously relating to Minority interests.

The assets held-for-sale reserve, which at December 31, 2017 included the profit arising from the difference in the carrying value of the investment in Bologna Congressi Spa and the sales value, was eliminated due to the completion of the operation on February 23, 2018, with recognition of the higher value under financial income in the Income Statement.

The following table breaks down the reserves at December 31, 2018 and the comparative period:

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
IAS 19 actuarial profits/losses	(1,080)	(1,209)	129
Deferred taxes on actuarial profits/losses - IAS 19	259	289	(30)
<b>OCI RESERVE</b>	<b>(821)</b>	<b>(920)</b>	<b>99</b>
<b>of which minority interest</b>	<b>0</b>	<b>(6)</b>	<b>6</b>
<b>of which Group</b>	<b>(821)</b>	<b>(914)</b>	<b>93</b>

Completing the information on the changes in Shareholders' equity in the year, we report the distribution of dividends approved by the Shareholders' Meeting of the Parent Company of April 24, 2018 for Euro 14 million corresponding to a gross dividend of Euro 0.392 for each of the 36,125,665 ordinary shares in circulation at the dividend coupon date.

At December 31, 2018 the **Minority Interest Shareholders' Equity** was eliminated following the acquisition on October 2, 2018 by the Parent Company of the residual 49% of Tag owned by Minority Shareholders.

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Share Capital - Minority interests	0	155	(155)
Reserves - Minority interests	0	451	(451)
Profit/Loss - Minority interests	0	215	(215)
<b>MINORITY INTEREST SHAREHOLDERS' EQUITY</b>	<b>0</b>	<b>821</b>	<b>(821)</b>

#### 14. Severance and other personnel provisions

The following table breaks down severance and other personnel provisions at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Severance	4,087	4,287	(200)
Other personnel provisions	118	118	0
<b>SEVERANCE AND OTHER PERSONNEL PROVISIONS</b>	<b>4,205</b>	<b>4,405</b>	<b>(200)</b>

The table below shows the movements in the provisions in the period:

<i>in thousands of Euro</i>	As at 31.12.2017	Service cost	Net interest	Benefits paid	Actuarial profits/(losses)	As at 31.12.2018
Severance	4,287	13	60	(144)	(129)	4,087
Other personnel provisions	118	79	1	(78)	(2)	118
<b>SEVERANCE AND OTHER PERSONNEL PROVISIONS</b>	<b>4,405</b>	<b>92</b>	<b>61</b>	<b>(222)</b>	<b>(131)</b>	<b>4,205</b>

The actuarial valuation of severance provisions is carried out on the basis of the "benefits matured" with the support of actuarial experts.

The principal assumptions in the actuarial estimation process of the severance provisions for the years concerned are as follows:

- a) discount rate: 1.57% for the valuation at 31.12.2018 and 1.30% for the valuation at 31.12.2017;
- b) inflation rate: 1.50% for both years;
- c) demographic bases (mortality/invalidity): the mortality tables RG 48 published by the State General Office were used for the mortality rates. For invalidity, an INPS table based on age and gender was utilised;
- d) staff turnover rate (Parent Company): 1%.

As for any actuarial valuation the results depend on the technical bases adopted such as, among others, interest rate, inflation rate and expected turnover. The table below shows the sensitivity for each actuarial assumption at the end of the year, highlighting the effects of the changes of the actuarial assumptions reasonably possible at that date, in absolute terms.

<i>in thousands of Euro</i>	Valuation parameter					
	+1 % on turnover rate	-1 % on turnover rate	+ 0.25% on annual inflation rate	- 0.25% on annual inflation rate	+ 0.25% on annual discount rate	- 0.25% on annual discount rate
Severance	4,070	4,105	4,149	4,024	3,988	4,189

For completeness the following table also shows the expected disbursements of the plan over a 5-year period:

Years	Estimated future disbursements (In thousands of Euro)
1	210
2	233
3	186
4	255
5	302

The other personnel provisions at December 31, 2018 concern the long-term incentive plan and the non-competition agreement of the Chief Executive Officer/General Manager as governed by the Remuneration Policy commented upon in the Corporate Governance and Share Ownership Report, to which reference should be made.

The actuarial valuation at December 31, 2018 of the long-term incentive plan (II cycle 2016-2018, III cycle 2017-2019 and IV 2018-2020) and the non-competition agreement was made with the support of actuarial experts utilising the “benefits matured” method based on IAS 19 (paragraphs 67-69) through the “Project Unit Credit” criterion. Under this method the valuation is based on the average present value of the obligations matured based on the employment service up to the time of the valuation. The main valuation parameters were:

- discount rate: 1.57% for the valuation at December 31, 2018 (1.30% for the valuation at December 31, 2017) of the liability for the non-competition agreement equal to the yield on the comparable duration of the employment duration in the sector and 0.12% for the valuation at December 31, 2018 (0.03% for the valuation at December 31, 2017) of the liabilities for the long-term incentive, yield in line with the three-year duration of the plans under consideration;
- demographic bases (mortality/invalidity): the mortality tables RG 48 published by the State General Office were used for the mortality rates. For invalidity, the INPS table for the 2010 projections was utilised;
- frequency voluntary resignations and dismissals by the company: 1%;
- probability of reaching objectives equal to 50-70% of the second cycle.

Finally, we report the sensitivity which highlights the effects on the other employee provisions, in particular on the provision relating to the non-competitive agreement, in the case of termination of employment with probability equal to 10%:

<i>in thousands of Euro</i>	Service cost
Other personnel provisions	43

## 15. Deferred tax liabilities

The following table breaks down the deferred tax liabilities at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	at 31.12.2017	Provisions	Uses	As at 31.12.2018
<b>DEFERRED TAX LIABILITIES</b>	<b>2,371</b>	<b>85</b>	<b>0</b>	<b>2,456</b>

The deferred tax liability provision amounts to Euro 2.5 million. The deferred tax liabilities were recorded on transition to IFRS following the application of IFRIC 12 "Service concession arrangements", as illustrated in the note relating to the Transition to International Accounting Standards IFRS in the 2014 Financial Statements. The increase in the year is also attributable to the application of IFRIC 12 on the investments in concession rights without any tax impact.

<i>IRRES rate 24%</i> <i>in thousands of Euro</i>	Assessable				Tax			
	at 31.12.2017	Increases	Uses	at 31.12.2018	at 31.12.2017	Increases	Uses	at 31.12.2018
Amortisation Concession rights	8,466	314		8,780	2,030	76		2,106
<b>Total IRES</b>	<b>8,466</b>	<b>314</b>	<b>0</b>	<b>8,780</b>	<b>2,030</b>	<b>76</b>	<b>0</b>	<b>2,106</b>

<i>IRAP rate 4.2%</i> <i>in thousands of Euro</i>	Assessable				Tax			
	at 31.12.2017	Increases	Uses	at 31.12.2018	at 31.12.2017	Increases	Uses	at 31.12.2018
Amortisation Concession rights	8,094	213		8,307	341	9		350
<b>Total IRAP</b>	<b>8,094</b>	<b>213</b>	<b>0</b>	<b>8,307</b>	<b>341</b>	<b>9</b>	<b>0</b>	<b>350</b>
<b>Total</b>					<b>2,371</b>	<b>85</b>	<b>0</b>	<b>2,456</b>

## 16. Provision for renewal of airport infrastructure (non-current)

The provision for renewal of airport infrastructure includes the provision allocated to cover the conservation maintenance expenses and renewal of the assets held under concession which the Group must return at the end of the concession period, scheduled in 2044, in perfect functioning state.

The following table presents the movements for the provision for the year ended December 31, 2018 together with the table as per note 21, relating to the current portion of the provision.

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Utilizations	Reclassifications	As at 31.12.2018
<b>PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)</b>	<b>9,575</b>	<b>3,560</b>	<b>(1,046)</b>	<b>(1,757)</b>	<b>10,332</b>

The increases in 2018 totalled Euro 3.56 million, of which Euro 3.75 million classified under provisions in the income statement and the residual of Euro 0.19 million recorded under financial income from discounting.

The uses of the provision total Euro 4.54 million of which Euro 3.5 million recorded in the current provision for renewal of airport infrastructure (note 21) and the residual as utilisation of the non-current provision as illustrated above. In 2018 the utilizations exceeded the scheduled provisions due to the greater amount of work on the runway and the extraordinary maintenance of the taxiway during the four days of airport closure in the middle of September, in addition to miscellaneous works, including the renewal of the terminal roofing and of the cargo building.

At December 31, 2018 the infrastructure renewal provision totals Euro 12.1 million.

The decreases from reclassifications concern the periodic reclassification to current liabilities of the disbursements expected in the twelve months subsequent to period end.

For completeness the following table shows the sensitivity in the interest rates applied for the discounting of the provision for renewal of airport infrastructure at December 31, 2018:

<i>in thousands of Euro</i>	Financial (charges)/income balance	Sensitivity Analysis (+0.5%)	Sensitivity Analysis (-0.1%)
Provisions for renewal of airport Infrastructure	193	126	208

The discounting curve utilised for the valuation includes the country risk. In this specific case the input data utilised was the short, medium and long-term zero-coupon government bonds (from 3 months to 30 years), sourced from the information provider Bloomberg.

## 17. Provisions for risks and charges (non-current)

The changes in the provision for “Risks and charges” in the year are reported below:

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Util./Other decreases	As at 31.12.2018
Risk provision for disputes	842	35	(2)	875
Employee back-dated provision	270	256	(526)	0
Other provisions for risks and charges	153	0	0	153
<b>PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)</b>	<b>1,265</b>	<b>291</b>	<b>(528)</b>	<b>1,028</b>

The main change concerns the employee back-dated provision on which, within the framework of the renewal of the Airport Operators Trade Union Agreement expired on December 31, 2016 and of the Assohandlers Trade Union Agreement expired on June 30, 2017, an estimate of the liabilities for a One-off/back-dated employee payments was accrued for the period. The utilisations derive from the reclassification of the liabilities from non-current provisions (note 22), as the closure is estimated during the year 2019.

### **Contingent liabilities**

On July 26, 2016, on the completion of a general review commenced on May 18, 2016 for the year 2013 of the Parent Company, the Bologna Tax Agency prepared a tax assessment highlighting a presumed derecognition of the IRES deductibility of the loss of Euro 5 million deriving from the enforcement of the surety guarantee issued in 2007 by AdB to the financial institutions of SEAF, Società di Gestione dell’Aeroporto di Forlì, company declared bankrupt in 2013.

The Directors, taking account of the factual and legal arguments of the Parent Company, as formalised in the petitions forwarded to the Tax Agency concerning the financial and therefore tax reasoning behind the choices made, categories the liability as potential and therefore only includes appropriate disclosure in the Notes.

In relation, finally, to the extraordinary administration of Alitalia, the Group assessed the potential liability related to the revocation of receivables arising in the six months before the procedure, for an amount of Euro 1.49 million, net of municipal surtaxes. At the preparation date of this document, taking account of the information noted and the defensive arguments arising in the case in which this request is advanced,

the Directors considered it appropriate to provide disclosure in the Notes, without making any accrual, although while at the same time continuing to closely monitor the airline's situation.

## 18. Non-current financial liabilities

The following table breaks down non-current financial liabilities at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Bank loans – non-current	14,690	19,109	(4,419)
<b>NON-CURRENT FINANCIAL LIABILITIES</b>	<b>14,690</b>	<b>19,109</b>	<b>(4,419)</b>

At December 31, 2018 the account comprises the non-current part of the loans or rather the medium/long-term portion of the loans undertaken by the Group and in place at this date. The decrease in the year is mainly due to repayments totalling Euro 5.8 million.

Total bank loans at December 31, 2018 amount to Euro 19.1 million, of which Euro 14.7 million non-current and Euro 4.4 million current (note 23).

The breakdown (by calendar year) of loans including the current portion was as follows:

- fifteen-year bank loan with a residual balance of Euro 1.4 million at December 31, 2018 (Euro 4.1 million at December 31, 2017) granted by Banca OPI S.p.A (now Intesa Sanpaolo S.p.A.) to fund the infrastructure investment plan. This liability is classified under current bank loans as the maturity date is in 2019;
- fifteen-year bank loan with a residual balance of Euro 3.76 million at December 31, 2018 (Euro 4.27 million at December 31, 2017), granted by Monte dei Paschi di Siena (former Banca Agricola Mantovana) to fund investments of the General Aviation Terminal. This liability is classified for Euro 3.25 million under non-current loans (Euro 3.77 million at December 31, 2017), and for Euro 0.5 million under current loans (same amount at December 31, 2017);
- ten-year bank loan with a residual balance of Euro 13.98 million at December 31, 2018 (Euro 16.5 million at December 31, 2017) granted by Banca Intesa to fund the infrastructure investment plan. This liability is classified for Euro 11.44 million under non-current loans (Euro 13.96 million at December 31, 2017), and for Euro 2.5 million under current loans (same amount at December 31, 2017). In 2014, the Parent Company paid Euro 0.3 million for organisation/structuring commission on this loan, recorded under Other current assets at December 31, 2014 and once the loan was granted treated in line with IAS 39. Due to a review of the financial conditions of the loan, signed between the parties on April 6, 2017, the interest rate was redefined as illustrated in the table below.

The Parent Company must comply with the following economic/financial covenants calculated annually on its financial statements:

- - NFP/EBITDA (lower than 1.7 for 2018 - complied with).
- - NFP/SE (lower than 0.3 for 2018 - complied with).

The contractual conditions of the loans in place at December 31, 2018 are illustrated below:

Credit Institution	Type of loan	Interest rate applied	Rate	Maturity	Covenant
Intesa San Paolo S.p.A (former Banca OPI S.p.A)	Loan	Rate applied by EIB to the Bank + 0.45%	Half-Year	2019	No
Intesa San Paolo S.p.A.	Loan	Fixed rate until 10/4/2017 of 3.693%; from 11/04 to 10/06/2017 of 3.3%; from 11/06/2017 to 10/06/2024 of 3%	Half-Year	2024	Yes
Monte dei Paschi di Siena (former Banca Agricola Mantovana)	Loan	Euribor variable 3 Months + spread 0.9%	Quarterly	2026	No

The loans are not covered by secured guarantees.

A sensitivity analysis is illustrated below on variable interest rate loans held at December 31, 2018.

Credit Institution	Type of loan	Interest rate applied	In thousands of Euro			
			Balance 31.12.2018	Interest balance for year	Sensitivity Analysis (+0.5%)	Sensitivity Analysis (-0,1%)
Intesa Sanpaolo S.p.A (former Banca OPI S.p.A)	Banking	rate applied by EIB to the Bank + 0.45%	1,379	15	32	12
Monte dei Paschi di Siena (former Banca Agricola Mantovana)	Banking	euribor 3 months/360 + 0.9%	3,766	23	44	19

With reference to the cross-default clauses on the loan contracts of the Company, these include both clauses where the benefits are no longer applicable and where the Company financed is not in compliance with obligations of a credit or financial nature, or guarantees assumed with any party. We report that at December 31, 2018 the Company has not received any communication for application of cross default clauses by any of its lenders.

We illustrate below the table required by the amended IAS 7 - Cash Flow Statement for a greater disclosure of changes in financial liabilities:

<i>in thousands of Euro</i>	Bank loans
<b>Balance as at 31 12 2017</b>	<b>24,916</b>
Cash flows	(5,822)
Other changes:	
Financial charges IAS 39	29
<b>Balance 31 12 2018</b>	<b>19,123</b>

## 19. Trade payables

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
<b>TRADE PAYABLES</b>	<b>19,011</b>	<b>16,208</b>	<b>2,803</b>



The payables mainly refer to domestic suppliers and report an increase of Euro 2.8 million due to the increase in outsourcing costs and investments.

The table below shows the breakdown of trade payables at December 31, 2018 and December 31, 2017 by due date:

<i>in thousands of Euro</i>	Not yet due	Overdue	Total as at 31.12.2018
Invoices/credit notes received	7,149	1,785	8,934
Invoices/credit notes to be received	10,077	0	10,077
<b>TOTAL TRADE PAYABLES</b>	<b>17,226</b>	<b>1,785</b>	<b>19,011</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE PAYABLES</b>	<b>7,149</b>	<b>1,401</b>	<b>109</b>	<b>4</b>	<b>270</b>	<b>8,934</b>

<i>in thousands of Euro</i>	Not yet due	Overdue	Total as at 31.12.2017
Invoices/credit notes received	7,285	2,953	10,238
Invoices/credit notes to be received	5,970	0	5,970
<b>TOTAL TRADE PAYABLES</b>	<b>13,256</b>	<b>2,953</b>	<b>16,208</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE PAYABLES</b>	<b>7,285</b>	<b>2,505</b>	<b>40</b>	<b>1</b>	<b>407</b>	<b>10,238</b>

## 20. Other Liabilities

The following table breaks down current liabilities at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Current tax payables	2,123	1,671	452
Employee payables and social security institutions	4,113	4,034	79
ENAC concession fee and other State payables	15,710	14,556	1,154
Other current liabilities, accrued liabilities and deferred income	4,421	3,913	508
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>26,367</b>	<b>24,174</b>	<b>2,193</b>

The principal changes were as follows:

### i. Current tax payables

The following table breaks down tax payables at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
VAT payable	278	0	278
Direct income taxes	808	762	46
Other tax payables	1,037	909	128
<b>TOTAL CURRENT TAX PAYABLES</b>	<b>2,123</b>	<b>1,671</b>	<b>452</b>

In addition to the VAT payable, compared to the receivable reported at December 31, 2017, the increase in this account is mainly due to the higher payables for employee withholding taxes.

## ii. Employee payables and social security institutions

The following table breaks down employee payables and social security institutions at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Employee payables for remuneration	1,162	921	241
Employee deferred compensation	1,830	2,069	(239)
Social security payables	1,121	1,044	77
<b>EMPLOYEE PAYABLES AND SOCIAL SECURITY INSTITUTIONS</b>	<b>4,113</b>	<b>4,034</b>	<b>79</b>

## iii. ENAC concession fee and other State payables

The ENAC concession fees and other State payables mainly comprises:

- Euro 12.7 million (Euro 11.36 million in 2017) concerning the fire prevention service as governed by Article 1, paragraph 1328 of the 2007 Finance Act, modified by Article 4, paragraph 3bis of Law No. 2/2009. For further details, reference should be made to the chapter on Disputes in the Directors' Report;
- Euro 2.94 million (Euro 2.87 million in 2017) as the variable airport concession fee payable.

## iv. Other current liabilities, accrued liabilities and deferred income

The following table breaks down current liabilities, accrued liabilities and deferred income December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Municipal surtax payable	3,449	2,811	638
Other current liabilities	910	986	(76)
Current accrued liabilities and deferred income	62	116	(54)
<b>TOTAL OTHER CURRENT LIABILITIES, ACCRUED LIABILITIES AND DEFERRED INCOME</b>	<b>4,421</b>	<b>3,913</b>	<b>508</b>

The main account concerns the municipal surtax relating to the receivables from carriers not yet received at December 31 for Euro 3.4 million. The portion of the municipality surtax payable relating to receivables collected from carriers, not yet paid to the creditor entities on the other hand is classified under current financial liabilities (Note 23). Other current liabilities include deposits and advances received from customers in addition to deferred income and miscellaneous payables.

## 21. Provision for renewal of airport infrastructure (current)

The following table shows the movement of the provision for renewal of airport infrastructure at December 31, 2018.

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Uses	Reclassifications	As at 31.12.2018
<b>PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)</b>	<b>3,498</b>	<b>0</b>	<b>(3,498)</b>	<b>1,757</b>	<b>1,757</b>

Reference should be made to Note 16 for further information on this provision.

## 22. Provisions for risks & charges (current)

The changes in the current provision for risks and charges in the year are reported below:

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Other increases	As at 31.12.2018
Employee back-dated provision	0	0	526	526
<b>PROVISIONS FOR RISKS AND CHARGES (CURRENT)</b>	<b>0</b>	<b>0</b>	<b>526</b>	<b>526</b>

The increase concerns the reclassification into this account of the employee provisions classified under non-current provisions (Note 17) until December 31, 2017, as the closure of the trade union contract increases is expected in 2019.

## 23. Current financial liabilities

The following table breaks down current financial liabilities at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Bank loans – current	4,433	5,807	(1,374)
Municipal surtax payables	2,050	1,806	244
Other current financial debt	43	54	(11)
<b>CURRENT FINANCIAL LIABILITIES</b>	<b>6,526</b>	<b>7,667</b>	<b>(1,141)</b>

For a breakdown of the Loans - current portion and other financial payables, reference should be made to account 18 Non-current Financial Liabilities which presents the outstanding Group loans at December 31, 2018 and the changes in the year.

The account includes boarding fee municipal surtax payables concerning the portion received by airlines in the month of December and reversed to the credit institutions in January.

## NOTES TO THE MAIN CONSOLIDATED INCOME STATEMENT ACCOUNTS

The principal 2018 income statement accounts are compared with 2017 below.

### REVENUES

#### 24. Revenues

The application of the new accounting standard IFRS 15, applied to all contracts with customers since January 1, 2018, resulted in the identification of the following revenue streams:

1. Airport fees
2. Commercial/non-comm. sublicense/lease
3. Parking
4. Construction Services
5. Others

**Airport fees** concern the fees paid for the making available of infrastructure and services exclusively provided by the Group for landing, take-off, lighting and parking, passenger boarding, disembarkation and information and cargo, in addition to the use of centralised infrastructure.

These comprise:

- passenger boarding rights;
- aircraft landing and departure rights;
- aircraft parking and storage rights;
- goods loading and unloading rights;
- departing passenger safety control rights;
- checked baggage safety control rights;
- PRM contributions;
- fees for the use of some centralised infrastructure

For further details, reference should be made to the description of the business in the Directors' Report. The Airport Fees, in consideration of the public utility nature of the airport services, are subject to regulation in compliance with current legislation and the tariff models elaborated by the Airport Regulatory Authority ("ART").

The Group complies with its obligations in relation to airport fees, making available to carriers airport infrastructure for the landing, take off, lighting and parking of aircraft, the departure and embarkment of passengers and goods as well as the utilisation of centralised infrastructure (e.g. de-icing). These services are invoiced bi-monthly and/or monthly with standard payment terms of 30 days from invoice date end of month, with the exception of the boarding fee municipal surtax whose payment is on demand.

**Commercial and non-commercial sub-license/leasing revenues** concerns the provision of spaces and commercial areas and premises within the airport area (so-called sub-licenses) and externally to the airport area (so-called leasing).

This category includes sub-license/leasing with commercial tariffs (retail sub-licenses, parking sub-licenses etc.) and administrated tariffs (payments for the exclusive use of assets or payments for the use of a dedicated airport infrastructure to the individual carriers or operators (check-in counters, offices, operating premises).

The Group complies with its obligations in relation to these services making available to its customers (carriers, handlers, others) operating and/or commercial premises. Invoicing is normally quarterly and/or half-yearly in advance with standard payment terms on these contracts of 30 days from invoice date end of month.

The sub-license contracts between the Group and its customers are within the definition of IAS 17 - Leasing and are therefore excluded from the application of IFRS 15 (reference IFR15.5). From January 1, 2019, these contracts will therefore fall within the scope of IFRS 16 which replaces IAS 17.

The application of the new standard is therefore centred on verification that the sub-license contracts principally involve the leasing of well-defined spaces/premises, and not including other services such as advertising and administration/utility services within the definitions contained in IFRS 15. In this case a reclassification was made in the financial statements for Revenue Streams within the scope of IFRS 15.

**Parking revenues** are represented by the provision of parking spaces internally and externally to the airport area based on public tariffs which are applied to all sales made.

The Group complies with its obligations in relation to these services making available to its customers parking facilities. Invoicing of this service is only made on the request of the customer; the parking service is normally settled in cash. There were no effects from the application of IFRS 15.

**Revenues from Construction Services** concern the construction services undertaken by the Group on behalf of the Granting Body for the investments concerning the Concession Rights. The Group, as not a construction company, contracts with third parties responsible for constructing and improving the infrastructure. Accordingly, the fair value of the fees for the construction/improvement services rendered by the Group is the fair value of the fees for the construction/improvement service rendered by third parties, plus a "Project Management" mark-up representative of the internal costs of planning and coordination of the work by a specific internal unit. The application of IFRS 15 did not result in any change in the recognition of revenues from construction service.

**Other revenues:** this revenue stream concerns the residual obligations compared to the previous contractual categories (security services, MBL services, training courses, cart collection services, baggage depot services, etc.). The invoicing of the various services in this category is normally aggregated monthly for continual services and/or individual orders. Some services also provide for immediate invoicing. The standard payment terms of these services are 30 days from invoice date end of month. For some types of services (training courses, badge issuance), advanced payment is requested.

In summary, in addition to that illustrated above, the analysis of the contracts and the aggregation of revenue accounts in accordance with the new revenue streams requiring separation of the payments underlying various contractual obligations, identified the following effects:

- Breakdown of the aggregated revenues based on the new revenue streams (see tables below);
- Breakdown on the revenue streams related to the changes in the relative receivable (see tables below);
- Contracts with customers do not include significant financial components as the payment conditions are normally 30 days from invoice date end of month;
- There were no instances where payment was settled other than on a monetary basis;
- No modification in the timing of the recognition of the revenues.

In relation to contracts which provide for variable payments we report as follows: the commercial incentive contracts with carriers recorded as a decrease of airport fee revenues may provide for variable payments related to the achievement of traffic volumes and/or number of routes in the period (typically measured based on IATA seasons). From 2018 also the "one-off" promotional incentives, such as incentives for the start-up of new flights, up to now recorded under service costs, are recorded as a direct reduction

of airport fee revenues, as already applied for the variable incentives recognised based on traffic. In the year 2018 this amounted to Euro 83 thousand compared to Euro 142 thousand in 2017.

The reclassification of Group revenues based on revenue streams defined by IFRS 15 is shown in the following table:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Airport fees	49,742	46,316	3,426
Parking	15,946	15,095	851
Revenues from Construction services	15,650	6,735	8,915
Others	11,091	11,136	(45)
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>92,429</b>	<b>79,282</b>	<b>13,147</b>

The reconciliation between IFRS 15 revenue streams and total revenues (note 24 of the Income Statement) is shown in the following table:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Airport fees	49,742	46,316	3,426
Parking	15,946	15,095	851
Revenues from Construction services	15,650	6,735	8,915
Other	11,091	11,136	(45)
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>92,429</b>	<b>79,282</b>	<b>13,147</b>
Commercial/non-comm. sub-licenses	21,528	19,731	1,797
<b>TOTAL NON IFRS 15 REVENUE STREAMS</b>	<b>21,528</b>	<b>19,731</b>	<b>1,797</b>
TOTAL NON IFRS 15 Revenues	135	133	2
<b>TOTAL REVENUES</b>	<b>114,092</b>	<b>99,146</b>	<b>14,946</b>

IFRS 15 revenue streams related to the changes in the receivables/collections in the period is illustrated below.

<i>in thousands of Euro</i>	receivables as at 31.12.2017	Revenues (*)	Collections/ set	off- receivables as at 31.12.2018
Airport fees (*)	7,069	51,367	(49,683)	8,753
Parking	75	19,430	(19,437)	68
Revenues from Construction services	0	15,650	(15,650)	0
Other	1,524	12,064	(12,036)	1,552
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>8,667</b>	<b>98,511</b>	<b>(96,805)</b>	<b>10,373</b>

(\*) The data included in the column "Revenues" differs from the Revenues shown in the previous table as this includes VAT, but not the accruals for the period (e.g. credit notes to be received for incentives, invoices to be issued).

Finally, the tables below show the revenues by revenue stream (note 24 of the Income Statement) for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Revenues from aeronautical services	56,342	53,212	3,130
Revenues from non-aeronautical services	41,160	38,222	2,938
Revenues from construction services	15,650	6,735	8,915
Other operating revenues and income	940	977	(37)
<b>TOTAL REVENUES</b>	<b>114,092</b>	<b>99,146</b>	<b>14,946</b>

For the revenue performance in the period, reference should be made to the Directors' Report.

### i. Revenues from aeronautical services

The table below shows revenues from aeronautical services in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Revenues from centralised infrastructure/other airport services	534	555	(21)
Exclusive use revenues	1,255	1,228	27
Airport fee revenues	68,469	65,446	3,023
PRM revenues	4,466	4,291	175
Air traffic development incentives	(23,389)	(23,575)	186
Handling services	2,464	2,846	(382)
Other aeronautical revenues	2,543	2,421	122
<b>TOTAL REVENUES FROM AERONAUTICAL SERVICES</b>	<b>56,342</b>	<b>53,212</b>	<b>3,130</b>

The increase in revenues from aeronautical services is mainly due to the increase in traffic and the tariff update.

The breakdown of airport fee revenues is shown below:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Passenger boarding fees	34,437	33,182	1,255
Landing, take-off and parking fees	18,756	18,272	484
Passenger security fees	11,238	10,472	766
Baggage stowage control fees	3,190	2,942	248
Cargo loading and unloading fees	810	837	(27)
Reduction for provision	38	(259)	297
<b>TOTAL AVIATION FEE REVENUES</b>	<b>68,469</b>	<b>65,446</b>	<b>3,023</b>

### ii. Revenues from non-aeronautical services

The table below shows revenues from non-aeronautical services in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Commercial premises and spaces sub-license	18,457	17,158	1,299
Reduction in sub-license revenues to Provisions for doubtful accounts	0	(52)	52
Parking	15,946	15,095	851
Other commercial revenues	6,757	6,021	736
<b>TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES</b>	<b>41,160</b>	<b>38,222</b>	<b>2,938</b>

The revenues from non-aeronautical services report an increase related to the good performance of all the components in this category and, in particular, of the commercial premises and spaces sub-licenses, parking, MBL services and advertising services.

Other commercial revenues are broken down as follows:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Ticketing	40	44	(4)
Marconi Business Lounge	2,539	2,280	259
Advertising	1,942	1,397	545
Misc. commercial revenues	2,236	2,301	(65)
Reduction in commercial revenues to Provision for doubtful accounts	0	(1)	1
<b>TOTAL OTHER COMMERCIAL REVENUES</b>	<b>6,757</b>	<b>6,021</b>	<b>736</b>

### iii. Revenues from construction services

Revenues from construction services concern the construction services undertaken by Aeroporto Guglielmo Marconi di Bologna S.p.A. on behalf of the ENAC granting entity for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

These revenues amounted to Euro 15.65 million in 2018 and Euro 6.7 million in 2017.

### iv. Other Revenue and Income

The table below shows other revenues and income in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Indemnities, reimbursement and misc. income	922	910	12
Operating grants	16	48	(32)
Capital gains	2	19	(17)
<b>TOTAL OTHER REVENUES AND INCOME</b>	<b>940</b>	<b>977</b>	<b>(37)</b>

Other revenues and income do not report significant changes compared to the previous year.

## COSTS

### 25. Costs

#### i. Consumables and goods

The table below presents consumables and goods in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Consumables and goods	474	493	(19)
Maintenance materials	210	191	19
Fuel and gasoline	1,268	1,168	100
<b>TOTAL CONSUMABLES AND GOODS</b>	<b>1,952</b>	<b>1,852</b>	<b>100</b>



This item increased mainly due to higher purchases of aviation fuel.

ii. **Service costs**

The following table shows the breakdown of services costs for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Maintenance expenses	4,658	4,206	452
Utilities	2,168	1,834	334
Cleaning and accessory services	2,111	1,949	162
Services	6,439	5,848	591
MBL Services	343	301	42
Advertising, promotion and development	694	919	(225)
Insurance	737	713	24
Professional and consultant services	1,917	2,014	(97)
Statutory board fees and expenses	570	553	17
Other service costs	393	357	36
<b>TOTAL SERVICE COSTS</b>	<b>20,030</b>	<b>18,694</b>	<b>1,336</b>

Total service costs increased mainly due to higher charges for:

- maintenance in terms of increased works on buildings, road signage and third-party assets for the workshop service;
- the snow clearance operations due to snowfalls and particularly harsh temperatures in February and March;
- the PRM service due to the increased number of departing passengers;
- the reversal in 2017, of “one-off” System Charges for the Cogeneration plant, recognised to the 2016 Annual Accounts for Euro 719 thousand; net of this effect service costs increased 3.2% on the previous year.

The savings in advertising, promotion and development (Euro 225 thousand) reduced to Euro 83 thousand, taking into account the one-off traffic development charges incurred in 2017 which, in accordance with the new accounting standard IFRS 15, from January 1, 2018 are recorded as a decrease in aeronautical revenues.

A further breakdown in maintenance expenses is provided below:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Owned asset maintenance expenses	1,064	1,017	47
Airport infrastructure maintenance expenses	3,033	2,731	302
Third party asset maintenance expenses	561	458	103
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>4,658</b>	<b>4,206</b>	<b>452</b>

The breakdown of services is illustrated below:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Snow clearance	965	441	524
Porterage, transport third party services	587	423	164
PRM assistance service	1,574	1,512	62
De-icing and other public service charges	318	355	(37)
Security service	1,168	1,211	(43)
Other outsourcing	1,827	1,906	(79)
<b>TOTAL SERVICES</b>	<b>6,439</b>	<b>5,848</b>	<b>591</b>

In relation to the disclosures required by Article 38, paragraph 1, letter o) of Legislative Decree 127/91 we report that in 2018 there was no remuneration paid to directors and statutory auditors of the Parent Company for the undertaking of these functions also in subsidiary companies.

The table below reports the fees paid to the Board of Statutory Auditors and the Independent Audit Firm:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Statutory auditors' fees	157	150	7
Independent auditors' fees	165	217	(52)
<b>Total</b>	<b>322</b>	<b>367</b>	<b>(45)</b>

The independent auditors' fees are illustrated below:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Audit	99	93	6
Certification work	6	5	1
Other services (*)	60	118	(59)
<b>Total</b>	<b>165</b>	<b>217</b>	<b>(52)</b>

(\*) IFRS assistance and accounting certification

### iii. Construction service costs

Construction service costs concern the construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. Group for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

### iv. Leases, rentals and other costs

The following table shows the breakdown of leases, rentals and other costs for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Concession fees	5,979	5,658	321
Hire charges	336	401	(65)
Rental charges	568	541	27
EDP processing charges	1,265	1,098	167
Other rental & hire costs	(25)	(30)	5
<b>LEASES, RENTALS AND OTHER COSTS</b>	<b>8,123</b>	<b>7,668</b>	<b>455</b>

Total Rental, hire and similar costs recorded an increase in variable airport concession fees and security services, an increase related to the rise in traffic, in addition to higher fees for data elaboration for the new investments in technology.

v. **Other operating expenses**

The following table shows the breakdown of other operating expenses for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Misc. and local taxes	1,361	1,307	54
Fire prevention services contribution	1,374	1,403	(29)
Losses on receivables	0	0	0
Capital losses	3	48	(45)
Other operating expenses	472	389	83
Non-recurring charges and income	0	318	(318)
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>3,210</b>	<b>3,465</b>	<b>63</b>

Operating expenses decreased due to the absence of accessory charges on the exercise of the option to acquire a building, which was acquired in 2017.

vi. **Personnel costs**

The following table shows the breakdown of personnel costs for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Wages and salaries	18,830	18,354	476
Social security expenses	5,170	4,923	247
Severance provisions	1,372	1,324	48
Retirement pension and others	191	191	0
Other personnel costs	1,591	2,040	(449)
<b>TOTAL PERSONNEL COSTS</b>	<b>27,154</b>	<b>26,832</b>	<b>322</b>

Personnel costs increased mainly due to the increase in the workforce (+16 full-time equivalent), largely deriving from the hiring of security and operating area personnel in line with the increase in traffic, in addition to normal salary increases.

Other personnel costs are broken as follows:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Employee canteen	587	569	18
Personnel training	249	284	(35)
Employee expenses	270	259	11
Other personnel provisions	79	91	(12)
Misc. personnel costs	406	837	(431)
<b>TOTAL OTHER PERSONNEL COSTS</b>	<b>1,591</b>	<b>2,040</b>	<b>(449)</b>

The decrease in “other personnel expenses” is mainly due to lower employee leaving incentives.

The average headcount by category in the two periods under consideration is shown below:

<i>Average workforce (No.)</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Executives	10	10	0
White-collar	403	386	17
Blue-collar	102	96	6
<b>TOTAL PERSONNEL</b>	<b>515</b>	<b>492</b>	<b>23</b>

The headcount at the end of the two years under consideration was as follows:

<i>Workforce (number)</i>	As at 31.12.2018	As at 31.12.2017	Change
Executives	10	9	1
White-collar	417	384	33
Blue-collar	101	79	22
<b>TOTAL PERSONNEL</b>	<b>528</b>	<b>472</b>	<b>56</b>

## 26. Depreciation, amortisation and impairment

The following table shows the movement of depreciation, amortisation and impairment for the periods ended December 31, 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Amortisation/write-downs Concession rights	5,857	5,749	108
Amortisation/write-down of other intangible assets	1,323	989	334
Depreciation of tangible assets	2,219	2,085	134
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>9,399</b>	<b>8,823</b>	<b>576</b>

The account includes Euro 9.4 million of depreciation and amortisation of which Euro 97 thousand of write-downs on Concession Rights for the write-off of projects no longer utilisable.

## 27. Provisions for risks and charges

The following table shows the movement of the provisions for risks and charges in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Provisions for doubtful accounts	64	(12)	76
Provisions for renewal of airport infrastructure	3,752	2,544	1,208
Provisions for other risks and charges	291	240	51
<b>TOTAL PROVISIONS</b>	<b>4,107</b>	<b>2,772</b>	<b>1,335</b>

The increase is due to higher provision for renewal of airport infrastructure due to the increase in interventions undertaken and scheduled in advance of some works airside. Finally, the provision for other risks and charges primarily concerns amounts due to employees following the expiry of the Collective Bargaining Agreement for airport managers and of the agreement with Assohandlers, respectively on December 31, 2016 and June 30, 2017.

## 28. Net financial income and expenses

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Profits on sale of equity investments	13	0	13
Income from securities	25	38	(13)
Other income	153	236	(83)
Discounting income on provisions	193	0	193
<b>TOTAL FINANCIAL INCOME</b>	<b>384</b>	<b>274</b>	<b>110</b>
Interest expenses and bank charges	(520)	(661)	141
Discounting charges on provisions	(89)	(159)	70
Other financial expenses	(11)	(32)	21
<b>TOTAL FINANCIAL EXPENSES</b>	<b>(620)</b>	<b>(852)</b>	<b>232</b>
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>(236)</b>	<b>(578)</b>	<b>342</b>

The financial management improved due to the increase in financial income and decrease in financial charges. The former increase derives from the change in interest rates which resulted in an increase in income from discounting of provisions and the decrease in the relative charges. In addition, we report the decrease in financial expenses due to both lower overall debt and the reduction in the interest rate on the Intesa San Paolo loan which matures in 2024.

## 29. Income taxes

The following table shows the taxes for the periods 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Current taxes	6,614	5,262	1,352
Deferred tax assets and liabilities	435	603	(168)
<b>TOTAL INCOME TAXES FOR THE YEAR</b>	<b>7,049</b>	<b>5,865</b>	<b>1,184</b>
<b>% current taxes on results before taxes</b>	<b>26.48%</b>	<b>23.87%</b>	<b>2.62%</b>
<b>% income taxes for the year on results before taxes</b>	<b>28.22%</b>	<b>26.60%</b>	<b>1.62%</b>

The effective tax rate for the year 2018 was 28.22% compared to 26.60% in 2017. This decrease is mainly due to the omission, in the Parent Company, of income from the utilisation of the R&D tax credits as the focus was on projects which would increase the performance of the IT infrastructure and on the consolidation of the activities already commenced. The objective taking into account also the Investment Plan is to continue the research and development activities in 2019 and 2020.

The reconciliation between the IRES effective and theoretical tax rate is illustrated below:

<i>IRES effective/theoretical Tax Rate Reconciliation</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Pre-tax result	24,977	22,048	2,927
<b>Ordinary rate</b>	<b>24%</b>	<b>24%</b>	<b>0.00%</b>
Theoretical tax charge	5,994	5,292	702

<b>Effect of increases (decreases) to the ordinary rate:</b>	for the year ended 31.12.2018	for the year ended 31.12.2017	
Provisions deductible in future years	393	470	(77)
Costs deductible in future years	3,015	2,736	279
Other Costs deductible in previous years	57	31	26
Other non-deductible costs	985	1,131	(146)
Utilisation provisions deductible in future years	(636)	(624)	(12)
Costs not deductible in previous years	(3,463)	(3,560)	97
Other differences	(2,473)	(2,304)	(169)
Release deferred tax assets/Provision deferred tax liability	(218)	(249)	31
<b>Total increase/decrease</b>	<b>(2,340)</b>	<b>(2,369)</b>	<b>29</b>
<b>Tax effect of the changes at 24%</b>	<b>(562)</b>	<b>(569)</b>	<b>7</b>
IRES Income taxes	5,433	4,723	709
<b>Effective rate</b>	<b>21.75%</b>	<b>21.42%</b>	<b>0.33%</b>

The breakdown of current income taxes is illustrated below:

<i>Breakdown of income taxes</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
IRES	5,433	4,723	710
IRAP	1,182	1,079	103
Income for R&D bonus and Energy saving	0	(256)	256
Prior year taxes	(1)	(284)	283
<b>TOTAL</b>	<b>6,614</b>	<b>5,262</b>	<b>1,352</b>

### 30. Related party transactions

For the definition of “Related Parties”, reference should be made to IAS 24, approved by Regulation (EC) No. 1725/2003.

Intercompany transactions are carried out within the scope of ordinary operations and at normal market conditions. Related party transactions principally concern commercial and financial transactions, in addition to participation in the tax consolidation.

None of these have particular economic or strategic significance for the Group, as the receivables, payables, revenues and costs regarding related parties do not account for a significant percentage of the total financial statement amounts.

The Bologna Chamber of Commerce shareholders were identified as a Government party, therefore exempt from the disclosure regarding related parties as defined by IAS 24. The categorisation of the Bologna Chamber of Commerce as a Government party therefore limited the checks required for the identification of related parties to the mere identification of the Bologna Chamber of Commerce. No additional information is reported in the financial statements concerning transactions undertaken by the Group with the Bologna Chamber of Commerce as no significant transactions are undertaken with this shareholder.

On January 29, 2018, with the co-optation of the director Livio Fenati, ratified by the Shareholders’ Meeting of April 24, 2018, Telepass Spa became a related party until September 26, 2018, the date of his resignation. During the year, costs were reported for services regarding Telepass of Euro 109 thousand, related to the contract for the management of Telepass parking receipts.

In addition, we report the inter-company transactions for which reference should be made to the section “related party transactions” in the Financial Statements of the Parent Company.

### 31. Commitments and risks

#### Operating lease commitments

At December 31, 2018, the Group had an operating lease contract, irrevocable as per IAS 17 for equipment, plant and machinery, vehicles and land, for which the instalments maturing in 2019, in the subsequent five years and beyond this period are detailed below.

	<i>In thousands of Euro</i>
Within 2019	616
Beyond one year but within 5 years (2020-2024)	1,911
Beyond 5 years (2025 and subsequent)	0
<b>Total</b>	<b>2,527</b>

#### Operating lease contracts undertaken

At December 31, 2018, the Group had sub-concession contracts for areas, offices and operating and commercial spaces at the passengers and goods terminal and for other airport infrastructure, as outlined in detail in chapter 2 of the Directors’ Report. The following table presents the minimum future fees of the contracts irrevocable in accordance with IAS 17 December 31, 2018 and maturing in 2019, in the subsequent five years and beyond this period. The amounts indicated below were not considered variable fees nor sub-concession contracts at administered tariffs as subject to potential tariff changes, including reductions.

	<i>in thousands of Euro</i>
Within 2019	10,316
Beyond one year but within 5 years (2020-2024)	20,215
Beyond 5 years (2025 and subsequent)	333
<b>Total</b>	<b>30,864</b>

### **Environmental investment commitments**

In addition, the environmental commitments of the Group were formalised with the signing by the Parent Company in 2015 with the Regional Agencies of the Regional Agreement for reducing the Airport's carbon footprint, involving investments by AdB totalling Euro 6.5 million over a time period consistent with the timeframe for the rolling out of the airport Master Plan or rather by 2023. In 2018, the air quality monitoring system installation was completed and the relative technical testing carried out, which now permits the system to operate continuously. For further information, reference should be made to the Environment paragraph of the Directors' Report.

### **People Mover investment commitments**

Tangible fixed assets in progress December 31, 2018 (note 2) include for Euro 1.78 million the first two tranches of the contributions granted by AdB to Marconi Express Spa for the construction of the People Mover "Airport" station following completion of 66% of the airport area works. The overall contribution of the Parent Company amounts to Euro 2.7 million, with the final tranche of Euro 0.92 million earmarked for testing purposes. Under the same agreement (signed by AdB, the Municipality of Bologna, the Province of Bologna and the Region of Emilia-Romagna on July 23, 2007), AdB committed to completing the connection between the "Airport" and the Terminal. Against this commitment, tangible assets in progress at December 31, 2018 includes engineering and other accessory works of Euro 0.68 million.

Non-current financial assets December 31, 2018 include Euro 10.9 million of the equity financial instrument in Marconi Express Spa, signed by AdB in January 2016 for a similar value. The final tranche of Euro 0.9 million was paid in December 2018 on works completion.

With regards to the guarantees provided, reference should be made to the relevant chapter of the Directors' Report (Chapter 12).

### **Types and management of other risks**

With regards to the disclosure concerning the types and means of financial risk management under Article 2428, paragraph 2 No. 6 bis, reference should be made to the specific section of the Directors' Report, also with regards to the comment upon the other risks to which the Group is subject.

## **32. Law 124/2017 Article 1, paragraphs 125-129 - Transparency of public disbursements**

The Group received in 2018 total grants of Euro 9.75 thousand for the training of employees as per Article 1, paragraph 125 of Law 124/2017.

## **SUBSEQUENT EVENTS AND BUSINESS OUTLOOK**

No events have occurred subsequent to year end that would require changes in terms of the presented performance or equity and financial position and that would therefore necessitate adjustments and/or additional disclosures in the financial statements.

The Chairman of the Board of Directors

*(Enrico Postacchini)*

Bologna, March 14, 2019



**Declaration of the Chief Executive Officer and the officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A. pursuant to the provision of article 154-bis paragraph 5 TUF (Testo Unico Finanziario [Consolidated Law on Financial Intermediation]) –**

1. The undersigned, Nazareno Ventola and Patrizia Muffato in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A., hereby certify, pursuant to article 154-bis, paragraphs 3 and 4, of legislative decree No. 58, of 24 February 1998:
  - the accounting procedures for the preparation of the consolidated financial statement for the year ended December 31, 2018, are adequate based on the characteristics of the company;
  - the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statement.
2. The assessment of the adequacy of administrative and accounting procedures for the preparation of the abridged consolidated financial statement at December 31, 2018 was based on a process defined by Aeroporto Guglielmo Marconi di Bologna S.p.A., in compliance with the Internal Control-Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the standard reference generally accepted at the international level.
3. In addition we certify that:
  - 3.1 the consolidated financial statement at December 31, 2018:
    - a) has been prepared in accordance with applicable international accounting standards recognized in the European Community within the meaning of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    - b) correspond to the information in the books and other accounting documents and records;
    - c) provide a true and fair representation of the financial, economic and assets situation of the issuer and all the companies included in the scope of consolidation.
  - 3.2 The management report contains a reliable analysis of operations and performance, as well as, the situation of the issuer and the companies included in the consolidated financial statement, together with a description of the main risks and uncertainties that may affect the Group.

Bologna, 14 March 2019

**The Chief Executive Officer**

(Nazareno Ventola)

**Officer in charge of preparing the  
corporate accounting documents**

(Patrizia Muffato)

## Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014 (Translation from the original Italian text)

To the Shareholders of  
Aeroporto Guglielmo Marconi di Bologna S.p.A.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. and its subsidiaries (the "Group" or "Aeroporto Guglielmo Marconi di Bologna Group"), which comprise the statement of financial position as at December 31, 2018, the income statement, the statement of comprehensive income, the cash flow statement, statement of changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

#### 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 Aeroporto Guglielmo Marconi di Bologna S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter.

Key Audit Matter	Audit Response
<p data-bbox="177 371 783 439"><b>Valuation of the provisions for renewal of airport infrastructure</b></p> <p data-bbox="177 461 783 786">The provisions for renewal of airport infrastructure accounted for in the consolidated financial statements as of December 31, 2018 amounts to Euro 12,1 million and includes accruals for non-recurring maintenance expenses, as well as estimated future costs for restoration and replacement of assets under concession that the Group plans to incur in accordance with the current concession agreements.</p> <p data-bbox="177 786 783 1077">The processes and methodologies applied to evaluate and determine such estimated future costs are based on complex assumptions that, due to their nature, imply the use of management's judgment, in particular with reference to the nature, timing and amount of the maintenance costs, including the relevant financial component applied based on the timing of such maintenance services.</p> <p data-bbox="177 1077 783 1267">Considering the judgment required by management in order to evaluate the nature, timing and amount of such maintenance services, we believe that the valuation of the provisions for renewal of airport infrastructure represents a key audit matter.</p> <p data-bbox="177 1290 783 1514">The disclosures relating to the valuation of the provisions for renewal of airport infrastructure are included in section "Measurement Criteria" under paragraph "Provisions for risks and charges", as well as in notes 16 and 21 "Provisions for renewal of airport infrastructure".</p>	<p data-bbox="783 461 1402 528">Our audit procedures performed in response to this Key Audit Matter included, among others:</p> <ul data-bbox="847 551 1402 1223" style="list-style-type: none"> <li>• assessment of the process and key internal controls implemented by the Group;</li> <li>• understanding of the concession agreement from which the obligation arises;</li> <li>• analysis of the supporting report prepared by the Group's technical departments;</li> <li>• test of details on a sample of provisions' utilizations accounted for during the fiscal year;</li> <li>• assessment of the key changes to the amount of the provision as compared to the prior year;</li> <li>• analysis of the consistency of the assumptions used in estimating the provisions against the Business Plan 2019-2023 approved by the Directors;</li> <li>• assessment of the discount rate used in the analysis.</li> </ul> <p data-bbox="783 1245 1402 1413">Lastly, we reviewed the adequacy of the disclosures provided in the notes to the consolidated financial statements in relation to the valuation of provisions for renewal of airport infrastructure.</p>

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and,

when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing 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 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 have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors’ 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 financial statements or, if such disclosures are inadequate, to consider this matter in forming 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;
- we have evaluated 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;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities 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 have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

### **Additional information pursuant to article 10 of EU Regulation n. 537/14**

The shareholders of Aeroporto Guglielmo Marconi di Bologna S.p.A., in the general meeting held on May 20, 2015, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2015 to December 31, 2023.

We declare that we have not provided prohibited non-audit services, referred to article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

## **Report on compliance with other legal and regulatory requirements**

### **Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998**

The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the Directors' Report and of the Report on Corporate Governance and Ownership Structure of Aeroporto Guglielmo Marconi di Bologna Group as at December 31, 2018, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Directors' Report and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998, with the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna Group as at December 31, 2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Directors' Report and the above mentioned specific information included in the

Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna Group as at December 31, 2018 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

### **Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016**

The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information is subject to a separate compliance report signed by us.

Bologna, March 28, 2019

EY S.p.A.

Signed by: Alberto Rosa, Partner

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

## **Financial Statements for the year ended December 31, 2018**

Statement of Financial Position  
Income Statement  
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## Statement of Financial Position

<i>in units of Euro</i>	Note	As at 31.12.2018	As at 31.12.2017
Concession rights		161,147,931	151,211,671
Other intangible assets		2,049,015	1,783,374
<b>Intangible assets</b>	<b>1</b>	<b>163,196,946</b>	<b>152,995,045</b>
Land, property, plant and equipment		14,873,248	14,441,053
Investment property		4,732,016	4,732,016
<b>Tangible assets</b>	<b>2</b>	<b>19,605,264</b>	<b>19,173,069</b>
Investments	<b>3</b>	3,189,098	726,407
Other non-current financial assets	<b>4</b>	16,135,377	18,257,445
Deferred tax assets	<b>5</b>	5,821,701	6,487,304
Other non-current assets	<b>6</b>	1,422,555	1,448,795
<b>Other non-current assets</b>		<b>26,568,731</b>	<b>26,919,951</b>
<b>NON-CURRENT ASSETS</b>		<b>209,370,941</b>	<b>199,088,065</b>
Inventories	<b>7</b>	526,857	487,640
Trade receivables	<b>8</b>	13,759,090	12,560,881
Other current assets	<b>9</b>	4,358,033	3,969,722
Current financial assets	<b>10</b>	11,037,009	19,610,165
Cash and cash equivalents	<b>11</b>	12,824,687	13,947,469
<b>CURRENT ASSETS</b>		<b>42,505,676</b>	<b>50,575,877</b>
Assets held-for-sale	<b>12</b>	0	117,000
<b>TOTAL ASSETS</b>		<b>251,876,617</b>	<b>249,780,942</b>

<i>in units of Euro</i>	Note	As at 31.12.2018	As at 31.12.2017
Share capital		90,314,162	90,314,162
Reserves		62,820,972	61,997,661
Profit (loss) for the year		17,100,846	14,908,504
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>13</b>	<b>170,235,980</b>	<b>167,220,327</b>
Severance and other personnel provisions	<b>14</b>	3,870,657	4,060,893
Deferred tax liabilities	<b>15</b>	2,027,155	2,003,009
Provision for renewal of airport infrastructure	<b>16</b>	10,240,553	9,476,363
Provisions for risks and charges	<b>17</b>	1,021,116	1,254,019
Non-current financial liabilities	<b>18</b>	11,436,479	15,345,021
Other non-current liabilities		191,954	191,954
<b>NON-CURRENT LIABILITIES</b>		<b>28,787,914</b>	<b>32,331,259</b>
Trade payables	<b>19</b>	18,470,530	15,738,941
Other liabilities	<b>20</b>	26,140,510	23,836,963
Provision for renewal of airport infrastructure	<b>21</b>	1,716,590	3,497,801
Provisions for risks and charges	<b>22</b>	514,743	0
Current financial liabilities	<b>23</b>	6,010,350	7,155,651
<b>CURRENT LIABILITIES</b>		<b>52,852,723</b>	<b>50,229,356</b>
<b>TOTAL LIABILITIES</b>		<b>81,640,637</b>	<b>82,560,615</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>251,876,617</b>	<b>249,780,942</b>



## Income Statement

<i>in units of Euro</i>	Note	for the year ended	for the year ended
		31.12.2018	31.12.2017
Revenues from aeronautical services		51,083,900	47,635,859
Revenues from non-aeronautical services		40,635,703	37,686,981
Revenues from construction services		15,619,798	6,649,770
Other operating revenues and income		1,052,840	1,005,182
<b>Revenues</b>	<b>24</b>	<b>108,392,241</b>	<b>92,977,792</b>
Consumables and goods		(754,866)	(808,373)
Service costs		(18,513,312)	(17,269,511)
Construction service costs		(14,875,998)	(6,333,114)
Leases, rentals and other costs		(7,979,278)	(7,528,711)
Other operating expenses		(3,157,534)	(3,406,934)
Personnel costs		(25,875,625)	(25,522,132)
<b>Costs</b>	<b>25</b>	<b>(71,156,613)</b>	<b>(60,868,775)</b>
Amortisation/impairment of Concession Rights		(5,659,042)	(5,551,504)
Amortisation of other intangible assets		(1,319,985)	(964,286)
Depreciation of tangible assets		(2,166,412)	(2,010,039)
<b>Depreciation, amortisation and impairment</b>	<b>26</b>	<b>(9,145,439)</b>	<b>(8,525,829)</b>
Provisions for doubtful accounts		(42,305)	16,808
Provision for renewal of airport infrastructure		(3,695,799)	(2,536,965)
Provisions for other risks and charges		(284,340)	(235,848)
<b>Provisions for risks and charges</b>	<b>27</b>	<b>(4,022,444)</b>	<b>(2,756,005)</b>
<b>Total Costs</b>		<b>(84,324,496)</b>	<b>(72,150,609)</b>
<b>Operating result</b>		<b>24,067,745</b>	<b>20,827,183</b>
Financial income	<b>28</b>	355,763	262,303
Financial expenses	<b>28</b>	(589,307)	(813,227)
<b>Result before taxes</b>		<b>23,834,201</b>	<b>20,276,259</b>
Taxes for the year	<b>29</b>	(6,733,355)	(5,367,755)
<b>Profit (loss) for the year</b>		<b>17,100,846</b>	<b>14,908,504</b>
<b>Undiluted earnings/(loss) per share (in Euro)</b>		<b>0.48</b>	<b>0.41</b>
<b>Diluted earnings/(loss) per share (in Euro)</b>		<b>0.48</b>	<b>0.41</b>

## Statement of Comprehensive Income

<i>in units of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017
<b>Profit (loss) for the year (A)</b>	<b>17,100,846</b>	<b>14,908,504</b>
<i>Other profits (losses) that will be reclassified in the net result for the year</i>	<b>0</b>	<b>0</b>
<b>Total other profits (losses) that will be reclassified in the net result for the year (B1)</b>	<b>0</b>	<b>0</b>
<i>Other profits (losses) that will not be reclassified in the net result for the year</i>		
Actuarial profits (losses) on severance and other personnel provisions	<b>117,718</b>	<b>26,082</b>
Tax impact on actuarial profits (losses) on severance and other personnel provisions	<b>(28,309)</b>	<b>(6,391)</b>
<b>Total other profits (losses) that will not be reclassified in the net result for the year (B2)</b>	<b>89,409</b>	<b>19,691</b>
<b>Total other profits (losses), net of taxes (B1 + B2) = B</b>	<b>89,409</b>	<b>19,691</b>
<b>Total profits (losses), net of taxes (A + B)</b>	<b>17,190,255</b>	<b>14,928,195</b>

## Cash Flow Statement

<i>in units of Euro</i>	As at 31.12.2018	As at 31.12.2017
Core income-generating operations		
Result for the year before taxes	23,834,201	20,276,259
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(743,800)	(316,656)
+ Depreciation and amortisation	9,145,439	8,525,829
+ Provisions	4,022,444	3,071,337
+ Interest expense (income) on discounting and severance provisions	(109,918)	147,784
+/- Interest income and financial charges	343,462	403,140
+/- Losses/gains and other non-monetary costs/revenues	1,521	29,089
+/- Severance provisions and other personnel costs	79,130	92,052
<b>Cash flow generated/(absorbed) by operating activities before changes in working capital</b>	<b>36,572,480</b>	<b>32,228,834</b>
Change in inventories	(39,217)	(11,483)
(Increase)/decrease in trade receivables	(1,236,069)	678,117
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	(59,479)	(317,450)
Increase/(decrease) in trade payables	2,731,588	682,404
Increase/(decrease) in other liabilities, various and financial	2,370,154	754,778
Interest paid	(510,795)	(674,999)
Interest collected	200,923	440,908
Taxes paid	(6,156,966)	(5,544,105)
Severance and other personnel provisions paid	(204,981)	(338,856)
Use of provisions	(4,535,578)	(3,973,897)
<b>Cash flow generated / (absorbed) by net operating activities</b>	<b>29,132,060</b>	<b>23,924,251</b>
Purchase tangible assets	(2,604,010)	(4,625,384)
Payment from sale of tangible assets	5,982	31,309
Purchases of intangible assets/concession rights	(16,850,573)	(7,989,929)
Proceeds on sale of tangible assets	388,948	0
Purchase/capital increase of equity investments	(2,458,820)	0
Proceeds on sale of equity investments	117,000	878,323
Changes in current and non-current financial assets	10,622,068	0
<b>Cash flow generated / (absorbed) by investment activities</b>	<b>(10,779,405)</b>	<b>(11,705,681)</b>
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(14,161,261)	(10,006,809)
Loans received	0	0
Loans repaid	(5,314,177)	(5,314,168)
<b>Cash flow generated / (absorbed) by financing activities</b>	<b>(19,475,438)</b>	<b>(15,320,977)</b>
<b>Final cash change</b>	<b>(1,122,782)</b>	<b>(3,102,407)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>13,947,469</b>	<b>17,049,876</b>
<b>Final cash change</b>	<b>(1,122,782)</b>	<b>(3,102,407)</b>
<b>cash and cash equivalents at end of year</b>	<b>12,824,687</b>	<b>13,947,469</b>

## Statement of changes in Shareholders' Equity

<i>in units of Euro</i>	<i>Share capital</i>	<i>Share Premium Reserve</i>	<i>Legal Reserve</i>	<i>Other Reserves</i>	<i>FTA Reserve</i>	<i>Actuarial Profits/(Loss) Reserve</i>	<i>Profits (losses) Carried Forward</i>	<i>Assets held for sale reserve</i>	<i>Profit (loss) for the year</i>	<i>Shareholders' Equity</i>
<b>Shareholders' Equity as at 31.12.2016</b>	<b>90,314,162</b>	<b>25,683,134</b>	<b>4,903,057</b>	<b>32,934,245</b>	<b>(3,205,671)</b>	<b>(878,066)</b>	<b>1,991,758</b>	<b>0</b>	<b>10,542,980</b>	<b>162,285,599</b>
Allocation of the 2016 financial year result	0	0	527,149	9,022	0	0	10,006,809	0	(10,542,980)	0
Share capital increase	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(10,006,809)	0	0	(10,006,809)
Assets held-for-sale	0	0	0	0	0	0	0	13,342	0	13,342
Total comprehensive profit (loss)	0	0	0	0	0	19,691	0	0	14,908,504	14,928,195
<b>Shareholders' Equity as at 31.12.2017</b>	<b>90,314,162</b>	<b>25,683,134</b>	<b>5,430,206</b>	<b>32,943,267</b>	<b>(3,205,671)</b>	<b>(858,375)</b>	<b>1,991,758</b>	<b>13,342</b>	<b>14,908,504</b>	<b>167,220,327</b>
Allocation of the 2017 financial year result	0	0	745,425	1,818	0	0	14,161,261	0	(14,908,504)	0
Share capital increase	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(14,161,261)	0	0	(14,161,261)
Assets held-for-sale	0	0	0	0	0	0	0	(13,342)	0	(13,342)
Total comprehensive profit (loss)	0	0	0	0	0	89,409	0	0	17,100,846	17,190,255
<b>Shareholders' Equity as at 31.12.2018</b>	<b>90,314,162</b>	<b>25,683,134</b>	<b>6,175,631</b>	<b>32,945,085</b>	<b>(3,205,671)</b>	<b>(768,966)</b>	<b>1,991,758</b>	<b>0</b>	<b>17,100,846</b>	<b>170,235,979</b>

# Notes to the Financial Statements for the year ended December 31, 2018

## Information on the Company's business

The company Aeroporto Guglielmo Marconi di Bologna S.p.A. (hereinafter "AdB" or the "company") is full manager of Bologna airport under Full Management Agreement No. 98 of July 12, 2004 and subsequent additional instruments, approved by Decree of the Ministry of Transport and Infrastructure and the Ministry of the Economy and Finance on March 15, 2006, with a term of 40 years from December 28, 2004. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register.

## Accounting Standards adopted for the preparation of the Financial Statements for the year ended December 31, 2018

### Basis of preparation

These financial statements of the company concern the year ended December 31, 2018 and include the comparative figures for the year ended December, 2017 (hereafter "the financial statements of the company", "separate financial statements" or "financial statements").

The financial statements were prepared under the historic cost convention, except for financial assets held-for-sale, and Intangible Assets comprising Energy Certificates, which were recognised at fair value, and in accordance with the going concern principle. The Company considers that, although enduring a difficult economic and financial environment, no significant uncertainties exist (as defined by paragraph 25 of IAS 1) on the going concern.

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

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

These financial statements were prepared in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") endorsed by the European Union and in force at the preparation date of the financial statements, in addition to the provisions issued in enactment of Article 9 of Legislative Decree 38/2005 (Consob Motions No. 15519 and 15520 of July 27, 2006).

In 2014, the company voluntarily opted to prepare the consolidated financial statements and the separate financial statements in accordance with International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and prepared considering the transition date to IFRS (First Time Adoption "FTA") as January 1, 2012.

The publication of the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. for the year ended December 31, 2018 was approved by the Board of Directors on March 14, 2019.

## Content and form of the Financial Statements

The company opted to apply the Separate and Comprehensive Income Statements, as permitted by IAS 1, considering such more representative of operations.

In particular, the Statement of Financial Position has been prepared by separating assets and liabilities into current and non-current categories.

An asset is current when:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held mainly for the purpose of negotiating it;
- it is expected to be realised within twelve months from the financial statement date;
- it consists of cash or cash equivalents unless it is forbidden to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year.

All other assets are classified as non-current.

A liability is considered current when:

- it is expected to be settled within the normal operating cycle;
- it is held principally for trading;
- it must be settled within twelve months of the closing date of the year or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of the closing date of the year.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Income Statement has been prepared by classifying income and expenses by their nature, whereas the Cash Flow Statement has been prepared using the indirect method, according to which cash flows are classified into operating, investing and financing categories.

## Information upon investments in subsidiaries and associates

The information at December 31, 2018 and 2017 concerning the name, Share Capital and percentage holding in the subsidiaries is provided below:

<i>in thousands of Euro</i>	Currency	Share capital	% Held	
			As at 31.12.2018	As at 31.12.2017
Fast Freight Marconi S.p.a. Società Unipersonale	Euro	520	100.00%	100.00%
Tag Bologna S.r.l. Società Unipersonale	Euro	316	100.00%	51.00%

On October 2, the Parent Company finalised the strategic acquisition of 49% of TAG Bologna S.r.l., which is now therefore wholly-owned.

The information at December 31, 2018 and 2017 concerning the name, Share Capital and percentage holding in the associates is provided below:

<i>in thousands of Euro</i>	Currency	Share capital	% Held	
			As at 31.12.2018	As at 31.12.2017
Ravenna Terminal Passeggeri S.r.l.	Euro	165	24.00%	24.00%

The Share Capital of the associate Ravenna Terminal Passeggeri Srl was reduced for losses from Euro 300 thousand to Euro 165 thousand by the Shareholders' Meeting of April 4, 2017.

## Accounting policies

### Business combinations and goodwill

Business combinations are recognised using the purchase method. The purchase cost is calculated as the total of the fair value consideration transferred at the acquisition date, and the value of any minority equity holding. For every business combination, the company decides whether to measure the minority interest at fair value or in proportion to the amount held in the identifiable net assets of the investee. The acquisition costs are expensed in the year and classified under administration expenses.

When the company 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.

In the case of business combinations undertaken in a series of phases, the previous holding is remeasured at fair value at the acquisition date and any profit or loss is recorded to the income statement. It is therefore considered in the determination of goodwill.

Any potential payment to be recognised is recorded by the acquirer at fair value at the acquisition date. The change in the fair value of the potential payment classified as an asset or liability must be recorded in the income statement or in the statement of comprehensive income. Where the potential payment is not within the scope of IAS 39, the amount is measured in accordance with the appropriate IFRS. If the potential payment is classified in equity, the amount is not remeasured and its subsequent settlement is recorded in equity.

The goodwill is initially recorded at cost represented by the excess of the total consideration paid and the amount recognised for the minority interest holdings compared to the net identifiable assets acquired and liabilities assumed by the company. If the fair value of the net assets acquired exceeds the total consideration paid, the company again verifies if it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedure utilised to determine the amount to be recorded at the acquisition date. If from the new valuation the fair value of the net assets acquired is still above the consideration, the difference (profit) is recorded in the income statement.

After its initial recognition, goodwill is valued at cost net of accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination must be allocated, from the acquisition date, to each of the company'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.

### Investments in subsidiaries, associates and joint ventures

A subsidiary is a company over which control may be exercised.

This occurs when and only when it has:

- power over the investment entity (or holds valid rights which confer it the current capacity to control the significant activities of the investment entity);
- exposure or rights to variable returns deriving from involvement with the investment entity;
- the capacity to exercise its power on the investment entity to affect its income streams.

When a company holds less than the majority of the voting rights (or similar rights) of an investee, it should consider all the facts and significant circumstances to establish whether control of the investment entity exists, including:



- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- voting rights and potential voting rights.

The company reconsiders if it has control of an investee and if the facts and circumstances indicate that there have been changes in one or more of the three significant elements for the definition of control.

The investments of the company in subsidiaries are valued using the cost method, adjusted in the case of impairment.

An associate is one in which the company exercises significant influence and is not classifiable as a subsidiary or joint venture.

Investments of the company in associates are valued at equity.

Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the associate share of the profit or loss after the date of acquisition.

Goodwill pertaining to associates is included in the carrying value of the investment and is not subject to amortisation or an impairment test.

The income statement reflects the company's share of the associate's result for the year. If an associate records adjustments with direct charges to shareholders' equity, the company records its share and records such (where applicable) in the statement of changes in shareholders' equity. Profits and losses deriving from transactions between the company and associates are eliminated in proportion to the investment held in the associate.

The company share of the results of the associates is recognised in the income statement. The share of the result represents the result of the associate attributed to the shareholders; this refers therefore to the net result after taxes and the share attributable to the other shareholders of the associate.

The reporting date of the financial statements of the associate must coincide with the year-end of the company. The company's financial statements must be prepared using uniform accounting policies for like transactions and events in similar circumstances.

Subsequent to the application of the equity method, the company assesses whether it is necessary to recognise a loss in value of investments in associates. The company at each reporting date assesses whether an investment in an associate has incurred a loss in value. Where a loss arises, the company calculates the amount of the loss as the difference between the recoverable value of the associate and the carrying value in the financial statements, recognising this difference in the income statement.

Once significant influence on the associate no longer exists, the company values any residual investment at fair value. Any difference between the carrying value of the investment at the date significant influence no longer exists and the fair value of the residual investment and the amount received must be recorded in the income statement.

## **Conversion of accounts in foreign currencies**

### *Transactions and balances*

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. The profits and losses deriving from the conversion are recorded in the income statement.

Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded. The non-monetary accounts recorded at fair value in foreign currencies are converted using the exchange rate at the date the value was determined. The profit or loss deriving from the translation of non-monetary items is treated in line with the recognition of the profit or loss recorded on the change in the fair value of these items (i.e. the translation differences on the accounts to which the fair value changes is recorded in the statement of comprehensive income or in the income statement are recorded, respectively in the statement of comprehensive income or in the income statement).

### **Intangible assets**

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

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

Intangible assets with a definite 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 definite intangible assets is recorded in the income statement.

The company has not identified intangible assets with indefinite useful lives.

“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.

The Concession under which the company operates meets the requirement that the concession holder must construct and operate the infrastructure on the grantor's behalf. Accordingly, the Group may not recognise it among tangible assets.

The company contracts with third parties responsible for constructing and improving the infrastructure. Accordingly, the fair value of the fees for the construction/improvement services rendered by the company is the fair value of the fees for the construction/improvement service rendered by third parties, plus a mark-up representative of the internal costs of planning and coordination of the work by a specific internal unit.

The external costs incurred to provide construction service are therefore recognised under the item “Construction service costs” of the income statement.

Together with these costs, the company also recognises an increase in the item “Concession rights” equal to the fair value of the service rendered, with a balancing entry to the item “Revenues from Construction services”.

The resulting concession rights are amortised on a straight-line basis over the term of the concession, starting when the asset constructed on the grantor's behalf becomes operational.

The useful life of an intangible asset deriving from contractual rights or other legal rights is determined on the basis of the lower between the duration of the contractual or legal rights (concession duration) and the utilisation period of the asset. The recoverability of the carrying value less amortisation is verified annually adopting the impairment test criteria.

“Software, licences and similar rights” primarily refers to the costs of implementing and customising management software and of purchasing software licences, amortised at a rate of 33%.

“Energy Certificates” refers to the White Certificates concerning the Trigeneration plant recognised to the company by the energy services operator (GSE). These certificates are measured at fair value represented by the average sales price of the last annual market session of energy efficiency securities.

The gains and losses deriving from the elimination of an intangible asset are measured as the difference between the net sales proceeds and the book value of the intangible asset, and are recorded in the income statement in the year in which they are eliminated.

### **Tangible assets**

Tangible assets are initially recognised at purchase price or construction cost and 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.

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 fixed 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. 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.

The depreciation rates used are as follows:

- Buildings and light construction: from 3% to 10%;
- Machinery, equipment and plant: from 10% to 31.5%;
- Furnishings, office machines and vehicles: from 12% to 25%.

The residual value of the asset, useful life and the methods applied are reviewed on an annual basis and adjusted if necessary at the end of each year.

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.

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.

### **Investment property**

The company classifies land purchased for the execution of future real-estate investments to be defined as investment property.

Such land is initially recognised at purchase cost and then measured at cost.

The items of tangible assets in question are not subject to depreciation because they refer to land. The company uses technical appraisals to monitor the fair value of the property in question in order to determine whether it has become impaired.

Investment properties are eliminated from the financial statement when they are sold or when they are unusable on a long-term basis and no future economic benefits are expected from their sale. Any profits or losses due to the retirement or disposal an investment property are recognised in the income statement when the property is retired or disposed of.

### **Leasing**

The definition of a contractual agreement as a leasing operation (or containing a leasing operation) is based on the substance of the agreement and requires an assessment of whether the agreement depends on the utilisation of one or more specific assets or whether the agreement transfers the right to the utilisation of this asset. The verification that an agreement contains a lease is carried out at the beginning of the agreement.

A leasing contract is classified as a finance lease or an operating lease at the beginning of the lease. A lease contract that substantially transfers all the risks and rewards of ownership of the asset leased, is classified as a finance lease.

An operating lease is a leasing contract which does not qualify as a finance lease. The company as lessee records operating leases in the income statement on a straight-line basis over the duration of the contract. The company recognises leasing agreements in which it is the lessor as operating leases when it retains essentially all the risks and benefits of ownership of the asset. The initial negotiating costs are added to the carrying amount of the leased asset and recognised over the duration of the contract, on the same basis as lease income. Rent not estimated in advance is recognised as revenue in the period in which it matures.

### **Impairment of non-financial assets**

The carrying amount of non-financial assets 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.

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 company evaluates, in relation to the assets other than goodwill, the existence of indicators of a reduction 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 profit.

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 Company 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 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.

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

#### Concession rights

The company undertakes an impairment test on Concession rights annually at the year-end close or more frequently if events or changes in circumstances indicate that the carrying amount may have incurred a loss in value (whenever impairment indicators arise).

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.

For impairment testing purposes, the company has identified a single CGU (cash generating unit), which coincides with the entity Aeroporto G. Marconi di Bologna S.p.A..

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 company, excluding in any case any recovery in the value of goodwill, are those as per IAS 36.

#### **Financial assets**

IFRS 9 provides for a single approach for the analysis and classification of all financial assets, including those contained in embedded derivatives. The classification and the relative measurement is made considering both the management model of the financial assets and the contractual characteristics of the cash flows from the asset.

The financial asset is measured using the amortised cost method where both of the following conditions are satisfied:

- the management model of the financial asset consists of holding the asset with the sole purpose of collecting the relative cash flows; and
- the financial asset generates, at pre-determined contractual dates, cash flows exclusively representative of the return from the financial asset and repayment of capital.

The financial asset is measured at fair value, with recognition of the effects in the statement of comprehensive income, if the objectives of the management model are to hold the financial asset in order to obtain the contractual cash flows or to sell the asset.

Finally, there is the residual category of financial assets measured at fair value with recognition of the effects through the income statement, which includes assets held for trading.

A financial asset which satisfies the requirements to be classified and measured at amortised cost may, on initial recognition, be designated as a financial asset at fair value, with recognition through the income statement, if this accounting treatment permits the elimination or significant reduction of the asymmetry in the measurement or recognition (so-called “accounting mismatch”), which would otherwise arise from the measurement of the asset or liability or from the recognition of the relative profits or losses on a different basis.

In addition, in the case of investments in equity instruments for which, therefore, it is not possible the recognition and measurement at amortised cost, where this concerns equity investments not held for trading purposes, but for strategic purposes, IFRS 9 provides that on initial recognition the entity may irrevocably choose to measure these at fair value, with recognition of any subsequent changes in the statement of comprehensive income without passing through profit or loss any gains or losses in the case of disposal.

Where the financial assets are only held for the company’s temporary needs to invest liquidity in order to obtain the contractual cash flows these are classified in the category “Held to collect - HTC”.

Where the financial assets meet the company’s objective either to collect the contractual cash flows or the future sale these are classified in the category “Held to collect and sell – HTC&S”.

The company does not hold and did not hold during 2018 derivative financial instruments.

#### *Loans and receivables*

Loans, similar to trade receivables, are held until their collection at the contractual maturities and generate cash flows relating to the collection of the principal and interest. The company analysed the contractual cash flows of these instruments and concluded that they comply with the amortised cost measurement criteria in accordance with IFRS 9.

The amortised cost is calculated taking into consideration all discounts or purchase premiums and includes the commissions which are an integral part of the effective interest rate and of the transaction costs. Current trade receivables are not discounted as the effect of discounting the cash flows is immaterial. The profits and losses are recognised to the income statement when the loans and receivables are eliminated or if there is an impairment, also through the amortisation process.

#### *Fair value*

In the notes, the company discloses the fair value of financial instruments at amortised cost and non-financial assets, such as investment property.

Fair value concerns the price that will be received for the sale of an asset or which will be paid for the transfer of a liability, in a transaction settled between market operators at the measurement date.

Fair value measurement requires that the sale of the asset or transfer of the liability has taken place:

- (a) in the principal market of the asset or liability; or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for the Company.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or of selling to another market operator that would utilise the asset to its maximum or best use.

The company utilises measurement techniques which are appropriate to the circumstances and for which there is sufficient available data to measure the fair value, maximising the utilisation of relevant observable inputs and minimising the use of non-observable inputs.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- ▶ Level 1 - prices listed (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- ▶ Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- ▶ Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same hierarchical level of the fair value in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements on a recurring basis, the company assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

### **Impairment of financial assets**

IFRS 9 defines a new impairment model of financial assets, with the objective to provide useful information to the readers of the financial statements in relation to expected losses. In particular, the model requires verification and recognition of any expected losses at any time over the life of the instrument and the updating of the expected losses at each reporting date to reflect the changes in the credit risk of the instrument; therefore, it is no longer necessary that a particular event arises ("trigger event") in order to verify and recognise losses on receivables.

The impairment test must be applied to all financial instruments, with the exception of those measured at fair value with recognition through the income statement.

The company applies the simplified Provision Matrix approach and recognises the expected losses on all trade receivables based on the residual duration, defining a matrix for the provision based on the historical

experience relating to the losses on receivables, adjusted to take into account specific forecast factors relating to the creditors and the economic environment (Expected Credit Loss – ECL concept).

The book value of the asset is reduced through the use of a provision and the amount of the loss recognised in the income statement.

Receivables which have incurred a loss in value are reversed when it is determined that they are irrecoverable.



### **AFS financial assets**

In the case of equity instruments classified as available for sale, an objective indication of impairment would include a significant or prolonged reduction in the fair value of the instrument under its cost price. The term “significant” is assessed in relation to the original cost of the instrument and the term “prolonged” in relation to the period in which the fair value is maintained under the original cost.

When there is a loss in value of a financial asset available-for-sale, the amount is transferred from equity to the income statement equal to the difference between its cost (net of the repayment of the principal and interest) and its fair value, net of any loss in value previously recorded in the income statement.

The restatement relating to capital instruments classified as available-for-sale is not recorded in the income statement. The recovery in value of debt instruments is recorded in the income statement if the increase in the fair value of the instrument can be attributable to an event which occurred after the recording of the loss in the income statement.

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

Non-current assets classified as held-for-sale are measured at the lower of their carrying value and the fair value less selling costs. They are classified as such if 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 income statement and the previous year comparative period, the profits and losses of discontinued operations must be classified separately from profits and losses from continuing operations, shown after taxes, even when the company 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.

### **Derecognition of financial assets**

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised firstly (e.g. eliminated from the statement of financial position) when:

- the rights to receive cash flows from the asset are extinguished, or
- the company has transferred to a third party the right to receive the cash flows of the asset or has assumed the contractual obligation to pay entirely and without delay and (a) has substantially transferred all of the risks and rewards of ownership of the financial asset, or (b) has not substantially transferred all of the risks and rewards of the asset, but has transferred control.

### **Construction and service contracts work-in-progress**

Construction contracts work-in-progress are measured on the basis of the contractual payments matured with reasonable certainty in relation to the advancement of work under the percentage of completion method, determined through the measurement of work completed, to be attributed to the revenues and economic result of the contract to each year in proportion to the advancement of work. The positive or negative difference between the value of the completed portion of the contracts and that of the advances received is recognised in the statement of financial position, as an asset or liability, respectively, while also taking account of any impairment losses recognised due to risks associated with non-payment for work done on behalf of clients.

The contract revenues, in addition to the contractual payments, include the variances, price revisions and any claims up to the amount it is probable that they represent effective revenues that can be determined reliably.



If a project is expected to yield a loss, this loss is immediately recognised in full, regardless of the progress on the project.

Construction services for the grantor relating to the concession agreement to which the company is a party are also recognised in the income statement according to the state of progress. In particular, construction and/or improvement revenue – which represents the consideration due for the services rendered – is measured at fair value, determined on the basis of the total costs incurred, consisting primarily of the costs of external services and the costs of benefits for employees engaged in the activities concerned.

The balancing entry for such construction service revenue is to a financial asset or airport concession taken to concession rights among intangible assets, as discussed in the relevant section.

### **Inventories**

Inventories 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.

### **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 (leaving indemnity) or other long-term benefits (e. g. non-competitive agreements, long-term incentive plans) 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 financial statement but also the future salary increases and related statistical data.

Revaluations, which include actuarial profits and losses, changes in the effect of the limit on the assets, not including net interest (not applicable to the company) and the return on plan assets (not including net interest) are recognised immediately in the statement of financial position by debiting or crediting profits/(losses) carried forward through other comprehensive income in the year in which they occur. Revaluations are not reclassified to the income statement in subsequent years.

The cost of employee service in prior periods is recognised in the income statement on the later of the following dates:

- (a) the date on which the plan is changed or reduced; and
- (b) the date on which the company recognises the related restructuring costs.

Net interest on the net defined-benefit liabilities/assets are calculated by multiplying the net asset/liability by the discount rate. The company recognises the following changes in the net defined-benefit obligation in the cost of goods sold, administrative expenses and selling and distribution costs in the consolidated income statement (by nature):

- Costs of employee service, inclusive of costs of both current and prior employee service, profits and losses on non-routine curtailments and settlements;
- Net interest income or expenses.

Following the amendments to severance benefits introduced by Law No. 296 of December 27, 2006 (Finance Law 2007) and subsequent Decrees and Regulations, the severance benefits of Italian companies with more than 50 employees matured from January 1, 2007, or from the option date chosen by the employee, is included under defined contribution plans, both in the case of supplementary pension options and in the case of allocation to the INPS Treasury Fund. The severance benefits accrued until December 31, 2006 have been treated as defined-benefit.

The contributions to be paid into a defined-contribution plan in exchange for the employee service in question are treated both as a liability (account payable) after having deducted any contributions already paid, and as a cost.

### **Provisions for risks & charges**

Provisions for risks and charges relate to costs and expenses of a defined nature and of certain or probable existence whose amount or date of occurrence is uncertain at the present financial statement 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 financial statement 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.

### *Provision for renewal of airport infrastructure*

In accordance with the obligations assumed under current agreements, the provision for renewal of airport infrastructure includes accruals relating to extraordinary maintenance, refurbishment and replacement to be undertaken at a future point in time to ensure that airport infrastructure remains duly functional and secure. Accruals to this provision are recognised according to the degree of use of the infrastructure, indirectly reflected in the expected date of replacement/renewal. The values recorded in this line item also take due account of a financial component, to be applied according to the intervals between the various renewal cycles, intended to ensure that the provisions set aside are adequate. The estimate of the provision for renewal of airport infrastructure therefore requires complex professional technical judgement, in particular in relation to the nature of the costs to be incurred, their amount and the timing of the expected interventions.

### **Trade payables and other non-financial liabilities**

Short-term trade payables, which mature within the normal commercial terms, are recognised at cost (their nominal value) and are not discounted as the discounting of cash flows is insignificant.

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

### **Loans**

Other financial liabilities, with the exception of the derivatives, are recognised initially at cost, corresponding to the fair value of the liability plus transaction costs that are directly attributable at the issue of the liability.

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

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

### **Financial guarantee liabilities**

Financial guarantee liabilities issued by the company are contracts which require a specific payment to reimburse the holder of a debt security against a loss incurred following non-compliance of the debtor in the payment at the scheduled contractual maturity date. Financial guarantee contracts are initially recognised as a liability at fair value, increased by the directly attributable transaction costs to the issue of the guarantee. After initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised, less accumulated amortisation.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the underlying obligation of the liability is extinguished, settled or cancelled. If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the separate income statement.

### **Recognition of revenues**

Revenues are recognised 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.

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

Royalties are recorded based on the accruals principle in accordance with the contracts in force and as per 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.

## Recognition 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.

Interest expense is recognised in accordance with the accruals principle, which takes into account the effective yield of the liabilities to which it refers. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which requires a lengthy period before availability for use shall be capitalised as part of the cost of that asset.

## Taxes for the year

### *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 shareholders' equity and not to the income statement. The Directors periodically assess the positions assumed in the income tax returns where the fiscal regulations are subject to interpretations and, where appropriate, record appropriate provisions

### *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 financial statements. The deferred tax liabilities are recorded against all temporary taxable differences, with the exception of:

- 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 year's profit calculated for purposes of the Financial Statements or on 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 recognised on all temporary differences and fiscal losses carried forward to the extent of the probable existence of adequate future tax profits that can justify the use of deductible temporary differences and fiscal losses carried forwards, except:

- when deferred tax assets relate to the temporary differences deriving from the initial recognition 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 year's profit calculated for the purposes of the Financial Statements or on profit or loss 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 carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent it is unlikely that sufficient tax profits will be available in the future, so that some or all of the asset may be used. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the tax profit is sufficient to permit such deferred tax assets to be recovered.

Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the amounts are paid, considering the rates in effect and those already issued or substantially issued as of the closing date of the financial statements.

Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the statement of comprehensive income, in line with the item to which they refer.

The Group offsets deferred tax assets and deferred tax liabilities when there is a legal right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities relate to income taxes due to the same tax authority.

The fiscal benefits acquired following a business combination, but which do not satisfy the criteria for separate recognition at the acquisition date, may be recognised subsequently, when updated information is received on the facts and on the circumstances. The adjustment is recognised as a reduction of goodwill (up to the value of the goodwill), where this is recorded during the measurement period, or in the income statement, if recorded subsequently.

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

- IRES 24%
- IRAP 4.2%.

#### *Indirect taxes*

Costs, revenues, assets and liabilities are recognized net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the income statement;
- the trade receivables and payables include the indirect taxes applicable.

The net amount of the indirect taxes to be recovered or be paid to the Tax Authorities is included in the financial statements under receivables or payables.

## **Earnings per share**

### Undiluted

The earnings/(loss) per share is calculated by dividing the result of the company by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

### Diluted

The diluted earnings/(loss) per share is calculated by dividing the result of the company by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted in respect of the dilution potential of ordinary shares, while the profit or loss of the company is adjusted to take into account the effects, net of income taxes, of the conversion.

## **Dividends and distribution of assets other than Cash and Cash Equivalents**

The company records a liability against the distribution to its shareholders of available liquidity or assets other than available liquidity when the distribution is appropriately authorised and is no longer at the discretion of the company. Based on company law in Europe, a distribution is authorised when it is approved by the shareholders. The corresponding amount is recorded directly in shareholders' equity.

The distribution of assets other than available liquidity is measured at fair value of the assets to be distributed; the remeasurement of the fair value is recorded directly in shareholders' equity.

On the payment of the dividend, any difference between the book value of the assets distributed and the book value of the dividend payable is recorded in the statement of comprehensive income.

### **Listing costs**

Within the listing project concluded on July 14, 2015 with the commencement of trading of the shares on the Star Segment of the Electronic Equities Market (Mercato Telematico Azionario) organised and managed by Borsa Italiana Spa, the Parent Company incurred specific costs, such as (i) commissions recognised to the coordinating banks of the offer, (ii) fees paid to consultants, specialists and legal advisors, (iii) other costs such communication costs, prospectus printing costs and other miscellaneous expenses and charges.

In a listing operation, where the Issuer issues new shares and lists both the new and existing shares, some costs are incurred jointly for the share capital increase and the sale of the new shares, and for the sale of existing shares. In this situation, the criteria for their allocation to the two activities must be identified based on reasonable criteria which reflects the substance of IAS 32, recognising them in part as a decrease of Shareholders' Equity and in part in the Income Statement.

The listing costs which are incremental in nature directly attributable to the share capital increase which would otherwise be avoided, such as for example purposes the intermediary fees, were recorded in 2015 as a decrease in the Shareholders' Equity in the Share Premium Reserve; the remainder, again for example purposes, such as the costs relating to consultants, specialists and legal advisors, was recorded in part in the Income Statement and in part under Shareholders' Equity in accordance with the criterion illustrated above.

### **Cash Flow Statement**

The Company prepared the cash flow statement in accordance with the indirect method as permitted by IAS 7. The Company reconciled the pre-tax profit with the net cash flows from operating activities. IAS 7, paragraph 33 allows classification of interest income and expense as an operating activity or financial activity based on the presentation considered most representative by the entity; the Company classifies interest income received and interest expense paid as cash flows from operating activities.

### **Accounting standards, amendments and interpretations endorsed by the European Union adopted by the company**

From 2018 the following new accounting standards, amendments and interpretations, revised by the IASB, entered into force:

#### *IFRS 9 Financial instruments*

The company has concluded its analysis, which commenced in 2016, of the impact from the application of the new standard IFRS 9 financial instruments on the statement of financial position, income statement and financial position of the company.

On July 24, 2014, the IASB issued the definitive version of IFRS 9 replacing IAS 39. The principal amendments to the standard concerns a new model of "classification and measurement", impairment, hedge accounting and own liabilities. With the exception of the hedge accounting, retrospective application is required of the standard, but it is not obligatory to disclose comparative information. In relation to the hedge accounting, the standard is generally applied prospectively, with some limited exceptions. IFRS 9 entered into force from January 1, 2018 and the company has applied the new standard from the date of obligatory application.

The standard introduces the need to undertake a business model analysis to define the classification of the financial instruments. The business model of a company reflects how financial instruments are managed in order to generate cash flows; its business model indicates if the cash flows are due to contractual cash flows, to sales or both. This assessment is made on the basis of expected future scenarios.

From evaluations undertaken it emerged that the principal impacts relate to the classification model of the financial assets and liabilities which up to December 31, 2017 were classified in the category “AFS” as this category is no longer included under IFRS 9 and the adoption of the impairment model of predictive financial assets which did not result in any impact on shareholders’ equity and on the 2017 result.

As already illustrated in the 2017 Annual Report, the company does not have any significant income statement and statement of financial position effects following the adoption of the new rules within the standard, including the new hedge accounting model. Given the insignificance of the IFRS 9 effects the company did not restate the comparative figures.

For further information, reference should be made to Note 4 and Note 10.

### *IFRS 15 - Revenues from contracts with customers*

IFRS 15 was issued in May 2014 and introduces a new model in five steps applied to revenues from contracts with customers from January 1, 2018. Based on IFRS 15, in fact, it is necessary to analyse the contracts and the relative accounting effects through the following five steps:

1. Identification of the contract;
2. Identification of the performance obligations in the contract;
3. Establishment of the sales price;
4. Allocation of the transaction price to each of the performance obligations identified;
5. Recognition of the revenues on the satisfaction of the performance obligation.

IFRS 15 provides for the recognition of revenues for an amount which reflects the payment which the company considers to have the right to in exchange for the transfer of goods or services to the customer. The new standard replaces IAS 11, IAS 18 and the relative interpretations and is applied to all revenues from contracts with customers, unless these contracts are within the scope of other standards. The company applies the new standard from the obligatory application date, adopting the modified retrospective method.

Within the assessment process of the accounting effects deriving from the adoption of the new standard initiated during 2016 and 2017, through the analysis undertaken on both Aeroporto Guglielmo Marconi di Bologna S.p.A. and the other subsidiaries of the Group, the following revenue streams were identified:

1. Airport fees
2. Commercial/non-comm. sublicense/lease
3. Parking
4. Construction Services
5. Others



In summary there were no effects identified deriving from the adoption of IFRS 15 on the statement of financial position, income statement and financial position of the company, with the exception of the reclassification of "one-off" promotional incentives, such as incentives for the start-up of new flights, up to December 31, 2017 recorded under costs for services provided to carriers and classified from January 1, 2018 as a direct reduction of airport fee revenues, as already applied for the variable incentives recognised based on traffic. Relating to the year 2018, this concerns Euro 83 thousand compared to Euro 142 thousand in the previous year. This reclassification did not however have any impact on shareholders' equity and on the 2017 company profit.

For further information reference should be made to Note 24.

#### *Amendments to IFRS 2 -Classification and recognition of share-based payments*

On June 21, 2016, the IASB published the amendments to the standard, with the aim of clarifying how to account for certain types of share-based payment transactions. The amendments concern: (i) the effects of "vesting conditions" and "non-vesting conditions" with regard to the valuation of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement function for withholding tax obligations (iii) an amendment to the terms and conditions of a share-based payment that changes the transaction's classification from cash-settled to equity-settled. The amendments are applicable from January 1, 2018; although early application is permitted, the company adopted these amendments prospectively from January 1, 2018 and no effects arose in the consolidated half-year financial statements or on the disclosures following the adoption of these amendments.

#### *Improvements to IFRS (2014-2016 cycle)*

The series of improvements, issued in December 2016, concerned the elimination of short-term exemptions provided for First Time Adoption by IFRS 1, the classification and measurement of equity investments valued at fair value and recognised in the income statement in accordance with IAS 28 - Investments in Associates and Joint Ventures, and clarification on the scope of disclosures required by IFRS 12 – Disclosure of Interests in Other Entities. The application of the amendments is obligatory for financial years ending after January 1, 2017 and January 1, 2018. The company adopted these improvements from the obligatory effective date and no effects arose on the consolidated half-year financial statements or on the disclosures in the notes.

#### *IFRIC 22 - Foreign currency transactions and advances*

On December 8, 2016, IASB published this interpretation which concerns foreign currency transactions paid or received in advance. These amendments were adopted by the company at the obligatory effective date (January 1, 2018) and had no impact on the consolidated half-year financial statements and on the disclosures in the notes.

#### *Amendments to IAS 40 - Changes in the allocation of investment property*

The amendments clarify when an entity should transfer a property, including property under construction or development, into or out of the category "Investment property". It clarifies that a change in the intended use does not occur due to a simple change in management's intentions. The introduction of these amendments had no impact on the consolidated half-year financial statements of the company.



Excluded from the list are the amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts as they do not concern the activities undertaken by the company.

## New accounting standards and amendments not yet effective and not adopted in advance by the company

### IFRS 16 – Leasing (in force from January 1, 2019)

IFRS 16 was published in January 2016 and replaces IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives and SIC 27 Evaluating the substance of transactions in the legal form of a lease.

The scope of application of the new standard, which will enter into force from January 1, 2019, concerns all leasing contracts, with some exceptions. The accounting method of all leasing reassumes the model under IAS 17, although excluding leasing for insignificant amounts (e.g. computers) and short-term lease contracts (i.e. lower than 12 months). At the recognition date of the lease it is necessary to recognise the liability for the lease instalments and the asset for which the entity has the right of utilisation, separately recognising the financial expenses and depreciation relating to the asset. The liability may be remeasured (for example changes in the contractual terms or changes in indices related to the payment of the instalments) and this change must be recorded on the underlying asset. From the lessor's viewpoint the accounting model is substantially unchanged from the current IAS 17. The application of the standard must be applied under the modified retrospective method, while early application is permitted simultaneous with IFRS 15.

As illustrated in the paragraph relating to IFRS 15, AdB has underwritten leasing contracts as lessor with the sub-license of airport areas and spaces to its customers and also has undertaken leasing contracts as lessee for equipment, plant, machinery, automotive vehicles and land; reference should be made to the paragraph on Commitments and risks for the amount of the minimum lease payables and receivables which the company has contractually undertaken for the coming years. It is not expected that the new standard will be applied in advance.

The implementation process for the Standard, involving set-up of the IT infrastructure for the accounting management and the alignment of the administrative and control processes applicable to the critical areas governed by the Standard, is in the process of being completed.

The company has elected to apply the standard retrospectively from January 1, 2019 (modified retrospective method). With regards to contract assets, there are no changes in the new standard compared to the current accounting method. From a lessee viewpoint, Adb expects an increase in EBITDA for the reclassification of leasing expenses for hire and rental to the accounts depreciation and financial expenses and a decrease in the Net Financial Position for the recording of the lease payables under trade payables. From the analysis undertaken to-date, the estimate of the impact is as follows:

Initial recognition and valuation in balance sheet	Usage right capitalised in assets	€ 2,077K
	Financial liabilities recognised to liabilities	- € 2,077K
	Valuation equal to present value of future charges	
To income statement	Hire charges	- € 557K
	Amortisation usage right	€ 544K
	Interests on leasing	€ 46K

*In thousands of Euro*

In addition, reference should be made to Note 31 for disclosures on minimum leasing payments required by IAS 17.

*Amendments to IFRS 9 - Prepayment Features with Negative Compensation*  
(applicable from financial years ending after January 1, 2019).

This allows companies to measure specific prepayments on financial assets through the so-called negative compensation at amortised cost or at fair value from "other comprehensive income" in the case where a specific condition is met, rather than at the fair value of the income statement. The impacts of these amendments on the consolidated financial statements are currently under evaluation.

At the date of authorisation of these consolidated financial statements, the competent bodies of the European Union have not yet completed the endorsement process relating to the new standards and amendments applicable to the financial statements for years that commence from January 1, 2019 and illustrated below:

*IFRIC 23 - Uncertainty over Income Tax treatments*  
(applicable from financial years ending after January 1, 2019).

The interpretation clarifies the applications of the requirements for recognition and measurement in IAS 12 - "Income taxes" in the case of uncertainty on the treatment of income taxes. The Interpretation concerns specifically: (i) the case in which an entity considers separately the uncertain fiscal treatment, (ii) the assumptions which an entity makes on the review of the fiscal treatment by the tax authorities, (iii) how an entity determines assessable income (or fiscal loss), assessable base, fiscal losses not utilised, tax credits not utilised and tax rates and (iv) in what manner an entity considers changes of facts and circumstances. The Interpretation does not add new disclosure requirements, however outlines the existing requirements in IAS 1 relating to disclosure on opinions, information on assumptions of facts and other estimates and information on tax under/over accruals within AS 12 "Income taxes". The interpretation provides a choice between two transition models: (i) retroactive application which utilises IAS 8 - "Accounting policies, changes in accounting estimates and errors", only if the application is possible, or (ii) retroactive application with cumulative effect of the initial application recorded as an adjustment to shareholders' equity at the date of the initial application and without remeasurement of the comparative information. The date of the initial application is the beginning of the annual reference period in which an entity applies the interpretation for the first time. No significant effect is expected on the company consolidated financial statements from the application of the new standard.

*Amendments to IAS 28 - Long-term interests in associates and joint ventures*  
(applicable from financial years ending after January 1, 2019).

This clarifies how the entity should use IFRS 9 to represent long-term interests in an associate company or joint venture, for which the equity method is not applied. No significant effect is expected on the company consolidated financial statements from the application of the new standard.

### *Improvements to IFRS*

In December 2017, the IASB also issued Annual Improvements to IFRS 2015-2017, a series of amendments to IFRS in response to issues raised, mainly: (I) to IFRS 3 - Business Combinations, clarifying how a company must re-measure holdings, previously held in a joint operation, once control of the business is obtained; (II) to IFRS 11 – Joint Arrangements, for which a company does not re-value holdings previously held in a joint operation when it obtains joint control of the activity, (III) to IAS 12 - Income Tax, which clarifies that the impact on income tax deriving from dividends (that is, the distribution of profits) should be recognised in the income statement, regardless of how the tax arises; (IV) and to IAS 23 – Borrowing costs, which clarifies that a company is to treat as part of a general debt any debt originally assumed for the development of an asset when this asset is ready for its intended use or for sale. The changes will be effective from January 1, 2019 and significant effects are not expected on the company financial statements.

### *Amendment to IAS 19 - Plan Amendment, Curtailment or Settlement*

In February 2018, the IASB issued amendments to IAS 19 which specifies how companies should determine the pension payable when changes to a given pension plan occur. IAS 19 "Employee Benefits" specifies how a company should account for a defined benefit pension plan. When a change is made to a plan, an adjustment, a reduction or a regulation, IAS 19 requires that the net defined benefit asset or liability is to be re-measured. The changes require a company to use the updated assumptions from this recalculation to determine the cost of the current service and the net interest for the remainder of the reference period after the plan is changed. The amendments will enter into force from January 1, 2019. The Group is currently evaluating the impacts on the consolidated financial statements.

### *Amendments to References to the Conceptual Framework in IFRS Standards*

The IASB issued on March 29, 2018 a revised version of the Conceptual Framework of the financial statements which includes the accounting standards IFRS. This instrument guarantees that the accounting standards are conceptually correct and that transactions of the same type are treated in the same manner, providing useful information to investors and other stakeholders. The Conceptual Framework helps in addition, businesses to implement adequate accounting policies when no IFRS standard disciplines the specific transaction; in addition, it assists the stakeholders in general to understand the accounting standards. The Conceptual Framework modified includes: a new chapter on the measurement and reporting rules of the financial results; more precise definitions and rules - in particular the definition of liabilities; clarifications on important issues, such as the rules on administration, prudence and uncertainty of calculations in the financial reporting. The amendments will enter into force from January 1, 2020.

### *Amendments to IFRS 3 Business Combination*

On October 22, 2018, the IASB published, in the updated version of IFRS 3 - Business combinations, the amendment to the definition "business". The new definition highlights that the purpose of the business is to provide products and services to clients, while the previous definition focused on the purpose to produce income in the form of dividends, lower costs or other economic benefits for the investors or other parties. The distinction between business and company is fundamental, in that the recognition of goodwill may occur only following the acquisition of a business. The companies apply to the business combinations the new definition of business to transactions whose date is on or subsequent to January 1, 2020.

### *Amendments to IAS 1 and IAS 8: Definition of Material*

On October 31, 2018, the IASB published this amendment and clarified in IAS 1 “Presentation of Financial Statements” and in IAS 8 “Accounting policies, changes in accounting estimates and errors” the definition of “significant” and aligned this definition to that utilised in the Conceptual framework and in the IFRS. A disclosure is significant if its omission or erroneous measurement may reasonably influence decisions which the principal users of the financial statements make on the basis of the financial statements. The amendments will enter into force from January 1, 2020.

IFRS 17 - Insurance contracts are excluded from the list since this accounting standard does not pertain to the activity carried out by Adb.

### **Discretionary valuations and significant accounting estimates**

The preparation of the financial statements requires the directors of the Company to undertake discretionary valuations, estimates and assumptions which impact upon the amount of revenue, costs, assets and liabilities and related disclosures, as well as potential liabilities. The uncertainty concerning these assumptions and estimates could result in significant changes in the book value of these assets and/or liabilities in the future.

### *IAS 8\_Correction of estimates and accounting errors*

Some elements in the financial statements may not be measured with precision and therefore are subject to estimates which depend on future and uncertain conditions of the company’s operations. These estimates over time will incur revision to take into account data and information which is available subsequent to the initial estimates. The effect of the change of accounting estimates must be recorded prospectively in the year in which they occur, including them in the economic result of the year and of future years, where the change also affects this latter. The prospective recognition of the effects of the estimates means that the changes are applied to the transactions on the change in the estimate. The revision or change in the accounting estimate arises from new information or new developments in operating activities and for this reason they do not represent a correction of errors.

The errors of previous years are omissions and incorrect measurements of accounts in the financial statements of an entity for one or more years deriving from the non-utilisation or the erroneous utilisation of reliable information which was available when the financial statements were authorised for their publication and it is reasonable to consider that such information could have been obtained and utilised in the preparation and presentation of these financial statements. These errors include the effects of arithmetic errors, errors in the application of accounting policies, inaccuracies or distorted interpretations of facts, and fraud. The financial statements are not in accordance with IFRS if they contain significant errors or irrelevant if committed intentionally in order to obtain a specific presentation of the statement of financial position, of the economic result or of the cash flows of the entity. Potential errors of the current year, recorded in the same year, are corrected before the financial statements are authorised for publication. The errors uncovered in subsequent years, if considered significant and if the correction is considered feasible, must be corrected in the comparative disclosure presented in the financial statements for the following year, remeasuring the opening balances of assets, liabilities and shareholders’ equity (restatement).

The restatement is not applied and the error is not recorded using the prospective method where the errors and the omissions are considered insignificant.

Omissions or incorrect measurements of accounts are recorded if, individually or overall, they may impact the economic decisions of the readers of the financial statements. The restatement depends on the size and nature of the omission or incorrect measurement assessed depending upon the circumstances.

### *Estimates and assumptions*

The key assumptions undertaken by management and which have the most significant effect on the reported amounts or have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. The company based its estimates and assumptions on information available at the preparation date of the consolidated financial statements. However, the current circumstances and assumptions on future developments may alter due to changes in the market and events outside of the Company's control. These changes, where occurring, are reflected in the assumptions.

### *Impairment of non-financial assets*

Reference should be made to that previously illustrated in the standard "impairment of non-financial assets" and that illustrated below in Note 1-Intangible Assets.

### *Fair value of investment property*

The company records investment property at cost, which approximates the fair value of the investment properties given their particular nature (absence of a comparable active market).

### *Fair value of financial instruments*

The company provides in the Notes the fair value of the financial instruments. When the fair value of a financial asset or financial liability may no longer be measured based on the prices on an active market, the fair value is determined utilising various valuation techniques, including the discounted cash flow model. The inputs inserted in this model are recorded from observable markets, where possible, but when this is not possible, a certain level of estimation is required to define the fair values. The estimates include considerations on variables such as the liquidity risk, the credit risk and volatility. The changes of the assumptions on these elements may have an impact on the fair value of the financial instrument recorded.

### *IAS 10\_Subsequent events to the reporting date*

The company in the analysis of subsequent events to the reporting date analyses the conditions on which it is necessary to make changes on the accounting data and relative disclosures, depending on whether this concerns events occurring after the reporting date:

- to operations existing at the reporting date for which an adjustment to the financial statements is necessary (adjusting events);
- to operations which arose after the reporting date and for which no adjustment to the financial statements is necessary (non-adjusting events).

## ANALYSIS OF THE MAIN ITEMS ON THE STATEMENT OF FINANCIAL POSITION

### ASSETS

#### 1. Intangible assets

The following table breaks down intangible assets at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Concession rights	161,148	151,212	9,936
Software, licences and similar rights	1,611	1,105	506
Other intangible assets	65	71	(6)
Energy Certificates	0	321	(321)
Other intangible assets in progress	373	286	87
<b>TOTAL INTANGIBLE ASSETS</b>	<b>163,197</b>	<b>152,995</b>	<b>10,202</b>

The table below shows the changes in intangible assets for the period ended December 31, 2018 compared to December 31, 2017, by intangible asset category.

<i>in thousands of Euro</i>	31.12.2017			Changes of the year				31.12.2018		
	Historical cost	Accumulated amortisation	Book value	Increases / Acquisitions	Amortisation	Decreases / Disposals Write-downs	Decrease provision	Historical cost	Accumulated amortisation	Book value
Concession rights	179,975	(28,763)	151,212	15,620	(5,562)	(616)	494	194,979	(33,831)	161,148
Software, licences and similar rights	9,859	(8,754)	1,105	1,820	(1,314)	0	0	11,679	(10,068)	1,611
Other intangible assets	100	(29)	71	0	(6)	0	0	100	(35)	65
Energy Certificates	321	0	321	68	0	(389)	0	0	0	0
Other intangible assets in progress	286	0	286	89	0	(2)	0	373	0	373
<b>TOTAL INTANGIBLE ASSETS</b>	<b>190,541</b>	<b>(37,546)</b>	<b>152,995</b>	<b>17,597</b>	<b>(6,882)</b>	<b>(1,007)</b>	<b>494</b>	<b>207,131</b>	<b>(43,934)</b>	<b>163,197</b>

Concession rights increased at December 31, 2018 by Euro 15.6 million (equal to the fair value of construction services provided in the year), principally due to:

- resurfacing works on an extensive runway section, of the entire “Golf” connecting runway and of a number of sections of the “Charlie-Delta-Echo” connecting runways, with the upgrading of the relative horizontal signage and the installation of new lighting (AVL). These works were undertaken in September, during the four days of the airport’s closure;
- works in progress for the new de-icing apron and the relative service building;
- construction works on the new “Training Center” building which, following ENAC certification in application of EC regulation 139/2014, houses the training center which centralises all airport personnel technical training;
- building and installation of a monitoring and video surveillance system monitoring the airport perimeter, in application of the National Safety Programme;
- works to extend the new offices at the couriers building;
- work on the new road perimeter on the road pass perimeter in the northern section;
- other preparatory activities to the expansion of the passenger terminal; in 2018 the definitive design of the extension on the existing terminal was completed, approved by the Competent Authority in February 2019.

Finally, in 2018, definitive and executive engineering operations commenced for works execution and management with regard to the protection of buildings currently used by State Agencies, while the definitive engineering design works for the multilevel car park close to the eastern area of the airport was concluded.

Amortisation of concession rights in the year amounted to Euro 5.56 million and was applied according to the residual duration of the concession, alongside write-downs of Euro 97 thousand for projects no longer realisable.

Software, licenses and similar rights increased Euro 1.82 million. This increase principally concerns:

- the purchase of software licenses for various operating systems and some management applications;
- the renewal of the new internet site;
- the harmonisation and integration of the human resources management systems;
- the implementation of new functionalities on the various IT systems deriving from the organisational and functional assessments;
- the design and analysis services ahead of the construction of the human-like robot “Pepper” used in the check-in area to provide verbal information to passengers.

The increase in the account “Energy certificates” concerns the valuation of 194 White Certificates relating to the Trigeneration plant, recorded under Other revenues and income in the Income Statement.

Other intangible assets in progress includes software development not concluded at December 31, 2018, among which we highlight the modernisation of the GSTAR operating system.



## Test on the recoverability of assets and group of assets

For financial year 2018, impairment tests were undertaken to assess the existence of impairments regarding the amounts recognised to Concession rights.

The impairment test, as per IAS 36, 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).

For impairment testing purposes, the company has identified a single CGU which coincides with the Aeroporto G. Marconi Group.

For the analysis outlined above, the cash flows were taken from the 2019-2044 economic-financial projections formulated by the Board of Directors of February 21, 2019. This latter also approved the methodology relating to the impairment test.

These operating cash flows was discounted utilising the UDCF (Unlevered Discounted Cash Flow) at a rate equal to the weighted average cost of debt and own funds (WACC - Weighted Average Cost of Capital), equal to 6.75%.

This method is based on the presumption that the economic capital value of a company at a certain date (in the present case December 31, 2018) is representative of the algebraic sum of the following elements:

- ▶ 'operating' value, i.e. the present value of the cash flows from operating activities over a defined time period (explicit projection period; in the present case this coincides with the end of the airport concession expected for 2044);
- ▶ value of the non-strategic surplus assets at the measurement date.

The test performed did not identify any impairment of the carrying amounts of Concession rights for 2018.

An impairment test simulation was also undertaken considering in the determination of the WACC a duration of the interest rates (free risk rate and swap rate) of 30 years, a duration which approximates the residual duration of the airport concession. Also in these cases, the test did not result in any impairment. For further details, reference should be made to that detailed at Note 1 of the Consolidated Financial Statements.

## 2. Tangible assets

The following table breaks down tangible assets at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Land	2,763	2,763	0
Buildings, light constructions and improvements	4,124	4,473	(349)
Machinery, equipment & plant	2,867	3,131	(264)
Furniture, EDP and transport	2,140	1,918	222
Tangible fixed assets in progress	2,979	2,156	823
Investment property	4,732	4,732	0
<b>TOTAL TANGIBLE ASSETS</b>	<b>19,605</b>	<b>19,173</b>	<b>432</b>

The table below shows the changes in tangible assets for the period ended December 31, 2018 compared to December 31, 2017, by asset category.

<i>in thousands of Euro</i>	31.12.2017			Changes of the year				31.12.2018		
	Historical cost	Accumulated depreciation	Book value	Increases / Acquisitions	Depreciation	Decreases/ Disposals/ Impairment	Decrease provision	Historic cost	Accumulated depreciation	Book value
Land	2,763	0	2,763	0	0	0	0	2,763	0	2,763
Buildings, light constructions and improvements	8,344	(3,871)	4,473	67	(416)	0	0	8,411	(4,287)	4,124
Machinery, equipment & plant	12,727	(9,596)	3,131	874	(1,135)	(26)	23	13,574	(10,707)	2,867
Furniture, EDP and transport	8,344	(6,425)	1,918	840	(615)	(70)	65	9,115	(6,975)	2,140
Tangible fixed assets in progress	2,156	0	2,156	823	0	0	0	2,979	0	2,979
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
<b>TOTAL TANGIBLE ASSETS</b>	<b>39,066</b>	<b>(19,892)</b>	<b>19,173</b>	<b>2,604</b>	<b>(2,166)</b>	<b>(96)</b>	<b>88</b>	<b>41,574</b>	<b>(21,969)</b>	<b>19,605</b>

In 2018, this category increased overall by Euro 2.6 million and mainly concerns, in addition to furniture and EDP, the purchase and installation of:

- digital advertising equipment;
- explosives recorders, equipment and devices to analyse and control liquids at the customs desks;
- office equipment, such as a lift-trucks and a display platform;
- service vehicles to replace those reaching technical end-of-life;
- a snow-clearance vehicle;
- furniture, EDP and multimedia equipment for the Training Center.

Tangible fixed assets in progress include amounts incurred for projects not concluded at December 31, 2018, among which the first two tranches totalling Euro 1.78 million of the contributions granted to Marconi Express Spa for the construction of the People Mover "Airport" station following completion of 66% of the airport area works, in addition to works in progress on the footbridge.

Investment property includes the total value of land owned by the company earmarked for the construction of investment property; these amounts were initially recorded at purchase cost and subsequently measured using the cost method.

This land is not subject to amortisation but, as per IAS 40, a technical report is undertaken to support the fair value. The technical report undertaken internally by the Parent Company confirms that the value of the inscription cost approximates, for nature and strategic value of the investment, its fair value. At the preparation date of the consolidated financial statements, there were no impairment indicators on these assets.

### 3. Investments

The following table breaks down the investments at December 31, 2018 (compared with December 31, 2017) and the relative movements in the year.

<i>in thousands of Euro</i>	As at 31.12.2017	Increases / Acquisitions	Decreases / Disposals	Write-downs	As at 31.12.2018
Investments in subsidiaries	684	2,463	0	0	3,147
Investments in associates	0	0	0	0	0
Other investments	42	0	0	0	42
<b>TOTAL INVESTMENTS</b>	<b>726</b>	<b>2,463</b>	<b>0</b>	<b>0</b>	<b>3,189</b>

On October 2, the Parent Company finalised the acquisition of 49% of TAG Bologna S.r.l., which is now therefore wholly-owned; the increase indicated in the table above represents the acquisition cost of this investment, plus direct accessory costs.

The following table breaks down investments in subsidiaries at the end of the two comparative years:

<i>in thousands of Euro</i>	Holding	As at 31.12.2018	As at 31.12.2017	Change
Fast Freight Marconi Spa	100%	597	597	0
Tag Bologna Srl	100%	2,550	87	2,463
<b>TOTAL INVESTMENTS IN SUBSIDIARIES</b>		<b>3,147</b>	<b>684</b>	<b>2,463</b>

The following table presents investments in associates:

<i>in thousands of Euro</i>	Quota	As at 31.12.2018	As at 31.12.2017	Change
Ravenna Terminal Passeggeri Srl	24%	0	0	0

The Share Capital of the associate Ravenna Terminal Passeggeri Srl was reduced for losses from Euro 300 thousand to Euro 165 thousand by the Shareholders' Meeting of April 4, 2017. This transaction has no impact on the financial statements of AdB as the value of the investment was fully written down in previous years.

Finally, the following table breaks down investments in other companies in the two comparative years:

<i>in thousands of Euro</i>	Quota	As at 31.12.2018	As at 31.12.2017	Change
Consorzio Energia Fiera District	7.14%	2	2	0
CAAF dell'Industria Spa	0.07%	0	0	0
Bologna Welcome Srl	10%	40	40	0
<b>TOTAL OTHER INVESTMENTS</b>		<b>42</b>	<b>42</b>	<b>0</b>

The investment in Bologna Congressi Spa was reclassified to Assets held-for-sale (note 12), to which reference should be made.

Investments held at December 31, 2018 are broken down below, with indication of the holding and the relative carrying amount.

<i>in thousands of Euro</i>	Reg. office	Currency	% holding	Share capital 31.12.2018	Profit (loss) for the year 2018	Shareholders' equity 31.12.2018	Portion Shareholders' Equity	Carrying amount	Difference
Fast Freight Marconi Spa	Bologna	Euro	100%	520	567	4,694	4,694	597	4,096
Tag Bologna Srl	Bologna	Euro	100%	316	102	873	873	2,550	(1,676)
<b>TOTAL INVESTMENTS IN SUBSIDIARIES</b>								<b>3,147</b>	

<i>in thousands of Euro</i>	Reg. office	Currency	% holding	Share capital 31.12.2018	Profit (loss) for the year 2018	Shareholders' equity 31.12.2018	Portion Shareholders' Equity	Carrying amount	Difference
Ravenna Terminal Passeggeri Srl	Ravenna	Euro	24%	165	1	166	40	0	40

<i>in thousands of Euro</i>	Reg. office	Currency	% holding	Share capital 31.12.2018	Profit (loss) for the year 2018	Shareholders' equity 31.12.2018	Portion Shareholders' Equity	Carrying amount	Difference
Consorzio Energia Fiera District	Bologna	Euro	7.14%	32		32	2	2	0
CAAF dell'Industria Spa	Bologna	Euro	0.07%	378	2	668	0	0	0
Bologna Welcome Srl	Bologna	Euro	10%	310	82	452	45	40	5
<b>TOTAL OTHER INVESTMENTS</b>								<b>42</b>	

The figures relating to the shareholders' equity and the profit of Ravenna Terminal Passeggeri S.r.l., Consorzio Energia Fiera District and Bologna Welcome S.r.l. concern financial year 2017 (latest approved financial statements).

The figures relating to the shareholders' equity and the profit of CAAF dell'Industria S.p.A. relate to the financial year ending August 31, 2018.

The negative difference concerning the subsidiary TAG Bologna S.r.l. is not considered an impairment.

#### 4. Other non-current financial assets

The following table shows the movements in other non-current financial assets for the year ended December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2017	Increases/ Acquisitions	Decreases / Reclass.	Write-downs	As at 31.12.2018
Equity Financial Instruments	10,000	873	0	0	10,873
Deposit accounts/ Savings bonds	8,000	5,000	(8,000)	0	5,000
Other non-current financial assets	257	5	0	0	262
<b>TOTAL OTHER NON-CURRENT FINANCIAL ASSETS</b>	<b>18,257</b>	<b>5,878</b>	<b>(8,000)</b>	<b>0</b>	<b>16,135</b>

At December 31, 2018 the account “Other non-current financial assets” mainly comprises:

- Euro 10.9 million of equity financial instruments in Marconi Express Spa, concession holder for the construction and management of the rapid rail link infrastructure between the Airport and Bologna Central Station called People Mover. This financial instrument, subscribed on January 21, 2016 for a total value of Euro 10.9 million, is recorded at December 31, 2018 corresponding to the amount effectively paid or rather the cost incurred at that date. The investment, in addition to the strategic/operating interest related to improving accessibility to the airport, meets the company’s objective both in relation to the collection of the contractual cash flows and to any future sale of the financial asset. In accordance with the new standard IFRS 9, this is therefore classified to the financial asset category “Held to collect and sell - HTC&S”. This financial instrument does not comply with the SPPI test and consequently this asset must be measured at fair value through profit or loss. Specifically, considering the difficulty in measuring the fair value of this Equity Financial Instrument, Adb availed of the exemption permitted for equity financial instruments where the fair value may not be reliably measured. Consequently, the subsequent valuations of this SFP are at cost and any reductions in value, quantified comparing the book value with the present value of the expected cash flows discounted at the market rate for similar instruments, are recorded in the Income Statement and may not be written back. In summary, the application of the new accounting standard on the financial instruments does not modify the valuation of the Equity Financial Instruments in Marconi Express. The decrease in the year corresponds to the payment in December 2018 of the fourth and final quota corresponding to the final certificate of the works;
- the account “Deposit accounts/Savings bonds” comprises temporary investments of liquidity undertaken by Adb in order to collect the contractual cash flows. As per IFRS 9, these investments are classified in the category “Held to collect - HTC”. The contractual maturity defined, the yield defined and calculated on the notional amount permits the achievement of the SPPI tests and therefore the valuation at amortised cost in continuity with that undertaken in previous years in application of IFRS 9. Changes in the year were as follows:
  - the acquisition in December 2018 of Savings Bonds for Euro 5 million with maturity December 2020;
  - the reclassification to current financial assets deriving from the reduced contractual maturity of Euro 8 million of Time Deposits acquired in December 2017 and with maturity in June 2019;
- Euro 0.25 million of a capitalisation product with a duration of 5 years which the company has classified in accordance with the new standard IFRS 9 in the category “Held to collect – HTC”, as this complies with the company’s need to invest temporary liquidity held in order to collect the contractual cash flows. However, in this specific case, the maturity is defined contractually, but the return is related to the capital management performance and therefore this financial instrument is measured at fair value through profit or loss. Also in this case there are no changes compared to the previous accounting treatment.

## 5. Deferred tax assets

The following table presents the movements in deferred tax assets for the year ended December 31, 2018 compared with December 31, 2017.

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Util./Reclass.	As at 31.12.2018
<b>DEFERRED TAX ASSETS</b>	<b>6,487</b>	<b>837</b>	<b>(1,502)</b>	<b>5,822</b>

The tables below outline the breakdown of the items resulting in the recognition of deferred tax assets, broken down between IRES and IRAP.

In particular:

- “Other deferred deductible costs” mainly include maintenance costs as per Article 107 of the CFA, deductible in future years;
- “Fiscally deferred provisions” mainly includes other provisions for disputes and charges deductible in future years;
- “Provision for renewal of airport infrastructure” refers to the portion of the provision not deducted for IRES/IRAP purposes, in addition to the quota deductible for IRES purposes in future years;
- “Listing costs” includes the costs related to the listing of the shares of the company on the STAR Segment of the Italian Stock Market on July 14, 2015, recorded in the Income Statement and in part in an Equity reserve and deductible over 5 years from the year 2015.

<i>in thousands of Euro</i>	Assessable				Tax			
	at 31.12.2017	Increases	Uses	at 31.12.2018	at 31.12.2017	Increases	Uses	at 31.12.2018
Other costs IRES deferred deductibility	7,520	2,506	(2,491)	7,535	1,804	602	(598)	1,808
Provision for doubtful accounts	829	30		859	199	7		206
IRES deferred tax provisions	1,246	284	(2)	1,528	299	68	0	367
Provision for renewal of airport infrastructure	10,962		(567)	10,395	2,630		(135)	2,495
Amortisation concess. rights from ENAC-ENAV agreement	235		(14)	221	57		(4)	53
Listing costs	1,849		(925)	924	444		(222)	222
Discounting severance prov. plus other Long-term personnel costs	462	53	(179)	336	82	13	(43)	52
<b>Total IRES</b>	<b>23,103</b>	<b>2,873</b>	<b>(4,178)</b>	<b>21,798</b>	<b>5,515</b>	<b>690</b>	<b>(1,002)</b>	<b>5,203</b>

<i>in thousands of Euro</i>	Assessable				Tax			
	at 31.12.2017	Increases	Uses	at 31.12.2018	at 31.12.2017	Increases	Uses	at 31.12.2018
IRAP deferred tax provisions	424		(3)	421	18		0	18
Provision for renewal of airport infrastructure	12,974	3,504	(4,521)	11,957	545	147	(190)	502
Amortisation concess. rights from ENAC-ENAV agreement	163		(14)	149	7		(1)	6
Discounting other Long-term personnel costs	118	53	(53)	118	5			5
<b>Total IRAP</b>	<b>13,679</b>	<b>3,557</b>	<b>(4,591)</b>	<b>12,645</b>	<b>575</b>	<b>147</b>	<b>(191)</b>	<b>531</b>

The following table on the other hand shows the tax credits, within AdB, for the utilisation of the fiscal benefits in relation to: interventions for energy recovery; capex investments as per Article 18 of Law-Decree No. 91/2014; R&D investments as per Article 1, paragraph 35 of Law No. 190/2014. In relation

to the utilisation of the R&D tax credits, the company in 2018 did not continue its research and development activities, rather focusing on projects which would increase the performance of the IT infrastructure and on the consolidation of activities already commenced. The objective taking into account also the Investment Plan is to continue the research activities in 2019 and 2020.

<i>Other</i>	<i>Tax Credit</i>			
	<i>As at 31.12.2017</i>	<i>Increases</i>	<i>Uses</i>	<i>As at 31.12.2018</i>
<i>in thousands of Euro</i>				
Other Receivables	397	0	(309)	88
<b>Total "Other credits"</b>	<b>397</b>	<b>0</b>	<b>(309)</b>	<b>88</b>

## 6. Other non-current assets

The following table breaks down other non-current assets at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	<i>As at 31.12.2018</i>	<i>As at 31.12.2017</i>	<i>Change</i>
Security deposits	47	43	4
Accrued income and prepayments	59	102	(43)
Tax receivables	1,317	1,305	12
<b>OTHER NON-CURRENT ASSETS</b>	<b>1,423</b>	<b>1,450</b>	<b>(27)</b>

The other non-current assets do not present significant movements. The main account principally concerns the receivable recognised in 2012 following the presentation of the IRES reimbursement request for the non-deduction of IRAP on personnel costs (Legislative Decree 201/2011 and Tax Agency Decision No. 2012/140973 of 2012), including the portions concerning the subsidiaries Tag Bologna and Fast Freight Marconi and the former subsidiary Marconi Handling (now GH Bologna).

## 7. Inventories

The following table breaks down inventories at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	<i>As at 31.12.2018</i>	<i>As at 31.12.2017</i>	<i>Change</i>
Inventories of raw materials, supplies and consumables	527	488	39
<b>INVENTORIES</b>	<b>527</b>	<b>488</b>	<b>39</b>

Ancillary and consumable inventories did not change significantly and concern mainly inventories held of workshop materials and consumables, such as stationary and printing, in addition to heating fuel and de-icing liquid for the runway.

## 8. Trade receivables

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

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Trade receivables	14,670	13,434	1,236
Provisions for doubtful accounts	(911)	(873)	(38)
<b>TRADE RECEIVABLES</b>	<b>13,759</b>	<b>12,561</b>	<b>1,198</b>

At December 31, 2018 trade receivables for Euro 13.8 million were recorded net of the provision for doubtful accounts of Euro 0.9 million, whose valuation was impacted, although not significantly, by the new accounting standards and in particular IFRS 9 with the adoption from January 1, 2018 of the Provision Matrix method. As illustrated in the Notes to the 2017 Annual Report concerning the new accounting standards, the impact is not significant considering the most significant part of the provision comprises write-downs based on specific analysis of overdue amounts and/or disputes, whose probability of recovery is estimated also through the support of legal advisors and taking into account guarantees received from clients. On the residual debtor balance, classified by customer category and overdue period, the simplified parameter method was applied permitted by IFRS 9 to companies with a diversified and fragmented client portfolio.

The movements in the provision for doubtful accounts in the year and in the previous year were as follows:

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Uses	Releases	As at 31.12.2018
<b>PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(873)</b>	<b>(75)</b>	<b>12</b>	<b>25</b>	<b>(911)</b>

<i>in thousands of Euro</i>	As at 31.12.2016	Provisions	Uses	Releases	at 31.12.2017
<b>PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(1,334)</b>	<b>(359)</b>	<b>759</b>	<b>61</b>	<b>(873)</b>

The following tables provide an analysis of the aging of trade receivables of the company at December 31, 2018 and December 31, 2017:

<i>in thousands of Euro</i>	Falling due	Past due	Total as at 31.12.2018
Trade receivables for invoices/credit notes issued	8,273	6,367	14,640
Trade receivables for invoices/credit notes to be issued	30	0	30
<b>TOTAL TRADE RECEIVABLES</b>	<b>8,303</b>	<b>6,367</b>	<b>14,670</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE RECEIVABLES</b>	<b>8,273</b>	<b>3,745</b>	<b>793</b>	<b>385</b>	<b>1,444</b>	<b>14,640</b>

<i>in thousands of Euro</i>	Falling due	Overdue	Total as at 31.12.2017
Trade receivables for invoices/credit notes issued	7,939	5,485	13,424
Trade receivables for invoices/credit notes to be issued	10	0	10
<b>TOTAL TRADE RECEIVABLES</b>	<b>7,949</b>	<b>5,485</b>	<b>13,434</b>



<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE RECEIVABLES</b>	<b>7,939</b>	<b>3,085</b>	<b>848</b>	<b>102</b>	<b>1,450</b>	<b>13,424</b>

## 9. Other current assets

The following table breaks down other current assets at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
VAT receivables	0	175	(175)
Other tax receivables	3	26	(23)
Tax consolidation receivables	0	16	(16)
Receivables from employees	88	73	15
Other receivables	4,267	3,680	587
<b>OTHER CURRENT ASSETS</b>	<b>4,358</b>	<b>3,970</b>	<b>388</b>

The breakdown of “other receivables” is as follows:

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Prepayments and accrued income	281	287	(6)
Advances to suppliers	98	12	86
Pension and social security institutions	53	58	(5)
Municipal surtax receivables	4,539	3,899	640
Other current receivables provision for doubtful accounts	(1,088)	(1,085)	(3)
Other current receivables	384	509	(125)
<b>TOTAL OTHER RECEIVABLES</b>	<b>4,267</b>	<b>3,680</b>	<b>587</b>

The account “other current receivables provision for doubtful accounts” includes the provision for municipal surtax doubtful accounts obtained for reclassification under assets in the statement of financial position, as a deduction of the respective receivable, of the municipal surtax to the carriers which in the meantime were subject to administration procedures or which contested the charge. This account:

- is exclusively an asset account,
- does not involve any provisions to the Income Statement,
- was classified as a deduction of the respective receivables due to the high improbability of recovery, reporting the following movements:

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions/Increases	Uses	Releases	As at 31.12.2018
Provision for municipal surtax doubtful accounts	(1,085)	(13)	0	10	(1,088)
<b>TOTAL PROVISIONS FOR OTHER DOUBTFUL ACCOUNTS</b>	<b>(1,085)</b>	<b>(13)</b>	<b>0</b>	<b>10</b>	<b>(1,088)</b>

## 10. Current Financial Assets

The following table breaks down current financial assets at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Bonds	0	4,574	(4,574)
Deposit accounts	11,000	15,000	(4,000)
Other financial receivables	37	36	1
<b>CURRENT FINANCIAL ASSETS</b>	<b>11,037</b>	<b>19,610</b>	<b>(8,573)</b>

The changes in the period in other current financial assets are illustrated in the table below.

<i>in thousands of Euro</i>	As at 31.12.2017	Acquisitions	Other increases / Reclassifications	Decreases / Disposals	As at 31.12.2018
Bonds	4,574	0	0	(4,574)	0
Deposit accounts	15,000	3,000	8,000	(15,000)	11,000
Other financial receivables	36	0	1	0	37
<b>TOTAL OTHER CURRENT FINANCIAL ASSETS</b>	<b>19,610</b>	<b>3,000</b>	<b>8,001</b>	<b>(19,574)</b>	<b>11,037</b>

In detail:

- bonds: the senior bond for a nominal value of Euro 4.5 million, acquired in 2016 and matured and settled in September 2018. The investments in bonds meets the company's temporary needs to invest liquidity in order to obtain the contractual cash flows. As per IFRS 9, these investments are classified in the category "Held to collect - HTC". The bonds are not convertible and have a defined maturity date; this results in the passing of the SPPI test and therefore the valuation at amortised cost in continuity with that undertaken in previous years in application of IAS 39;
- escrow bank accounts: this account concerns temporary investments in liquidity in:
  - deposit certificates for:
    - Euro 3 million subscribed in December 2018 and with maturity June 2019;
  - time deposits for:
    - Euro 8 million acquired in December 2017 with maturity June 2019 (reclassified from non-current financial assets note 4);

This category of financial investments also meets the company's temporary needs to invest liquidity in order to obtain the contractual cash flows. As per IFRS 9, these investments are classified in the category "Held to collect - HTC". The contractual maturity defined, the yield defined and calculated on the notional amount permits the passing of the SPPI tests and therefore the valuation at amortised cost in continuity with that undertaken in previous years in application of IAS 39.

The movements in the year were also due to the following:

- the maturity in September 2018 of Euro 4 million of time deposits subscribed in March 2017 and reclassified to cash and cash equivalents;
- the sale in May of Euro 4 million of savings bonds subscribed August 2016 and with maturity August 2018. The advance settlement was undertaken in view of the payment maturities, among which the distribution of dividends on the 2017 result for Euro 14.2 million, as approved by the Shareholders' Meeting of April 24, 2018. The advance sale does not reflect a change in the business model underlying the purchase of this financial instrument, but represents an opportunity to maximise financial income;
- the maturity in December 2018 of certificate deposits for Euro 7 million subscribed in December 2017.

## 11. Cash and cash equivalents

The following table breaks down cash and cash equivalents at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Bank and postal deposits	12,803	13,925	(1,122)
Cash in hand and similar	22	22	0
<b>CASH AND CASH EQUIVALENTS</b>	<b>12,825</b>	<b>13,947</b>	<b>(1,122)</b>

“Bank and postal deposits” represent the bank current account balances available.

## 12. Assets held-for-sale

The following table shows the breakdown of the assets held-for-sale:

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Investment in Bologna Congressi Spa	0	117	(117)
<b>ASSETS HELD-FOR-SALE</b>	<b>0</b>	<b>117</b>	<b>(117)</b>

At December 31, 2017 this account comprises the investment of 10% in Bologna Congressi Spa, which was sold on February 23, 2018 to Bologna Fiera Spa, majority shareholder of Bologna Congressi spa. At December 31, 2017, the capital profit of Euro 0.013 million was recorded as a shareholders' equity reserve. At December 31, 2018, given the completion of the operation, the reserve was eliminated and the profit recorded under financial income in account 27 of the Income Statement.

## Net Financial Position

The following table shows the breakdown of the net financial position at December 31, 2018 and December 31, 2017, in accordance with Consob Communication of July 28, 2006 and the ESMA/2011/81 Recommendations:

	<i>in thousands of Euro</i>	<b>As at 31.12.2018</b>	<b>As at 31.12.2017</b>
A	Cash	22	22
B	Other cash equivalents	12,803	13,925
C	Securities held for trading	0	0
<b>D</b>	<b>Cash and cash equivalents (A)+(B)+(C)</b>	<b>12,825</b>	<b>13,947</b>
<b>E</b>	<b>Current financial receivables</b>	<b>11,037</b>	<b>19,610</b>
F	Current bank debt	(40)	(52)
G	Current portion of non-current debt	(3,920)	(5,298)
H	Other current financial debt	(2,050)	(1,806)
<b>I</b>	<b>Current financial debt (F)+(G)+(H)</b>	<b>(6,010)</b>	<b>(7,156)</b>
<b>J</b>	<b>Net current financial position (I)-(E)-(D)</b>	<b>17,852</b>	<b>26,401</b>
K	Non-current bank debt	(11,436)	(15,345)
L	Bonds issued	0	0
M	Other non-current debt	0	0
<b>N</b>	<b>Non-current financial debt (K)+(L)+(M)</b>	<b>(11,436)</b>	<b>(15,345)</b>
<b>O</b>	<b>Net Financial Position (J) + (N)</b>	<b>6,416</b>	<b>11,056</b>

The accounts A + B are equal to the balance of the account “cash and cash equivalents”; reference should be made to note 11 for further details.

The account C + E is contained in the account “current financial assets”; reference should be made to note 10 for further details.

The accounts F + G + H are equal to the balance of the account “current financial liabilities”; reference should be made to note 23 for further details.

The account K is equal to the balance of the account “non-current financial liabilities”; reference should be made to note 18 for further details.

For a detailed analysis on the movements in the net financial position, reference should be made to the analytical analysis in the Directors’ Report.

## LIABILITIES

### 13. Shareholders' Equity

The following table breaks down the Shareholders' Equity at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Share capital	90,314	90,314	0
Reserves	62,821	61,997	824
Profit (loss) for the year	17,101	14,909	2,192
<b>SHAREHOLDERS' EQUITY</b>	<b>170,236</b>	<b>167,220</b>	<b>3,016</b>

#### a. Share capital

The share capital of the Parent Company at December 31, 2018 amounts to Euro 90,314,162, entirely paid-in and comprising 36,125,665 ordinary shares without par value.

The following table outlines the calculation of the basic and diluted earnings per share:

<i>in Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017
Group profit/(loss) for the year	17,190,255	14,928,195
Average number of shares outstanding	36,125,665	36,125,665
Average number of shares including bonus shares	36,125,665	36,125,665
<b>Undiluted earnings/(losses) per share</b>	<b>0.48</b>	<b>0.41</b>
<b>Diluted earnings/(losses) per share</b>	<b>0.48</b>	<b>0.41</b>

(\*) from Statement of Comprehensive Income

The undiluted earnings and diluted earnings per share of AdB at December 31, 2018 and at December 31, 2017 are the same due to the absence of potential dilutive instruments.

#### b. Reserves

The following table breaks down the Reserves at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Share premium reserve	25,683	25,683	0
Legal reserve	6,176	5,430	746
Extraordinary reserve	32,945	32,943	2
FTA Reserve	(3,206)	(3,206)	0
Profits (losses) carried forward	1,992	1,992	0
OCI Reserve	(769)	(858)	89
Assets held for sale reserve	0	13	(13)
<b>TOTAL RESERVES</b>	<b>62,821</b>	<b>61,997</b>	<b>824</b>

The share premium reserve comprises:

- Euro 14.35 million following the paid-in share capital increase approved by the Shareholders' Meeting of February 20, 2006;
- Euro 11.33 million following the public offering of shares in July 2015.

Pursuant to Article 2431 of the Civil Code this reserve is available but may not be distributed until the legal reserve has reached the limit established as per article 2430 of the Civil Code.

The legal reserve and the extraordinary reserve increased due to the allocation of the profit in the previous year, net of the distribution of dividends approved by the Shareholders' Meeting of April 24, 2018 for Euro 14 million corresponding to a gross dividend of Euro 0.392 for each of the 36,125,665 ordinary shares in circulation at the dividend coupon date. The extraordinary reserve entirely comprises profits from previous years.

The OCI reserve records the changes deriving from the discounting of the Severance and other personnel provisions (see Note 14) in accordance with IAS 19 revised, net of the relative tax effect.

The following table breaks down the OCI reserve for the year ended December 31, 2018 and the comparative period:

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Actuarial gains/losses as per IAS 19	(1,011)	(1,129)	118
Deferred taxes on actuarial gains/losses as per IAS 19	242	271	(29)
<b>OCI RESERVE</b>	<b>(769)</b>	<b>(858)</b>	<b>89</b>

Finally, the assets held-for-sale reserve, which at December 31, 2017 included the profit arising from the difference in the carrying value of the investment in Bologna Congressi Spa and the sales value, was eliminated due to the completion of the operation on February 23, 2018, with recognition of the higher value under financial income in the Income Statement.

#### 14. Severance and other personnel provisions

The following table breaks down severance and other personnel provisions at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Severance	3,752	3,943	(191)
Other personnel provisions	118	118	0
<b>SEVERANCE AND OTHER PERSONNEL PROVISIONS</b>	<b>3,870</b>	<b>4,061</b>	<b>(191)</b>

The table below shows the movements in the provisions in the period:

<i>in thousands of Euro</i>	As at 31.12.2017	Service cost	Net interest	Benefits paid	Actuarial profits/(losses)	As at 31.12.2018
Severance	3,943	0	52	(127)	(116)	3,752
Other personnel provisions	118	79	1	(78)	(2)	118
<b>SEVERANCE AND OTHER PERSONNEL PROVISIONS</b>	<b>4,061</b>	<b>79</b>	<b>53</b>	<b>(205)</b>	<b>(118)</b>	<b>3,870</b>

The actuarial valuation of severance provisions is carried out on the basis of the “benefits matured” with the support of actuarial experts.

The principal assumptions in the actuarial estimation process of the severance provisions for the years concerned are as follows:

- a) discount rate: 1.57% for the valuation at 31.12.2018 and 1.30% for the valuation at 31.12.2017;
- b) inflation rate: 1.50% for both years;
- c) demographic bases (mortality/invalidity): the mortality tables RG 48 published by the State General Office were used for the mortality rates. For invalidity, an INPS table based on age and gender was utilised;
- d) staff turnover rate (Parent Company): 1%.

As for any actuarial valuation the results depend on the technical bases adopted such as, among others, interest rate, inflation rate and expected turnover. The table below shows the sensitivity for each actuarial assumption at the end of the year, highlighting the effects of the changes of the actuarial assumptions reasonably possible at that date, in absolute terms.

<i>in thousands of Euro</i>	Valuation parameter					
	+1 % on turnover rate	-1 % on turnover rate	+ 0.25% on annual inflation rate	- 0.25% on annual inflation rate	+ 0.25% on annual discount rate	- 0.25% on annual discount rate
Severance	3,737	3,769	3,810	3,695	3,661	3,847

For completeness the following table also shows the expected disbursements of the plan over a 5-year period:

Years	Future estimated disbursements (in thousands of Euro)
1	181
2	207
3	161
4	213
5	279

The other personnel provisions at December 31, 2018 concern the long-term incentive plan and the non-competition agreement of the Chief Executive Officer/General Manager as governed by the Remuneration Policy commented upon in the Corporate Governance and Share Ownership Report, to which reference should be made.

The actuarial valuation at December 31, 2018 of the long-term incentive plan (II cycle 2016-2018, III cycle 2017-2019 and IV 2018-2020) and the non-competition agreement was made with the support of actuarial experts utilising the “benefits matured” method based on IAS 19 (paragraphs 67-69) through the “Project Unit Credit” criterion. Under this method the valuation is based on the average present value of the obligations matured based on the employment service up to the time of the valuation. The main valuation parameters were:

- a) discount rate: 1.57% for the valuation at December 31, 2018 (1.30% for the valuation at December 31, 2017) of the liability for the non-competition agreement equal to the yield on the comparable duration of the employment duration in the sector and 0.12% for the valuation at December 31, 2018 (0.03% for the valuation at December 31, 2017) of the liabilities for the long-term incentive, yield in line with the three-year duration of the plans under consideration;
- b) demographic bases (mortality/invalidity): the mortality tables RG 48 published by the State General Office were used for the mortality rates. For invalidity, the INPS table for the 2010 projections was utilised;
- c) frequency voluntary resignations and dismissals by the company: 1%;
- d) probability of reaching objectives equal to 50-70% of the second cycle.

Finally, we report the sensitivity which highlights the effects on the other employee provisions, in particular on the provision relating to the non-competitive agreement, in the case of termination of employment with probability equal to 10%:

<i>in thousands of Euro</i>	Service cost
Other personnel provisions	43

## 15. Deferred tax liabilities

The following table breaks down the deferred tax liabilities at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Uses	As at 31.12.2018
<b>DEFERRED TAX LIABILITIES</b>	<b>2,003</b>	<b>24</b>	<b>0</b>	<b>2,027</b>

<i>in thousands of Euro</i>	Assessable				Tax			
	at 31.12.2017	Increases	Uses	at 31.12.2018	at 31.12.2017	Increases	Uses	at 31.12.2018
Amortisation concession rights	7,158	101	0	7,259	1,718	24	0	1,742
<b>Total IRES</b>	<b>7,158</b>	<b>101</b>	<b>0</b>	<b>7,259</b>	<b>1,718</b>	<b>24</b>	<b>0</b>	<b>1,742</b>

<i>in thousands of Euro</i>	Assessable				Tax			
	at 31.12.2017	Increases	Uses	at 31.12.2018	at 31.12.2017	Increases	Uses	at 31.12.2018
Amortisation concession rights	6,786	0	0	6,786	285	0	0	285
<b>Total IRAP</b>	<b>6,786</b>	<b>0</b>	<b>0</b>	<b>6,786</b>	<b>285</b>	<b>0</b>	<b>0</b>	<b>285</b>
<b>Total</b>					<b>2,003</b>	<b>24</b>	<b>0</b>	<b>2,027</b>

The deferred tax liabilities were recorded on transition to IFRS following the application of IFRIC 12 "Service concession arrangements", as illustrated in the note relating to the Transition to International Accounting Standards IFRS in the 2014 Financial Statements.



The increase in the assessable amount, exclusively for IRES purposes, which results in the recognition of the deferred tax liabilities, is attributable to the construction services margin (mark up) recognised on investments in progress concerning Concession rights without tax relevance.

## 16. Provision for renewal of airport infrastructure (non-current)

The provision for renewal of airport infrastructure include the provision allocated to cover the maintenance and renewal expenses of the airport infrastructure in the areas obtained under concession until 2044, which the company is required to return in a perfect operational state.

The following table presents the movements of the provision in the year ended December 31, 2018:

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Uses	Reclassifications	As at 31.12.2018
<b>PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)</b>	<b>9,476</b>	<b>3,505</b>	<b>(1,023)</b>	<b>(1,717)</b>	<b>10,241</b>

The increases in 2018 totalled Euro 3.5 million, of which Euro 3.69 million classified under provisions in the income statement and the residual of Euro 0.19 million recorded under financial income from discounting. In 2018 the utilisations of the provision exceeded the scheduled provisions due to the greater amount of work on the runway during the four days of airport closure in the middle of September. The utilisations of the provision total Euro 4.54 million of which Euro 3.5 million recorded in the current infrastructure renewal provision (note 21) and the residual as utilisation of the non-current provision as illustrated above. In particular, we report the renewal of a section of the runway and the extraordinary maintenance of the taxiway, in addition to miscellaneous works, including the renewal of the terminal roofing and of the cargo building.

The decreases from reclassifications concern the periodic reclassification to current liabilities of the disbursements expected in the twelve months subsequent to period end.

For completeness the following table shows the sensitivity in the interest rates applied for the discounting of the provision for renewal of airport infrastructure at December 31, 2018:

<i>in thousands of Euro</i>	Interest balance for year	Sensitivity Analysis (+0.5%)	Sensitivity Analysis (-0.1%)
Provision for renewal of airport infrastructure	192	121	206

The discounting curve utilised for the valuation includes the country risk. In this specific case the input data utilised was the short, medium and long-term zero-coupon government bonds (from 3 months to 30 years), sourced from the information provider Bloomberg.

## 17. Provisions for risks and charges (non-current)

The following table presents the movements in the year ending December 31, 2018 in the provisions for risks and charges:

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Util./Other decreases	As at 31.12.2018
Risks provision for disputes	836	35	(2)	869

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Employee back pay	266	249	(515)	0
Other provisions for risks and charges	152	0	0	152
<b>PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)</b>	<b>1,254</b>	<b>284</b>	<b>(517)</b>	<b>1,021</b>

The main change concerns the employee back-dated provision on which, within the framework of the renewal of the Airport Operators Trade Union Agreement expired on December 31, 2016, an estimate of the liabilities for a One-off/back-dated employee payments was accrued for the period. The utilisations derive from the reclassification of the liabilities from non-current provisions (note 22), as the closure is estimated during the year 2019.

### **Contingent liabilities**

On July 26, 2016, on the completion of a general review commenced on May 18, 2016 for the year 2013 of the Parent Company, the Bologna Tax Agency prepared a tax assessment highlighting a presumed derecognition of the IRES deductibility of the loss of Euro 5 million deriving from the enforcement of the surety guarantee issued in 2007 by AdB to the financial institutions of SEAF, Società di Gestione dell'Aeroporto di Forlì, company declared bankrupt in 2013.

The Directors, taking account of the factual and legal arguments of the Parent Company, as formalised in the petitions forwarded to the Tax Agency concerning the financial and therefore tax reasoning behind the choices made, categories the liability as potential and therefore only includes appropriate disclosure in the Notes.

In relation, finally, to the extraordinary administration of Alitalia, the Group assessed the potential liability related to the revocation of receivables arising in the six months before the procedure, for an amount of Euro 1.49 million, net of municipal surtaxes. At the preparation date of this document, taking account of the information noted and the defensive arguments arising in the case in which this request is advanced, the Directors considered it appropriate to provide disclosure in the Notes, without making any accrual, although while at the same time continuing to closely monitor the airline's situation.

## **18. Non-current financial liabilities**

The following table breaks down non-current financial liabilities at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	<b>As at 31.12.2018</b>	<b>As at 31.12.2017</b>	<b>Change</b>
Bank loans – non-current	11,436	15,345	(3,909)
<b>NON-CURRENT FINANCIAL LIABILITIES</b>	<b>11,436</b>	<b>15,345</b>	<b>(3,909)</b>

Loans - non-current portion comprise the medium/long-term portion of loans undertaken by the company and outstanding at December 31, 2018. The decrease in the year is mainly due to repayments totalling Euro 5.3 million (as in 2017).

Total bank loans at December 31, 2018 amount to Euro 15.3 million, of which Euro 11.4 million non-current and Euro 3.9 million current (note 23).

The breakdown (by calendar year) of loans including the current portion was as follows:

- fifteen-year bank loan with a residual balance of Euro 1.4 million at December 31, 2018 (Euro 4.1 million at December 31, 2017) granted by Banca OPI S.p.A (now Intesa Sanpaolo S.p.A.) to fund the infrastructure investment plan. This liability is classified under current bank loans as the maturity date is in 2019;

- ten-year bank loan with a residual balance of Euro 13.98 million at December 31, 2018 (Euro 16.5 million at December 31, 2017) granted by Banca Intesa to fund the infrastructure investment plan. This liability is classified for Euro 11.44 million under non-current loans (Euro 13.96 million at December 31, 2017), and for Euro 2.54 million under current loans (same amount at December 31, 2017). In 2014, the Parent Company paid Euro 0.3 million for organisation/structuring commission on this loan, recorded under Other current assets at December 31, 2014 and once the loan was granted treated in line with IAS 39. Due to a review of the financial conditions of the loan, signed between the parties on April 6, 2017, the interest rate was redefined as illustrated in the table below. The company must comply with the following economic/financial covenants calculated annually on its financial statements:
  - o NFP/EBITDA (lower than 1.7 for 2018 - complied with).
  - o NFP/SE (lower than 0.3 for 2018 - complied with).

The contractual conditions of the loans in place at December 31, 2018 are illustrated below:

Issuing financial institution	Debt	Interest rate applied	Rate	Maturity	Covenant
Intesa San Paolo S.p.A (former Banca OPI S.p.A)	Loan	Rate applied by EIB to the Bank + 0.45%	Half-Year	2019	No
Intesa San Paolo S.p.A.	Loan	Fixed rate until 10/4/2017 of 3.693%; from 11/04 to 10/06/2017 of 3.3%; from 11/06/2017 to 10/06/2024 of 3%	Half-Year	2024	Yes

The loans are not covered by secured guarantees.

A sensitivity analysis is illustrated below on variable interest rate loans held at December 31, 2018.

Issuing financial institution	Type of financing	Interest rate applied	<i>in thousands of Euro</i>			
			Balance at 31.12.2018	Interest 2018	Sensitivity Analysis (+0.5%)	Sensitivity Analysis (-0.1%)
Intesa San Paolo S.p.A (former Banca OPI S.p.A)	Loan	Rate applied by EIB to the Bank + 0.45%	1,379	15	32	12

With reference to the cross-default clauses on the loan contracts of the Company, these include both clauses where the benefits are no longer applicable and where the Company financed is not in compliance with obligations of a credit or financial nature, or guarantees assumed with any party. We report that at December 31, 2017 the Company has not received any communication for application of cross default clauses by any of its lenders.

We illustrate below the table required by the amended IAS 7 - Cash Flow Statement for a greater disclosure of changes in financial liabilities:

<i>in thousands of Euro</i>		<b>Bank loans</b>
<b>Balance as at 31 12 2017</b>		<b>20,643</b>
Cash flows		(5,314)
<i>Other changes:</i>		
IAS 39 financial expenses		27
<b>Balance 31 12 2018</b>		<b>15,356</b>

## 19. Trade payables

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
<b>TRADE PAYABLES</b>	<b>18,471</b>	<b>15,739</b>	<b>2,732</b>

Trade payables principally concern Italian suppliers. The increase principally concerns higher external costs and greater investments.

The table below shows the breakdown of trade payables at December 31, 2018 and December 31, 2017 by due date:

<i>in thousands of Euro</i>	Falling due	Past due	Total as at 31.12.2018
Invoices/credit notes received	6,939	1,611	8,550
Invoices/credit notes to be received	9,921	0	9,921
<b>TOTAL TRADE PAYABLES</b>	<b>16,860</b>	<b>1,611</b>	<b>18,471</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE PAYABLES</b>	<b>6,939</b>	<b>1,269</b>	<b>96</b>	<b>3</b>	<b>243</b>	<b>8,550</b>

<i>in thousands of Euro</i>	Falling due	Overdue	Total as at 31.12.2017
Invoices/credit notes received	6,978	2,874	9,852
Invoices/credit notes to be received	5,887	0	5,887
<b>TOTAL TRADE PAYABLES</b>	<b>12,865</b>	<b>2,874</b>	<b>15,739</b>

<i>in thousands of Euro</i>	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
<b>TRADE PAYABLES</b>	<b>6,978</b>	<b>2,450</b>	<b>34</b>	<b>1</b>	<b>389</b>	<b>9,852</b>

## 20. Other liabilities

The following table breaks down other liabilities at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Current tax payables	2,063	1,595	468
Current payables to personnel and social security institutions	3,956	3,878	78
ENAC concession fee and other State payables	15,710	14,557	1,153
Other current payables, accrued expenses and deferred income	4,308	3,807	501
Fiscal consolidation payables	104	0	104
<b>OTHER LIABILITIES</b>	<b>26,141</b>	<b>23,837</b>	<b>2,304</b>

The principal changes were as follows:

**a. Current tax payables**

The following table breaks down tax payables at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
VAT payables	278	0	278
Direct income taxes	808	743	65
Other tax payables	977	852	125
<b>CURRENT TAX PAYABLES</b>	<b>2,063</b>	<b>1,595</b>	<b>468</b>

The increase in the payable for direct taxes is due to the higher IRES payable (+Euro 135 thousand), partially offset by the lower IRAP payable (-Euro 70 thousand), with the former due to the absence of IRES tax breaks and the latter due to increased payments on account in the year.

Other tax payables mainly concern the payable for employee IRPEF withholding taxes.

**b. Employee payables and social security institutions**

The following table breaks down employee payables and social security institutions at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Payables to personnel for salaries	1,115	873	242
Payables to personnel for deferred compensation	1,775	2,017	(242)
Payables to social security institutions	1,066	988	78
<b>CURRENT PAYABLES TO PERSONNEL AND SOCIAL SECURITY INSTITUTIONS</b>	<b>3,956</b>	<b>3,878</b>	<b>78</b>

**c. ENAC concession fee and other State payables**

The ENAC concession fees and other State payables mainly comprises:

- Euro 12.74 million (Euro 11.36 million in 2017) concerning the fire prevention service as governed by Article 1, paragraph 1328 of the 2007 Finance Act, modified by Article 4, paragraph 3bis of Law No. 2/2009. For further details, reference should be made to the chapter on Disputes in the Directors' Report;
- Euro 2.94 million (Euro 2.87 million in 2017) as the variable airport concession fee payable.

**d. Other current liabilities, accrued liabilities and deferred income**

The following table breaks down current liabilities, accrued liabilities and deferred income December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Municipal surtax payables	3,449	2,811	638
Other current liabilities	807	891	(84)
Current accrued liabilities and deferred income	52	105	(53)
<b>TOTAL OTHER CURRENT PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>4,308</b>	<b>3,807</b>	<b>501</b>

The former account concerns the boarding fee municipal surtax recharged to airlines, but not yet collected at December 31, 2018. The increase is related to the growth in traffic and therefore of turnover. Finally, the portion of the municipal surtax payable relating to receivables for surtaxes collected from carriers, not yet paid to the creditor entities on the other hand is classified under current financial liabilities (Note 23).

Other current payables is a residual account which includes, among others, guarantee deposits received from clients, which reported the greatest increase in the category.

## 21. Provisions for renewal of airport infrastructure (current portion)

The following table shows the movement of the provisions for renewal of airport infrastructure at December 31, 2018 and 2017.

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Uses	Reclassifications	As at 31.12.2018
<b>PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)</b>	<b>3,498</b>	<b>0</b>	<b>(3,498)</b>	<b>1,717</b>	<b>1,717</b>

The account includes the provision for renewal of airport infrastructure - current portion, for which greater details is provided in note 16 (non-current provision for renewal of infrastructure).

## 22. Provisions for risks and charges (current portion)

The changes in the current provision for risks and charges in the year ending December 31, 2018 are reported below.

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Other increases	As at 31.12.2018
Employee back-dated provision	0	0	515	515
<b>PROVISIONS FOR RISKS AND CHARGES (CURRENT)</b>	<b>0</b>	<b>0</b>	<b>515</b>	<b>515</b>

The increase concerns the reclassification into this account of the employee provisions classified under non-current provisions (Note 17) until December 31, 2017, as the closure of the trade union contract increases is expected in 2019.

## 23. Current financial liabilities

The following table breaks down current financial liabilities at December 31, 2018 (compared with December 31, 2017).

<i>in thousands of Euro</i>	As at 31.12.2018	As at 31.12.2017	Change
Bank loans - current	3,920	5,298	(1,378)
Municipal surtax payables	2,050	1,806	244
Other current financial debt	40	52	(12)
<b>CURRENT FINANCIAL LIABILITIES</b>	<b>6,010</b>	<b>7,156</b>	<b>(1,146)</b>

For a breakdown of the Loans - current portion and other financial payables, reference should be made to account 18 Non-current Financial Liabilities which presents the outstanding company loans and other financial payables at December 31, 2018 and the changes in the year.

Finally, municipal surtax payables comprise the municipal surtax on passenger boarding fee payables concerning the portion received by airlines in the month of December and reversed to the credit institutions in January.

## NOTES TO THE MAIN INCOME STATEMENT ACCOUNTS

The principal 2018 income statement accounts are compared with 2017 below.

### REVENUES

#### 24. Revenues

The application of the new accounting standard IFRS 15, applied to all contracts with customers since January 1, 2018, resulted in the identification of the following revenue streams:

1. Airport fees
2. Commercial/non-comm. sublicense/lease
3. Parking
4. Construction Services
5. Others

**Airport fees** concern the fees paid for the making available of infrastructure and services exclusively provided by the company for landing, take-off, lighting and parking, passenger boarding, disembarkation and information and cargo, in addition to the use of centralised infrastructure.

These comprise:

- passenger boarding fees;
- aircraft landing and departure rights;
- aircraft parking and storage rights;
- goods loading and unloading rights;
- departing passenger safety control rights;
- checked baggage safety control rights;
- PRM contributions;
- fees for the use of some centralised infrastructure

For further details, reference should be made to the description of the business in the Directors' Report. The Airport Fees, in consideration of the public utility nature of the airport services, are subject to regulation in compliance with current legislation and the tariff models elaborated by the Airport Regulatory Authority ("ART").

The company complies with its obligations in relation to airport fees, making available to carriers airport infrastructure for the landing, take off, lighting and parking of aircraft, the departure and embarkment of passengers and goods as well as the utilisation of centralised infrastructure (e.g. de-icing). These services are invoiced bi-monthly and/or monthly with standard payment terms of 30 days from invoice date end of month, with the exception of the boarding fee municipal surtax whose payment is on demand.

**Commercial and non-commercial sub-license/leasing revenues** concerns the provision of spaces and commercial areas and premises within the airport area (so-called sub-licenses) and externally to the airport area (so-called leasing).

This category includes sub-license/leasing with commercial tariffs (retail sub-licenses, parking sub-licenses etc.) and administrated tariffs (payments for the exclusive use of assets or payments for the use of a dedicated airport infrastructure to the individual carriers or operators (check-in counters, offices, operating premises)).



The company complies with its obligations in relation to airport fees, making available to carriers airport infrastructure for the landing, take off, lighting and parking of aircraft, the departure and embarkment of passengers and goods as well as the utilisation of centralised infrastructure (e.g. de-icing). These services are invoiced bi-monthly and/or monthly with standard payment terms of 30 days from invoice date end of month, with the exception of the boarding fee municipal surtax whose payment is on demand.

The sub-license contracts between the company and its customers are within the definition of IAS 17 - Leasing and are therefore excluded from the application of IFRS 15 (reference IFR15.5). From January 1, 2019, these contracts will therefore fall within the scope of IFRS 16 which replaced IAS 17.

The application of the new standard is therefore centred on verification that the sub-license contracts principally involve the leasing of well-defined spaces/premises, and not including other services such as advertising and administration/utility services within the definitions contained in IFRS 15. In this case a reclassification was made in the financial statements for Revenue Streams within the scope of IFRS 15.

**Parking revenues** are represented by the provision of parking spaces internally and externally to the airport area based on public tariffs which are applied to all sales made.

The company complies with its obligations in relation to these services making available to its customers parking facilities. Invoicing of this service is only made on the request of the customer; the parking service is normally settled in cash. There were no effects from the application of IFRS 15.

**Revenues from Construction Services** concern the construction services undertaken by the company on behalf of the Granting Body for the investments concerning the Concession Rights. The company, as not a construction company, contracts with third parties responsible for constructing and improving the infrastructure. Accordingly, the fair value of the fees for the construction/improvement services rendered by the company is the fair value of the fees for the construction/improvement service rendered by third parties, plus a "Project Management" mark-up representative of the internal costs of planning and coordination of the work by a specific internal unit. The application of IFRS 15 did not result in any change in the recognition of revenues from construction service.

**Other revenues:** this revenue stream concerns the residual obligations compared to the previous contractual categories (security services, MBL services, training courses, cart collection services, baggage depot services, etc.). The invoicing of the various services in this category is normally aggregated monthly for continual services and/or individual orders. Some services also provide for immediate invoicing. The standard payment terms of these services are 30 days from invoice date end of month. For some types of services (training courses, badge issuance), advanced payment is requested.

In summary, in addition to that illustrated above, the analysis of the contracts and the aggregation of revenue accounts in accordance with the new revenue streams requiring separation of the payments underlying various contractual obligations, identified the following effects:

- Breakdown of the aggregated revenues based on the new revenue streams (see tables below);
- Breakdown on the revenue streams related to the changes in the relative receivable (see tables below);
- Contracts with customers do not include significant financial components as the payment conditions are normally 30 days from invoice date end of month;
- There were no instances where payment was settled other than on a monetary basis;
- No modification in the timing of the recognition of the revenues.

In relation to contracts which provide for variable payments we report as follows: the commercial incentive contracts with carriers recorded as a decrease of airport fee revenues may provide for variable payments related to the achievement of traffic volumes and/or number of routes in the period (typically measured based on IATA seasons). From 2018 also the “one-off” promotional incentives, such as incentives for the start-up of new flights, up to now recorded under service costs, are recorded as a direct reduction of airport fee revenues, as already applied for the variable incentives recognised based on traffic. In the year 2018 this amounted to Euro 83 thousand compared to Euro 142 thousand in 2017.

The reclassification of company revenues based on revenue streams defined by IFRS 15 is shown in the following table:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Airport fees	49,742	46,316	3,426
Parking	15,948	15,096	852
Revenues from construction services	15,620	6,650	8,970
Others	5,556	5,232	324
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>86,866</b>	<b>73,294</b>	<b>13,572</b>

The reconciliation between IFRS 15 revenue streams and total revenues (note 24 of the Income Statement) is shown in the following table:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Airport fees	49,742	46,316	3,426
Parking	15,948	15,096	852
Revenues from construction services	15,620	6,650	8,970
Other	5,556	5,232	324
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>86,866</b>	<b>73,294</b>	<b>13,572</b>
Commercial/non-comm. sub-licenses	21,401	19,560	1,841
<b>TOTAL NON IFRS 15 REVENUE STREAMS</b>	<b>21,401</b>	<b>19,560</b>	<b>1,841</b>
TOTAL NON IFRS 15 Revenues	126	124	2
<b>TOTAL REVENUES</b>	<b>108,393</b>	<b>92,978</b>	<b>15,415</b>

IFRS 15 revenue streams related to the changes in the receivables/collections in the period is illustrated below.

<i>in thousands of Euro</i>	receivables as at 31.12.2017	Revenues (*)	Collections/ set	off- receivables as at 31.12.2018
Airport fees (*)	7,069	51,367	(49,683)	8,753
Parking	75	19,432	(19,437)	70
Revenues from construction services	0	15,620	(15,620)	0
Other	842	6,196	(5,769)	1,269
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>7,986</b>	<b>92,615</b>	<b>(90,509)</b>	<b>10,092</b>

(\*) The data included in the column “Revenues” differs from the Revenues shown in the previous table as this includes VAT, but not the accruals for the period (e.g. credit notes to be received for incentives, invoices to be issued).

The table below presents revenues by category in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Revenues from aeronautical services	51,084	47,636	3,448
Revenues from non-aeronautical services	40,636	37,687	2,949
Revenues from construction services	15,620	6,650	8,970
Other operating revenues and income	1,053	1,005	48
<b>REVENUES</b>	<b>108,393</b>	<b>92,978</b>	<b>15,415</b>

For the revenue performance in the period, reference should be made to the Directors' Report.

#### i. Revenues from aeronautical services

The table below shows revenues from aeronautical services in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Revenues from centralised infrastructure/other airport services	196	154	42
Exclusive-use revenues	1,340	1,307	33
Airport fee revenues	68,469	65,446	3,023
PRM revenues	4,466	4,291	175
Air traffic development incentives	(23,389)	(23,575)	186
Other aeronautical revenues	2	13	(11)
<b>TOTAL REVENUES FROM AERONAUTICAL SERVICES</b>	<b>51,084</b>	<b>47,636</b>	<b>3,448</b>

The breakdown of airport fee revenues is shown below:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Passenger boarding fees	34,437	33,182	1,255
Landing, take-off and parking fees	18,756	18,272	484
Passenger security fees	11,238	10,472	766
Baggage stowed control fees	3,190	2,942	248
Freight loading and unloading charges	810	837	(27)
Reduction FSC fees and miscellaneous	38	(259)	297
<b>TOTAL AVIATION FEE REVENUES</b>	<b>68,469</b>	<b>65,446</b>	<b>3,023</b>

## ii. Revenues from non-aeronautical services

The table below shows revenues from non-aeronautical services in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Sub-licensing of areas and premises	18,244	16,908	1,336
Reduction revenues from sub-license to FSC	0	(52)	52
Parking	15,948	15,096	852
Other commercial revenues	6,444	5,735	709
<b>TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES</b>	<b>40,636</b>	<b>37,687</b>	<b>2,949</b>

The revenues from non-aeronautical services report an increase related to the good performance of all the components in this category and, in particular, of the commercial premises and spaces sub-licenses, parking and MBL services.

Other commercial revenues are broken down as follows:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Ticketing	40	44	(4)
Marconi Business Lounge	2,539	2,280	259
Advertising	1,942	1,397	545
Misc. commercial revenues	1,923	2,015	(92)
Reduction in other commercial revenues to FSC	0	(1)	1
<b>TOTAL OTHER COMMERCIAL REVENUES</b>	<b>6,444</b>	<b>5,735</b>	<b>709</b>

## iii. Revenues from construction services

Revenues from construction services concern the construction services undertaken by Aeroporto Guglielmo Marconi di Bologna S.p.A. on behalf of the ENAC granting entity for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

These revenues amounted to Euro 15.6 million in 2018 and Euro 6.6 million in 2017.

## iv. Other Revenue and Income

The table below shows other revenues and income in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Compensation, reimbursements and other income	1,035	966	69
Operating grants	16	20	(4)
Capital gains	2	19	0
<b>TOTAL OTHER REVENUES AND INCOME</b>	<b>1,053</b>	<b>1,005</b>	<b>65</b>

## COSTS

### 25. Costs

#### i. Consumables and goods

The table below presents consumables and goods in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Consumables and goods	363	344	19
Maintenance materials	210	191	19
Fuel and gasoline	182	273	(91)
<b>TOTAL CONSUMABLES AND GOODS</b>	<b>755</b>	<b>808</b>	<b>(53)</b>

As indicated in the table, this category of costs reports an increase, mainly relating to consumable goods and maintenance materials.

#### ii. Service costs

The following table shows the breakdown of services costs for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Maintenance expenses	4,551	4,133	418
Utilities	2,095	1,750	345
Cleaning and accessory services	2,084	1,919	165
Third-party services	5,725	5,075	650
MBL Services	343	301	42
Advertising, promotion and development	686	915	(229)
Insurance	656	631	25
Professional and consultancy services	1,725	1,947	(222)
Fees and reimbursements for statutory bodies	478	455	23
Other service costs	171	144	27
<b>TOTAL SERVICE COSTS</b>	<b>18,514</b>	<b>17,270</b>	<b>1,244</b>

Total service costs increased mainly due to higher charges for:

- maintenance in terms of increased works on buildings, road signage and third-party assets for the workshop service;
- the snow clearance operations due to snowfalls and particularly harsh temperatures in February and March;
- the PRM service due to the increased number of departing passengers;
- the reversal in 2017, of "one-off" System Charges for the Cogeneration plant, recognised to the 2016 Annual Accounts for Euro 719 thousand; net of this effect service costs increased 3.2% on the previous year.

The savings in advertising, promotion and development (Euro 225 thousand) reduced to Euro 83 thousand, taking into account the one-off traffic development charges incurred in 2017 which, in accordance with the new accounting standard IFRS 15, from January 1, 2018 are recorded as a decrease in aeronautical revenues.

A further breakdown in maintenance expenses is provided below:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Owned assets maintenance expenses	1,001	981	20
Airport infrastructure	2,989	2,694	295
Third-party assets	561	458	103
<b>TOTAL MAINTENANCE COSTS</b>	<b>4,551</b>	<b>4,133</b>	<b>418</b>

The breakdown of services is illustrated below:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Snow clearance	965	441	524
Porterage, transport third-party services	558	395	163
PRM assistance service	1,574	1,512	62
De-icing and other public service charges	508	541	(33)
Security service	1,114	1,157	(43)
Other outsourcing	1,006	1,029	(23)
<b>TOTAL THIRD-PARTY SERVICES</b>	<b>5,725</b>	<b>5,075</b>	<b>650</b>

### iii. Construction service costs

Construction service costs concern the construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

### iv. Leases, rentals and other costs

The following table shows the breakdown of this category of services costs for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Concession fees	5,979	5,658	321
Hire charges	264	328	(64)
Rental charges	568	541	27
EDP processing charges	1,196	1,032	164
Other rental and hire costs	(28)	(30)	2
<b>TOTAL LEASES, RENTALS AND OTHER COSTS</b>	<b>7,979</b>	<b>7,529</b>	<b>450</b>

Total Rental, hire and similar costs recorded an increase in airport concession fees and security services, related to the rise in traffic, in addition to higher fees for data elaboration for the new investments in technology.

#### v. Other operating expenses

The following table shows the breakdown of other operating expenses for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Tax charges	1,318	1,266	52
Fire prevention service contribution	1,374	1,403	(29)
Capital losses	3	48	(45)
Other operating costs and expenses	463	372	91
Non-recurring expenses (income)	0	318	(318)
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>3,158</b>	<b>3,407</b>	<b>(249)</b>

Operating expenses reported a decrease for “non-recurring charges”, due to the absence of accessory charges to the purchase of a property in 2017.

#### vi. Personnel costs

The following table shows the breakdown of personnel costs for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Salaries and wages	17,952	17,438	514
Social security contributions	4,904	4,662	242
Severance	1,309	1,260	49
Retirement pensions and similar	180	180	0
Other personnel costs	1,531	1,982	(451)
<b>TOTAL PERSONNEL COSTS</b>	<b>25,876</b>	<b>25,522</b>	<b>354</b>

The increase in personnel costs mainly relates to the expanded workforce, as presented in the following tables (+23 average resources), in addition to normal salary movements. “Other personnel costs”, broken down in the following table, indicate a saving, mainly due to lower personnel departure incentive charges.

Other personnel costs are broken as follows:

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Staff canteen	561	543	18
Personnel training and refresher courses	219	261	(42)
Personnel travel expenses	268	257	11
Other personnel provisions	79	91	(12)
Misc. personnel costs	404	830	(426)
<b>TOTAL OTHER PERSONNEL COSTS</b>	<b>1,531</b>	<b>1,982</b>	<b>(451)</b>

The average headcount by category in the two periods under consideration is shown below:

<i>Average workforce (number)</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Executive Managers	10	10	0
White-collar workers	381	364	17
Blue-collar workers	98	92	6
<b>TOTAL PERSONNEL</b>	<b>489</b>	<b>466</b>	<b>23</b>

The headcount at the end of the two financial years under consideration was as follows:

<i>Workforce (number)</i>	As at 31.12.2018	As at 31.12.2017	Change
Executives	10	9	1
White-collar	395	362	33
Blue-collar	97	75	22
<b>TOTAL PERSONNEL</b>	<b>502</b>	<b>446</b>	<b>56</b>

## 26. Depreciation, amortisation and impairment

The table below shows amortisation, depreciation and write-downs in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Amortisation/impairment of Concession Rights	5,659	5,552	107
Amortisation of other intangible assets	1,320	964	356
Depreciation of tangible assets	2,166	2,010	156
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>	<b>9,145</b>	<b>8,526</b>	<b>619</b>

The increase in depreciation and amortisation is due to the effects of the full year application from the progressive roll-out of investments over the last twelve months.

The account includes Euro 9.1 million of depreciation and amortisation, of which Euro 97 thousand of write-downs on Concession Rights for the write-off of projects no longer utilisable.

## 27. Provisions for risks and charges

The following table shows the movement of the provisions for risks and charges in 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Provisions for doubtful accounts	42	(17)	59
Provision for renewal of airport infrastructure	3,696	2,537	1,159
Provisions for other risks and charges	284	236	48
<b>TOTAL PROVISIONS</b>	<b>4,022</b>	<b>2,756</b>	<b>1,266</b>



The increase is due to higher provision for renewal of airport infrastructure due to the increase in interventions undertaken and scheduled in advance of some works airside. Finally, the provision for other risks and charges primarily concerns amounts due to employees following the expiry of the Collective Bargaining Agreement for airport managers on December 31, 2016.

## 28. Financial income and expenses

The following table shows the breakdown of Financial income and financial charges for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Investment income	13	0	13
Income from securities	25	39	(14)
Other income	125	224	(99)
Discounting income on provisions	192	0	192
<b>TOTAL FINANCIAL INCOME</b>	<b>355</b>	<b>263</b>	<b>92</b>
Interest expenses and bank charges	(496)	(634)	138
Discounting charges on provisions	(82)	(148)	66
Other financial expenses	(11)	(31)	20
<b>TOTAL FINANCIAL EXPENSES</b>	<b>(589)</b>	<b>(813)</b>	<b>224</b>
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>(234)</b>	<b>(550)</b>	<b>316</b>

The financial management improved due to the increase in financial income and decrease in financial charges. The former increase derives from the change in interest rates which resulted in an increase in income from discounting of provisions and the decrease in the relative charges. In addition, we report the decrease in financial expenses due to both lower overall debt and the reduction in the interest rate on the Intesa San Paolo loan which matures in 2024.

## 29. Taxes for the year

The following table shows the taxes for the year for 2018 and 2017.

<i>in thousands of Euro</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Current taxes	6,381	4,909	1,472
Deferred tax assets and liabilities	352	459	(107)
<b>TOTAL TAXES FOR THE YEAR</b>	<b>6,733</b>	<b>5,368</b>	<b>1,365</b>
<b>Current taxes as a % of result before tax</b>	<b>26.77%</b>	<b>24.21%</b>	<b>2.56%</b>
<b>Taxes for the year as a % of result before taxes</b>	<b>28.25%</b>	<b>26.47%</b>	<b>1.77%</b>

The effective tax rate for the year 2018 was 28.25% compared to 26.47% in 2017. This decrease is mainly due to the omission, in the company, of income from the utilisation of the R&D tax credits as the focus was on projects which would increase the performance of the IT infrastructure and on the consolidation of the activities already commenced. The objective taking into account also the Investment Plan is to continue the research and development activities in 2019 and 2020.

The reconciliation between the IRES effective and theoretical tax rate is illustrated below:

<i>Reconciliation between actual/theoretical Tax Rate (IRES)</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
Result before taxes	23,834	20,276	3,558
<b>Ordinary tax rate</b>	<b>24%</b>	<b>24%</b>	<b>0</b>
Theoretical tax charge	5,720	4,866	978

<b>Effect of increase or decrease to the ordinary tax rate:</b>	As at 31.12.2018	As at 31.12.2017	
Taxed provisions deductible in subsequent financial years	368	426	(58)
Costs deductible in subsequent financial years	3,004	2,723	281
Other non-deductible costs	914	1,090	(176)
Use of provisions taxed in prior financial years	(634)	(621)	(13)
Costs not deductible in prior financial years	(3,416)	(3,523)	107
Other differences	(2,211)	(1,881)	(330)
<b>Total increases/decreases</b>	<b>(1,975)</b>	<b>(1,786)</b>	<b>(189)</b>
<b>Tax effect on changes at 24%</b>	<b>(474)</b>	<b>(429)</b>	<b>(52)</b>
IRES for the year	5,246	4,438	809
<b>Effective tax rate</b>	<b>22.01%</b>	<b>21.89%</b>	<b>0.13%</b>

The breakdown of current income taxes is illustrated below:

<i>Breakdown of taxes for the year</i>	for the year ended 31.12.2018	for the year ended 31.12.2017	Change
IRES	5,246	4,438	808
IRAP	1,135	1,010	125
IRES Income for Research & Development bonus	0	(256)	256
Taxes for previous financial years	0	(283)	283
<b>TOTAL</b>	<b>6,381</b>	<b>4,909</b>	<b>1,472</b>

### 30. Related party transactions

For the definition of “Related Parties”, reference should be made to IAS 24, approved by Regulation (EC) No. 1725/2003.

Intercompany transactions are carried out within the scope of ordinary operations and at normal market conditions. Related party transactions principally concern commercial and financial transactions, in addition to participation in the tax consolidation. None of these have particular economic or strategic significance for the company as they do not account for a significant percentage of the total financial statement amounts.

The Bologna Chamber of Commerce shareholders were identified as a Government party, therefore exempt from the disclosure regarding related parties as defined by IAS 24. The categorisation of the Bologna Chamber of Commerce as a Government party therefore limited the checks required for the identification of related parties to the mere identification of the Bologna Chamber of Commerce. No additional information is reported in the financial statements concerning transactions undertaken by the company with the Bologna Chamber of Commerce as no significant transactions are undertaken with this shareholder.

On January 29, 2018, with the co-optation of the director Livio Fenati, ratified by the Shareholders’ Meeting of April 24, 2018, Telepass Spa became a related party until September 26, 2018, the date of his resignation. During the year, costs were reported for services regarding Telepass of Euro 109 thousand, related to the contract for the management of Telepass parking receipts.

In addition to that above, inter-company transactions are added, the most important of which are outlined below.

Commercial transactions between the Parent Company and the subsidiary Tag Bologna Srl, in terms of receivables, principally concern the twenty-year sub-concession of the General Aviation traffic assistance infrastructure and the provision of services related to security and the remuneration reversed to the employer Adb of the director employees of the Parent Company, for a total of Euro 0.3 million, substantially unchanged compared to 2017.

Adb payables to the subsidiary mainly concern the capital grant for the covering of General Aviation terminal infrastructure operation and maintenance costs for the boarding and disembarking of passengers, against the financial advantage for AdB of including these costs in the calculation of passenger boarding fees. Service costs matured from Tag in 2018 amounted to Euro 0.19 million, also substantially unchanged compared to 2017.

Non-commercial transactions with Tag concerned:

- the tax consolidation contract renewed in January 2018 for the financial years 2018-2020, on the basis of which at December 31, 2018 the Parent Company recognises non-current liabilities of Euro 8 thousand, unchanged on the previous year, relating to the application for the reimbursement of IRAP from IRES (Legislative Decree 201/2011 Article 2 c.a.) and current payables for Euro 9 thousand, due to higher IRES payments on account by the consolidated companies against the amounts due;
- a letter of patronage concerning the mortgage loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena), equal to the residual principal, which at the end of the period amounted to Euro 3.8 million.

During 2018, commercial transactions between the Parent Company and the subsidiary Fast Freight Marconi Spa mainly concern the provision of the following services:

- sub-concession of offices, areas and operating rooms;
- management and staffing, including the following staff services: accounting, administration, finance, operating control, management reporting, personnel, legal, ICT, personnel secondment and Sole Director;
- packages and goods x-ray controls

for Euro 0.43 million (Euro 0.38 million in 2017).

Non-commercial transactions with FFM included:

- the tax consolidation contract renewed in January 2018 for the financial years 2018-2020, on the basis of which at December 31, 2018 payables amount to Euro 15 thousand, unchanged on the previous year, relating to the application for the reimbursement of IRAP from IRES (Legislative Decree 201/2011 Article 2 c.a.) and Euro 95 thousand, due to higher IRES payments on account by the consolidated companies against the amounts due;
- the co-obligation of AdB on sureties of Euro 1.03 million issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of FFM.

The following tables present the balances of related parties transactions contained in the financial statements' balances.

<i>in thousands of Euro</i>	for the year ended 31.12.2018		for the year ended 31.12.2017	
	Total	of which related parties	Total	of which related parties
Concession rights	161,148	0	151,212	0
Other intangible assets	2,049	0	1,783	0
<b>Intangible assets</b>	<b>163,197</b>	<b>0</b>	<b>152,995</b>	<b>0</b>
Land, property, plant and equipment	14,873	0	14,441	0
Investment property	4,732	0	4,732	0
<b>Tangible assets</b>	<b>19,605</b>	<b>0</b>	<b>19,173</b>	<b>0</b>
Equity Investments	3,189	0	726	0
Other non-current financial assets	16,135	0	18,257	0
Deferred tax assets	5,822	0	6,487	0
Other non-current assets	1,423	0	1,450	0
<b>Other non-current assets</b>	<b>26,569</b>	<b>0</b>	<b>26,920</b>	<b>0</b>
<b>NON-CURRENT ASSETS</b>	<b>209,371</b>	<b>0</b>	<b>199,088</b>	<b>0</b>
Inventories	527	0	488	0
Trade receivables	13,759	156	12,561	107
Other current assets	4,358	1	3,970	18
Current financial assets	11,037	0	19,610	0
Cash and cash equivalents	12,825	0	13,947	0
<b>CURRENT ASSETS</b>	<b>42,506</b>	<b>157</b>	<b>50,576</b>	<b>125</b>
<b>Assets held-for-sale</b>	<b>0</b>	<b>0</b>	<b>117</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>251,877</b>	<b>157</b>	<b>249,781</b>	<b>125</b>

<i>in thousands of Euro</i>	for the year ended 31.12.2018		for the year ended 31.12.2017	
	Total	of which related parties	Total	of which related parties
Share capital	90,314	0	90,314	0
Reserves	62,821	0	61,997	0
Profit (loss) for the year	17,101	0	14,909	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>170,236</b>	<b>0</b>	<b>167,220</b>	<b>0</b>
Severance and other personnel provisions	3,870	0	4,061	0
Deferred tax liabilities	2,027	0	2,003	0
Provision for renewal of airport infrastructure	10,241	0	9,476	0
Provisions for risks and charges	1,021	0	1,254	0
Non-current financial liabilities	11,436	0	15,345	0
Other non-current liabilities	192	0	192	24
<b>NON-CURRENT LIABILITIES</b>	<b>28,787</b>	<b>0</b>	<b>32,331</b>	<b>24</b>
Trade payables	18,471	39	15,739	51
Other liabilities	26,141	128	23,837	1
Provision for renewal of airport infrastructure	1,717	0	3,498	0
Provisions for risks and charges	515	0	0	0
Current financial liabilities	6,010	0	7,156	0
<b>CURRENT LIABILITIES</b>	<b>52,854</b>	<b>167</b>	<b>50,230</b>	<b>52</b>
<b>TOTAL LIABILITIES</b>	<b>81,641</b>	<b>167</b>	<b>82,561</b>	<b>76</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>251,877</b>	<b>167</b>	<b>249,781</b>	<b>76</b>

<i>in thousands of Euro</i>	for the year ended 31.12.2018		for the year ended 31.12.2017	
	Total	of which related parties	Total	of which related parties
Revenues from aeronautical services	51,084	85	47,636	0
Revenues from non-aeronautical services	40,636	262	37,687	348
Revenues from construction services	15,620	0	6,650	0
Other operating revenues and income	1,053	122	1,005	65
<b>Revenues</b>	<b>108,393</b>	<b>469</b>	<b>92,978</b>	<b>413</b>
Consumables and goods	(755)	0	(808)	0
Service costs	(18,514)	303	(17,270)	(205)
Construction service costs	(14,876)	0	(6,333)	0
Leases, rentals and other costs	(7,979)	0	(7,529)	0
Other operating charges	(3,158)	0	(3,407)	0
Personnel costs	(25,876)	0	(25,522)	0
<b>Costs</b>	<b>(71,158)</b>	<b>(303)</b>	<b>(60,869)</b>	<b>(205)</b>
Amortisation/write-downs Concession rights	(5,659)	0	(5,552)	0
Amortisation of other intangible assets	(1,320)	0	(964)	0
Depreciation of tangible assets	(2,166)	0	(2,010)	0
<b>Depreciation, amortisation and impairment</b>	<b>(9,145)</b>	<b>0</b>	<b>(8,526)</b>	<b>0</b>

<i>in thousands of Euro</i>	for the year ended 31.12.2018		for the year ended 31.12.2017	
	Total	of which related parties	Total	of which related parties
Provisions for doubtful accounts	(42)	0	17	0
Provision for renewal of airport infrastructure	(3,696)	0	(2,537)	0
Provisions for other risks and charges	(284)	0	(236)	0
<b>Provisions for risks and charges</b>	<b>(4,022)</b>	<b>0</b>	<b>(2,756)</b>	<b>0</b>
<b>Total Costs</b>	<b>(84,325)</b>	<b>(303)</b>	<b>(72,151)</b>	<b>(205)</b>
<b>EBIT</b>	<b>24,068</b>	<b>0</b>	<b>20,827</b>	<b>0</b>
Financial income	355	0	263	0
Financial charges	(589)	0	(813)	0
<b>Result before taxes</b>	<b>23,834</b>	<b>0</b>	<b>20,277</b>	<b>0</b>
<b>Taxes for the period</b>	<b>(6,733)</b>	<b>0</b>	<b>(5,368)</b>	<b>0</b>
<b>Profit (loss) for the year</b>	<b>17,101</b>	<b>0</b>	<b>14,909</b>	<b>0</b>

The movements with regards to the individual related parties respectively in 2018 and 2017 are presented below.

2018														
<i>in thousands of Euro</i>	Land, Property, plant and equipment	Other non-current financial assets	Total Non-Current Assets	Trade Receivables	Other current assets	Current financial assets	Total Current Assets	Total Assets	Other non-current liabilities	Trade payables	Other liabilities	Current financial liabilities	Total Current Liabilities	Total liabilities
Tag Bologna Srl	0	0	0	64	1	0	65	65	0	39	17	0	57	57
Fast Freight Marconi Spa	0	0	0	93	0	0	93	93	0	0	111	0	111	111
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>156</b>	<b>1</b>	<b>0</b>	<b>157</b>	<b>157</b>	<b>0</b>	<b>39</b>	<b>128</b>	<b>0</b>	<b>167</b>	<b>167</b>

2017														
<i>in thousands of Euro</i>	Land, Property, plant and equipment	Other non-current financial assets	Total Non-Current Assets	Trade Receivables	Other current assets	Current financial assets	Total Current Assets	Total Assets	Other non-current liabilities	Trade payables	Other liabilities	Current financial liabilities	Total Current Liabilities	Total liabilities
Tag Bologna Srl	0	0	0	62	18	0	80	80	9	51	0	0	51	60
Fast Freight Marconi Spa	0	0	0	45	0	0	45	45	15	0	1	0	1	16
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>107</b>	<b>18</b>	<b>0</b>	<b>125</b>	<b>125</b>	<b>24</b>	<b>51</b>	<b>1</b>	<b>0</b>	<b>52</b>	<b>76</b>

2018										
<i>in thousands of Euro</i>	Revenues from aeronautical services	Revenues from non-aeronautical services	Other operating revenues and income	TOTAL REVENUES	Service costs	Other operating expenses	Personnel costs	TOTAL COSTS	Financial Income	Financial Expenses
Tag Bologna Srl	0	35	0	35	(194)	0	0	(194)	0	0
Fast Freight Marconi Spa	85	227	122	433	0	0	0	0	0	0
Telepass Spa	0	0	0	0	(109)	0	0	(109)	0	0
<b>Total</b>	<b>85</b>	<b>262</b>	<b>122</b>	<b>469</b>	<b>(303)</b>	<b>0</b>	<b>0</b>	<b>(303)</b>	<b>0</b>	<b>0</b>

2017										
<i>in thousands of Euro</i>	Revenues from aeronautical services	Revenues from non-aeronautical services	Other operating revenues and income	TOTAL REVENUES	Service costs	Other operating expenses	Personnel costs	TOTAL COSTS	Financial Income	Financial Expenses
Tag Bologna Srl	0	36	0	36	(205)	0	0	(205)	0	0
Fast Freight Marconi Spa	0	312	65	377	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>348</b>	<b>65</b>	<b>413</b>	<b>(205)</b>	<b>0</b>	<b>0</b>	<b>(205)</b>	<b>0</b>	<b>0</b>



All the related party transactions described above were undertaken during the course of ordinary operations and on an arm's length basis.

### 31. Commitments and risks

#### Operating lease commitments

At December 31, 2018, the company had an operating lease contract, irrevocable as per IAS 17 for equipment, plant and machinery, vehicles and land, for which the instalments maturing in 2019, in the subsequent five years and beyond this period are detailed below.

	<i>in thousands of Euro</i>
Within 2019	591
Beyond one year but within 5 years (2020-2024)	1,900
Beyond 5 years (2025 and subsequent)	0
<b>Total</b>	<b>2,491</b>

#### Operating lease contracts undertaken

At December 31, 2018, the company had sub-concession contracts for areas, offices and operating and commercial spaces at the passengers and goods terminal and for other airport infrastructure, as outlined in detail in section 2 of the Directors' Report. The following table presents the minimum future fees of the contracts irrevocable in accordance with IAS 17 December 31, 2018 and maturing in 2019, in the subsequent five years and beyond this period. The amounts indicated below were not considered variable fees nor sub-concession contracts at administered tariffs as subject to potential tariff changes, including reductions.

	<i>in thousands of Euro</i>
Within 2019	10,336
Beyond one year but within 5 years (2020-2024)	20,315
Beyond 5 years (2025 and subsequent)	399
<b>Total</b>	<b>31,050</b>

#### Environmental investment commitments

In addition, the environmental commitments of the company were formalised with the signing in 2015 with the Regional Agencies of the Regional Agreement for reducing the Airport's carbon footprint, involving investments by the company totalling Euro 6.5 million over a time period consistent with the timeframe for the rolling out of the airport Master Plan or rather by 2023. In 2018, the air quality monitoring system installation was completed and the relative technical testing carried out, which now permits the system to operate continuously. For further information, reference should be made to the Environment paragraph of the Directors' Report.

#### People Mover investment commitments

Tangible fixed assets in progress December 31, 2018 (note 2) include for Euro 1.78 million the first two tranches of the contributions granted by the company to Marconi Express Spa for the construction of the People Mover "Airport" station following completion of 66% of the airport area works. The overall contribution of Adb amounts to Euro 2.7 million, with the final tranche of Euro 0.92 million earmarked for testing purposes. Under the same agreement (signed by AdB, the Municipality of Bologna, the Province of Bologna and the Region of Emilia-Romagna on July 23, 2007), AdB committed to completing the connection between the "Airport" and the Terminal. Against this commitment, tangible assets in progress at December 31, 2018 includes engineering and other accessory works of Euro 0.68 million.

Non-current financial assets December 31, 2018 include Euro 10.9 million of the equity financial instrument in Marconi Express Spa, signed by the company in January 2016 for a similar value. The final tranche of Euro 0.9 million was paid in December 2018 on works completion.

#### Guarantees granted

With regards to the guarantees provided, reference should be made to the summary table at December 31 presenting the two comparative years. These concern:

- sureties, mainly:
  - o to ENAC (the Italian Civil Aviation Authority) pursuant to the Full Management Agreement (Euro 4.4 million);
  - o to Marconi Express S.p.A. for the proper fulfilment of the obligations assumed by entering into the incentive agreement dated September 30, 2016 (Euro 0.87 million);
  - o co-obligation sureties of Adb and FFM for Euro 1.03 million issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of the subsidiary;
- a pledge of the equity financial instrument issued by Marconi Express S.p.a. and subscribed for by the company for a nominal value of Euro 10.87 million, securing the obligations of Marconi Express to the credit institutions that financed the People Mover project, settled at December 31, 2017 for Euro 10 million. The Pledge on Equity Financial Instruments agreement was signed on September 30, 2016;
- a letter of patronage concerning the mortgage loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena), equal to 51% of the residual principal, which at the end of the period amounted to Euro 2.2 million.

in thousands of Euro	31/12/2018	31/12/2017	Change	% Change
Sureties	6,428	6,278	150	2.4%
Pledge on Equity Financial Instruments	10,873	10,873	0	0
Patronage letters	3,779	2,187	1,592	72.8%
<b>Total guarantees granted</b>	<b>21,079</b>	<b>19,338</b>	<b>1,742</b>	<b>9.0%</b>

#### Types and management of other risks

With regards to the disclosure concerning the types and means of financial risk management under Article 2428, paragraph 2 No. 6 bis, reference should be made to the specific section of the Directors' Report, also with regards to the comment upon the other risks to which the company is subject.

### 32 Law 124/2017 Article 1, paragraphs 125-129 - Transparency of public disbursements

The company received in 2018 total grants of Euro 9.75 thousand for the training of employees as per Article 1, paragraph 125 of Law 124/2017.

## **SUBSEQUENT EVENTS AND BUSINESS OUTLOOK**

No events have occurred subsequent to year end that would require changes in terms of the presented performance or equity and financial position and that would therefore necessitate adjustments and/or additional disclosures in the financial statements.

## **ALLOCATION OF THE RESULT FOR THE YEAR**

Dear Shareholders,

the financial statements of the company Aeroporto Guglielmo Marconi di Bologna Spa, which we present for your approval, report a profit of Euro 17,100,845.83, for which the Board of Directors proposes the following allocation:

- to the legal reserve 5% on the basis of the statutory provisions and Article 2430 of the Civil Code, for Euro 855,042.29;
- to the shareholders for Euro 16,220,423.59 corresponding to a dividend of Euro 0.449 per share;
- the residual of Euro 25,379.95 to the extraordinary reserve.

The Chairman of the Board of Directors

*(Enrico Postacchini)*

Bologna, March 14, 2019

**Declaration of the Chief Executive Officer and the officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A. pursuant to the provision of article 154-bis paragraph 5 TUF (Testo Unico Finanziario [Consolidated Law on Financial Intermediation]) –**

4. The undersigned, Nazareno Ventola and Patrizia Muffato in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A., hereby certify, pursuant to article 154-bis, paragraphs 3 and 4, of legislative decree No. 58, of 24 February 1998:
  - the accounting procedures for the preparation of the financial statement for the year ended December 31, 2018, are adequate based on the characteristics of the company,
  - the effective adoption of the administrative and accounting procedures for the preparation of the financial statement .
5. The assessment of the adequacy of administrative and accounting procedures for the preparation of the financial statement at December 31, 2018 was based on a process defined by Aeroporto Guglielmo Marconi di Bologna S.p.A., in compliance with the Internal Control-Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the standard reference generally accepted at the international level.
6. In addition we certify that:
  - 3.3 the financial statement at December 31, 2018:
    - d) has been prepared in accordance with applicable international accounting standards recognized in the European Community within the meaning of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    - e) correspond to the information in the books and other accounting documents and records;
    - f) provide a true and fair representation of the financial, economic and assets situation of the issuer.
  - 3.4 The management report contains a reliable analysis of operations and performance, as well as, the situation of the issuer, together with a description of the main risks and uncertainties that may affect the company.

Bologna, 14 March 2019

**The Chief Executive Officer**

(Nazareno Ventola)

**Officer in charge of preparing the  
corporate accounting documents**

(Patrizia Muffato)

## Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014 (Translation from the original Italian text)

To the Shareholders of  
Aeroporto Guglielmo Marconi di Bologna S.p.A.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2018, the income statement, the statement of comprehensive income, the cash flow statement, statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005.

#### 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 Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter.

Key Audit Matter	Audit Response
<p><b>Valuation of the provisions for renewal of airport infrastructure</b></p> <p>The provisions for renewal of airport infrastructure accounted for in the financial statements as of December 31, 2018 amounts to Euro 12,0 million and includes accruals for non-recurring maintenance expenses, as well as estimated future costs for restoration and replacement of assets under concession that the Company plans to incur in accordance with the current concession agreements.</p> <p>The processes and methodologies applied to evaluate and determine such estimated future costs are based on complex assumptions that, due to their nature, imply the use of management's judgment, in particular with reference to the nature, timing and amount of the maintenance costs, including the relevant financial component applied based on the timing of such maintenance services.</p> <p>Considering the judgment required by management in order to evaluate the nature, timing and amount of such maintenance services, we believe that the valuation of the provisions for renewal of airport infrastructure represents a key audit matter.</p> <p>The disclosures relating to the valuation of the provisions for renewal of airport infrastructure are included in section "Measurement Criteria" under paragraph "Provisions for risks and charges", as well as in notes 16 and 21 "Provisions for renewal of airport infrastructure".</p>	<p>Our audit procedures performed in response to this Key Audit Matter included, among others:</p> <ul style="list-style-type: none"> <li>• assessment of the process and key internal controls implemented by the Company;</li> <li>• understanding of the concession agreement from which the obligation arises;</li> <li>• analysis of the supporting report prepared by the Company's technical departments;</li> <li>• test of details on a sample of provisions' utilizations accounted for during the fiscal year;</li> <li>• assessment of the key changes to the amount of the provision as compared to the prior year;</li> <li>• analysis of the consistency of the assumptions used in estimating the provisions against the Business Plan 2018-2022 approved by the Directors;</li> <li>• assessment of the discount rate used in the analysis.</li> </ul> <p>Lastly, we reviewed the adequacy of the disclosures provided in the notes to the consolidated financial statements in relation to the valuation of provisions for renewal of airport infrastructure.</p>

## Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption,

and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained 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 Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' 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 Company'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 financial statements or, if such disclosures are inadequate, to consider this matter in forming 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 Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

### **Additional information pursuant to article 10 of EU Regulation n. 537/14**

The shareholders of Aeroporto Guglielmo Marconi di Bologna S.p.A., in the general meeting held on May 20, 2015, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2015 to December 31, 2023.

We declare that we have not provided prohibited non-audit services, referred to article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

## **Report on compliance with other legal and regulatory requirements**

### **Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998**

The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the Directors' Report and of the Report on Corporate Governance and Ownership Structure of Aeroporto Guglielmo Marconi di Bologna S.p.A. as at December 31, 2018, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Directors' Report and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998, with the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. as at December 31, 2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Directors' Report and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. as at December 31, 2018 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.



## **Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016**

The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information is subject to a separate compliance report signed by us.

Bologna, March 28, 2019

EY S.p.A.

Signed by: Alberto Rosa, Partner

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

Aeroporto Guglielmo Marconi di Bologna S.p.A.  
Registered Office in Bologna  
Share capital Euro 90,314,162 fully paid-in  
Enrolled in the Bologna Companies Registry at No. 03145140376  
Bologna Economic & Administrative Register No. - 268716

### **Report of the Board of Statutory Auditors to the Shareholders' Meeting**

(pursuant to Article 153 of Legislative Decree 58/1998 and Article 2429, paragraph 2 of the Civil Code)

Dear Shareholders,

this report, drawn up as per Article 153 of Legislative Decree 58/1998 (hereafter “CFA”) and Article 2429, paragraph 2 of the Civil Code, outlines the oversight activities carried out by the Board of Statutory Auditors during financial year 2018, in compliance with the indications of Consob Communication DEM/1025564 of April 6, 2001 and subsequent amendments and supplements.

During the year, the Board of Statutory Auditors performed its supervisory activities required by law, the “Rules of conduct for Boards of Statutory Auditors of listed companies” issued by the Italian Accounting Profession (Consigli Nazionale dei Dottori Commercialisti e degli Esperti Contabili), the CONSOB provisions concerning corporate controls and activities of the Board of Statutory Auditors and the indications of the Self-Governance Code.

The Board of Statutory Auditors verified, when accepting the appointment and later during the course of the appointment, that its members met the requirements of integrity and professionalism specified by Ministerial Decree No. 162 of March 30, 2000, that there were no reasons for removal from office or ineligibility pursuant to Article 148, paragraph 3 of Legislative Decree No. 58/1998 and that they met the same independence requirements that apply to directors under the Self-Governance Code.

The execution of the accounting and statutory audits is assigned to the Independent Audit Firm EY S.p.A. (hereinafter the “Independent Audit Firm” or “EY”), following appointment for the financial years 2015-2023 by the Shareholders' Meeting of May 20, 2015.

The following is reported based on information obtained during meetings of the Board of Directors and Internal Committees to the Board (the Control and Risks Committee and the Remuneration Committee) and through meetings with corporate departments and as a result of audits performed.

#### **Significant transactions**

The Board of Statutory Auditors considers that sufficient information was obtained on significant economic, equity and financial transactions carried out by the company, as shown in the documents that comprise the consolidated and separate financial statements and in the Directors' Report.

It should be noted that, in order to improve the airport's connectivity and intermodal transport, on January 21, 2016, the company subscribed to an equity financial instrument (EFI) for an amount of Euro 10,872,500, issued by Marconi Express S.p.A., the concession holder for the People Mover project (the railway link between Bologna Central Station and the Bologna Airport). Euro 4 million of the investment in the EFI was released on its subscription date, Euro 3 million in 2016 when work progress reached 20% and Euro 3 million in July 2017 when work progress reached 51%; the balance was paid in December 2018 on the completion of works. Moreover, the first two tranches were paid for a total of Euro 1,780,000 of the contribution amounting to Euro 2,700,000, granted by the company to Marconi Express S.p.A. for the construction of the People Mover "Airport" station. AdB is in addition completing the pedestrian bridge linking the Terminal and the "Airport" station. Furthermore, in order to better control the AdB general aviation infrastructure, on October 2, 2018, it acquired 49% of TAG Bologna S.r.l., which is now therefore wholly-owned.

#### **Atypical or unusual transactions**

No atypical or unusual transactions carried out in 2018 emerged from the information received from the Directors and from meetings with representatives of the Independent Audit Firm, including any inter-company or related party transactions. The Board did not receive communications from subsidiaries' Control Bodies or from the Independent Audit Firm, containing findings in this respect.

#### **Related party or inter-company transactions**

The characteristics of inter-company transactions carried out during the year, the parties involved and the corresponding financial effects are suitably reported in the Notes to the company's separate and consolidated financial statements, which also set out the related receivables/payables and cost/revenue transactions.

Related party transactions, implemented in compliance with the applicable "Related Party Transaction Policy" adopted by the Board of Directors in the meeting of April 13, 2015, are of an ordinary nature and principally concern commercial and financial transactions, in addition to participation in the tax consolidation. These transactions are also listed in the Notes to the company's separate and consolidated financial statements, which also set out the related

receivables/payables and cost/revenue transactions, and the fact that these transactions will be carried out at normal market conditions.

### **Activities of the Board of Statutory Auditors**

In exercising its functions pursuant to Article 2403 of the Civil Code and Article 149 of the CFA, the Board of Statutory Auditors:

- verified compliance with law and the company's By-Laws;
- continuously obtained information from Directors on the activities performed, the general operating performance and its outlook, in addition to significant economic, equity and financial transactions carried out by the company, including through its subsidiaries, and in relation to such can reasonably assure that approved and executed transactions are in conformity with law and the by-laws of the company and were not manifestly imprudent, risk-related, in conflict of interest or contrary to the motions passed by the Shareholders' Meeting, or such as to compromise the integrity of company assets;
- in particular, it received sufficient information concerning:
  - the initiatives adopted to ensure implementation of Regulation (EU) No. 679/2016 (General Data Protection Regulation "GDPR"), in terms of executing appropriate organisational process changes;
  - the contribution intended for the fund indicated in Article 1, paragraph 1328 of Law No. 296 of December 27, 2006, established to finance the fire prevention service at national airports, with the company filing in 2012 specific legal proceedings at the Civil Court of Rome. Although the legal situation is currently developing - outlined in the "Disputes" paragraph of the Directors' Report - leading to a positive assessment of the "fire prevention fund" issue, in line with previous years the company recorded this contribution under payables and suspended its payment pending the conclusion of the complex legal proceedings;
- verified compliance with the principles of correct administration;
- oversaw the adequacy of the indications to the subsidiaries as per Article 114, paragraph 2 of Legislative Decree No. 58/1998, ensuring that subsidiaries' coordination activities (Fast Freight Marconi S.p.A and TAG Bologna S.r.l.) are also carried out through the presence of Parent Company executives on the corporate boards;
- exchanged information with subsidiaries' corresponding boards pursuant to Art. 151, paragraph 2 of Legislative Decree 58/1998;

- held periodic meetings with the Independent Audit Firm, also in accordance with the provisions of Article 19, paragraph 1 of Legislative Decree No. 39/2010 and Article 150, paragraph 3 of the CFA, in order to supervise the financial disclosure process and its suitability and integrity, as well as compliance with legal provisions concerning the formation of financial statements, their layout and structure;
- verified the suitability of the administrative and accounting system and its capacity to accurately reflect operating events by obtaining information from managers of the respective departments and analysing the results of work carried out by the Independent Audit Firm. The certification as per Article 154-*bis*, paragraph 5 of Legislative Decree No. 58/1998, signed by the Chief Executive Officer and the Executive Officer for financial reporting, on the adequacy of the administrative and accounting procedures for the drafting of the statutory financial statements and the consolidated financial statements are annexed to these documents;
- acquired information and supervised the suitability of the company's organisational structure and the internal control system, including through participation in the meetings of the Control and Risks Committee. The Board of Statutory Auditors examined the assessment expressed by the Board of Directors in the meeting of March 14, 2019, on the basis of the preliminary report undertaken by the Control and Risks Committee, which considered AdB's internal control and risk management system to be generally suitable with respect to the characteristics of the company and the risk profile assumed.
- verified the internal audit manager's activity, taking note of his observations during periodic audits and examining the content of the drafted annual report which highlights that AdB's internal control and risk management system, despite some areas for improvement, is generally considered suitable to guarantee sound and correct business conduct in line with pre-set objectives;
- examined the annual disclosure report of the Supervisory Board relating to the updating of the Model, training activities performed, control on the functioning and compliance of the Model pursuant to Legislative Decree No. 231/2001, from which no significant events emerged;
- reviewed the report of the Ethics and Anticorruption Committee (a collective body which replaces the position of Prevention, Transparency and Anticorruption Manager (RPCT)), which has been assigned the duty to monitor and verify the effective implementation of the “Anticorruption Policy” and reviewed the activities carried out;
- did not receive any statements pursuant to Article 2408 of the Civil Code, nor any petitions from third parties;

- verified the correct application of assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members and has no observations to make in this regard;
- supervised compliance with the corporate governance rules laid down by the Self-Governance Code of listed companies, issued by Borsa Italiana and approved by the Corporate Governance Committee, to which the company declared and confirmed its compliance. The governance system adopted by the company is described in detail in the Corporate Governance and Ownership Structure Report for the year 2018, approved by the Board of Directors in the meeting of March 14, 2019;
- supervised the independence of the Independent Audit Firm EY S.p.A., pursuant to Article 19 of Legislative Decree 39/2010 and, in its concomitant capacity of Internal Control and Audit Committee, ascertained the compatibility of services, other than the statutory audit provided to the company, with the limitations envisaged by Article 5 of EU Regulation No. 537/2014. In 2018, the company paid Euro 87,306 in fees to EY S.p.A. for assignments involving audit services and the auditing of regulatory accounts, while the subsidiaries (Fast Freight Marconi S.p.A and TAG Bologna S.r.l.) paid Euro 13,369 for auditing services, in addition to Euro 8,836 for the CONSOB oversight contribution. In addition, the following non-audit services assignments were conferred by the Parent Company to EY S.p.A.: the provision of assistance in the performance of "Test controls" under the obligations and requirements referred to in Law 262/2005 (Euro 36,641), the support activities concerning the analysis of the impacts of the new accounting standards IFRS 9, IFRS 15 and IFRS 16 (Euro 12,800), the review of the requirements concerning the Non-Financial Information Report (Euro 8,800) and the certifications for the purposes of Legislative Decree No. 118 of June 23, 2011 (Euro 6,480). The Independent Audit Firm issued the "Statement of Independence" certifying that no situations were in place that may compromise their independence nor were there grounds for incompatibility in respect of AdB. Considering the above statement, it should be noted that no critical aspects emerged that could have compromised the Independent Audit Firm's independence.

The current Board of Directors was appointed by the Shareholders' Meeting of April 27, 2016 and will remain in office until the approval of the Financial Statements as at December 31, 2018.

The Board of Directors shall comprise nine members. Eight directors are non-executive, while five of these are independent as envisaged by Article 147-ter, paragraph 4, of Legislative Decree 58/1998 and as per the Self-Governance Code. On January 29, 2018, the Board of Directors

replaced through co-option the resigning director Arturo Albano with the new non-executive and independent director Livio Fenati. Following his resignation, the Board of Directors on November 14, 2018 co-opted the director Marco TRONCONE. The Board of Statutory Auditors expressed a favourable opinion on the appointments in question, pursuant to Article 2386, paragraph 1 of the Civil Code.

During 2018, the Board of Statutory Auditors attended:

the Shareholders' Meeting of April 24, 2018;

11 Board of Directors' meetings;

4 Control and Risks Committee meetings;

5 Remuneration Committee meetings;

In all the above meetings, the Board of Statutory Auditors always received sufficient information on activities performed and the nature of transactions carried out. The undersigned Board of Statutory Auditors held 7 meetings. In 2019 (and until the date of this report), the Board of Statutory Auditors met on 3 occasions.

In the course of the supervisory activities carried out and based on the information obtained from the Independent Audit Firm during periodic meetings, pursuant to Article 150, paragraph 3 of Legislative Decree 58/1998, no significant data and information were noted that would need to be highlighted in this report, nor were there omissions and/or citable events and/or irregularities or, in any case, significant matters meriting mention in this report.

### **Non-Financial Information Report**

As per Article 3, paragraph 7 of Legs. Decree No. 254 of December 30, 2016, it is confirmed that, with regards to the Non-Financial Information Report, the Board of Statutory Auditors oversaw, to the extent of its remit, compliance with the provisions set out in the stated decree. The company appointed EY S.p.A. as the auditor, and to also undertake the tasks as per Article 3, paragraph 10 of the decree. The Independent Audit Firm issued a certification upon the consistency of the information provided in the Non-Financial Information Report against that required by Articles 3 and 4 of the decree and the reporting standard adopted.

### **Separate and Consolidated Financial Statements**

The Board of Statutory Auditors carried out the necessary audits on compliance with the rules concerning the compilation of the statutory financial statements and Group consolidated financial statements as at December 31, 2018, approved by the Board of Directors on March 14, 2019, in accordance with the terms established by law. In particular, it acknowledges that the separate and

consolidated financial statements were drawn up in compliance with International Financial Reporting Standards adopted by the European Union and that the company applied the format of financial statements and company information as established by CONSOB. Compliance with regulations relating to the preparation of the Directors' Report was verified and, in this regard, there are no particular matters to report. With reference to its content, we point out that this Directors' Report sufficiently illustrates the operating result, cash flows, financial position and operating performance during the year and provides significant data concerning the company within the scope of consolidation, also providing information on the principal risks and uncertainties which the company is exposed to.

On March 28, 2019, the Independent Audit Firm EY S.p.A. issued the reports pursuant to Article 14 of Legislative Decree No. 39 of January 27, 2010 and Article 10 of Regulation (EU) No. 537/2014, in which it declared that the separate and consolidated financial statements at December 31, 2018, provide a true and fair view of the statement of financial position, the result and cash flows of the company and the Group and that the Directors' Report and information contained in the Corporate Governance and Ownership Structure Report indicated in Article 123-*bis*, paragraph 4 of Legislative Decree 58/1998, are consistent with the company's statutory financial statements and Group consolidated financial statements.

The Independent Audit Firm also produced the Additional Report indicated in Article 11 of Regulation (EU) No. 537/2014 which denotes that there were no significant deficiencies in the internal control system or in the administrative and accounting system of the company.

### **Conclusions**

The Board of Statutory Auditors concludes this Report on auditing activities carried out during 2018 by expressing a positive opinion on the activity performed by the company, its organisation, the effectiveness of the internal control system and the administrative and accounting system, compliance with the principles of correct administration and compliance with law and the By-Laws and, also in view of the results of the activity performed by the Independent Audit Firm appointed for the financial audit, expresses a favourable opinion on the approval of the financial statements at December 31, 2018 as drafted and approved by the Board of Directors in the meeting of March 14, 2019, and are in agreement with the proposal of the allocation of the net profit by the Board of Directors.



We restate that, with the approval of the statutory financial statements for the year ended December 31, 2018, the mandate of the Board of Directors and the Board of Statutory Auditors concludes. The Shareholders' Meeting is therefore called to re-appoint these Boards.

Bologna, March 28, 2019

The Board of Statutory Auditors

Pietro FLORIDDIA - Chairman

Ms. Anna Maria FELLEGERA

Mr. Matteo TIEZZI



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