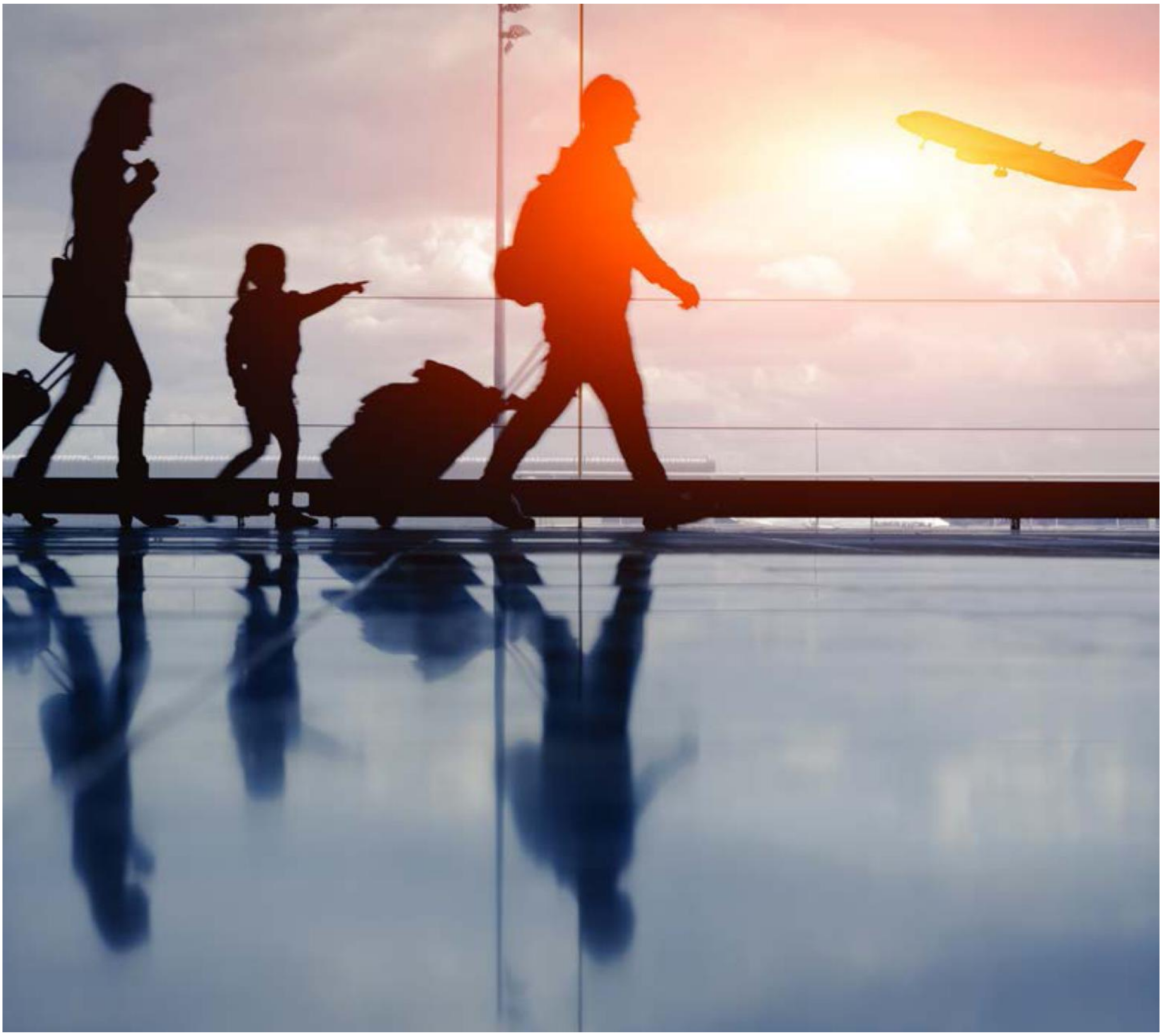
Annual Report 2017

Aeroporto Guglielmo Marconi di Bologna S.p.A.



Consolidated Financial Statements at 31 December 2017

Aeroporto Guglielmo Marconi di Bologna S.p.A. Group

and Aeroporto G. Marconi di Bologna Spa Financial Statements

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,

The year **2017** was the ninth consecutive year of growth in number of passengers at the Bologna airport, higher than the Italian average, and the fifth consecutive year of improving profits, thanks to an appreciation of the strategic positioning of our airport, the excellent response by the catchment area and the commercial development activity promoted during these years.

In 2017, 8,198,156 passengers transited through the airport, representing an increase of 6.7% over the previous year, compared with an increase of +6.4% in the Italian market, +8.2% in the European market and +7.6% in the global market.

Contributing to this growth was the introduction of new destinations - 106 destinations served, compared to 103 in 2016 - as well as growth in the routes already served, for both the legacy and low-cost components. In particular, legacy traffic recorded 8.6% growth, due to the introduction of new flights - including Tirana and Kiev - and to growth of existent flights - including a higher daily frequency to Paris by Air France, to Rome and Catania by Alitalia and to Lisbon by TAP. Low-cost traffic increased by 5.5%, due to increased operations by the major carriers active in the hub, namely Ryanair, Wizzair and Eurowings. In 2017, Ryanair and Wizzair were also the top two companies in terms of number of passengers, followed by Alitalia, Lufthansa, Air France and British Airways. There is a total of 45 airline companies operating in the Bologna hub.

Lastly, even the cargo segment confirms a solid increase, +17.7% compared to 2016, due to growth in volumes across all traffic components.

Quality of service was essentially stable in 2017, despite the increase in traffic volumes served: the general satisfaction index (CSI - Customer Satisfaction Index) stood at 97%, which is an excellent level, though slightly down on 2016.

Moving to the consolidated operating results, the increase in Group revenues (+9.6%) of Euro 99.1 million was driven by the increase and mix in traffic, which positively impacted revenues for both aeronautical services (+10.3%) and non-aeronautical services (+8.3%).

The increase in costs was limited at 4.3% and mainly regarded consumables and goods (+26.2% due to higher fuel costs), costs for construction services (+12.3%, in line with higher revenues as a result of higher investments) and personnel costs (+5.1%) due to the increase in the average workforce by 20 resources (13 full time equivalent) to cover needs of the areas most impacted by the rise in traffic and application of the last tranche of the National Collective Agreement.

With regard to the above, the Group’s interim operating margins highlighted significant growth: gross operating profit totalled Euro 34.2 million compared to Euro 28.2 million in 2016 (+21.3%); the operating result stood at Euro 22.6 million compared to Euro 17.3 million in 2016 (+31%), and the result before taxes was Euro 22 million compared to Euro 16.4 million in 2016 (+34.3%).

Income taxes show an increase of 17.2%, due to a number of factors, of which mainly growth in the result before taxes, which offset the decrease in the IRES rate from 27.5% to 24%.

Net of taxes, the year 2017 closes with a consolidated net profit of Euro 16.2 million, compared to Euro 11.4 million in 2016, up by 41.9%; the Group’s share is equal to Euro 16 million compared to Euro 11.3 million in 2016 (+41.2%).

Turning to the balance sheet and financial data, the Group’s net financial position as at 31 December 2017 is positive at Euro 10 million, compared to Euro 8.5 million in 2016. In 2017, investments were funded for

Euro 12.4 million (plus Euro 3.1 million for cyclical renovation and maintenance works on the airport infrastructure and facilities), a total of Euro 5.8 million in debt was repaid and dividends for Euro 10 million were distributed. At 31 December 2017, confirming the Airport's solid financial position, consolidated shareholders' equity amounted to Euro 172.3 million, compared to Euro 166.1 million at the end of 2016.

Looking at the future, the Group aims to progressively strengthen the airport of Bologna as an "ideal entryway" into other regions, thanks to the ample network of destinations served and the link with the high-speed railway system, which connects Bologna to the key cities of central and northern Italy in less than two hours.

Dear Shareholders, in thanking the regional stakeholders and all members of the company for contributing to the achievement of the excellent performance shown once again in the year 2017, with the complete satisfaction of myself and of the entire Board of Directors, the latter has resolved to propose the distribution of a higher dividend than that of the prior year.

To conclude, the Company's 2017 financial statements, which we submit for your approval, report net profit of Euro 14,908,504.08, which, on behalf of the Board of Directors, I propose to be distributed as follows:

- 5% to the legal reserve, on the basis of statutory provisions and Article 2430 of the Italian Civil Code, in the amount of Euro 745,425.20;
- Euro 14,161,260.68 to shareholders, corresponding to a dividend of Euro 0.392 for each of the 36,125,665 ordinary shares outstanding on the ex-dividend date;
- the remainder of Euro 1,818.19 to the extraordinary reserve.

The Chairman of the Board of Directors

(Enrico Postacchini)

Aeroporto Guglielmo Marconi di Bologna S.p.A.
Via Triumvirato, 84 - 40132 Bologna
REA Bologna 268716
Bologna Registry of Companies, Tax Code and VAT no. 03145140376
Share Capital Euro 90,314,162.00 fully paid up

Composition of the Share Capital of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A.

Based on the shareholder register and communications received pursuant to Article 120 of Legislative Decree 58/98, the shareholders of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A. with investments above 5% as at 31 December 2017 are:

DECLARANT	**% Owned**
CHAMBER OF COMMERCE OF BOLOGNA	37.53%
ATLANTIA S.p.A. (EDIZIONE S.R.L.)	29.38%
F2I FONDI ITALIANI PER LE INFRASTRUTTURE SGR S.p.A.	9.99%

For the purpose of presenting the composition of the share capital of the Parent Company, the following items are considered:

- the shares of the Declarant of the investment, i.e. the Entity at the top of the investment control chain
- the shares arising from communications made by shareholders or those relating to significant investments pursuant to Article 152 of the CONSOB Issuers' Regulation.

We also note that between the Chamber of Commerce, Industry and Agriculture of Bologna; the Municipality of Bologna; the Metropolitan City of Bologna; the Region of Emilia-Romagna; the Chamber of Commerce, Industry and Agriculture of Modena; the Chamber of Commerce, Industry and Agriculture of Ferrara; the Chamber of Commerce, Industry and Agriculture of Reggio Emilia; and the Chamber of Commerce, Industry and Agriculture of Parma (collectively the "Public Shareholders"), a shareholders' agreement (the "Shareholders' Agreement") was signed on 20 May 2015 to govern certain rights and obligations in relation to the ownership structure and corporate governance of Aeroporto Guglielmo Marconi di Bologna S.p.A.
The said Shareholders' Agreement, published on 28 July 2015, requires a Voting Group and Block Voting Group to which - as at the date of publication of the Shareholders' Agreement - the shares corresponding to the following percentages of share capital were conferred:

PUBLIC SHAREHOLDERS	**% Share Capital with Voting Group**
CHAMBER OF COMMERCE OF BOLOGNA	37.53%
MUNICIPALITY OF BOLOGNA	3.88%
METROPOLITAN CITY OF BOLOGNA	2.31%
REGION OF EMILIA-ROMAGNA	2.04%

CHAMBER OF COMMERCE OF MODENA	0.30%
CHAMBER OF COMMERCE OF FERRARA	0.22%
CHAMBER OF COMMERCE OF REGGIO EMILIA	0.15%
CHAMBER OF COMMERCE OF PARMA	0.11%

PUBLIC SHAREHOLDERS	% Share Capital with Block Voting Group
CHAMBER OF COMMERCE OF BOLOGNA	37.53%
MUNICIPALITY OF BOLOGNA	3.85%
METROPOLITAN CITY OF BOLOGNA	2.30%
REGION OF EMILIA-ROMAGNA	2.02%
CHAMBER OF COMMERCE OF MODENA	0.08%
CHAMBER OF COMMERCE OF FERRARA	0.06%
CHAMBER OF COMMERCE OF REGGIO EMILIA	0.04%
CHAMBER OF COMMERCE OF PARMA	0.03%

Board of Directors

The composition of the Board of Directors at the date of approval of the financial statements as at 31 December 2017, is as follows:

Name	Office
Enrico Postacchini	Chairman
Nazareno Ventola	CEO (*)
Sonia Bonfiglioli	Member (A) (B)
Livio Fenati	Member (**)
Giada Grandi	Member
Luca Mantecchini	Member (A)
Laura Pascotto	Member (A) (B) (***)
Giorgio Tabellini	Member
Domenico Livio Trombone	Member (B) (****)

During 2017, the following members also carried out the functions of director, until their resignation:

Arturo Albano	Member (B) (**)
Gabriele Del Torchio	Member (A) (****)

(A) Member of the Remuneration Committee (Chairman Luca Mantecchini)
(B) Member of the Control and Risk Committee (Chairman Sonia Bonfiglioli)
(*) Chief Executive Officer appointed by the Board of Directors on 9 May 2016. Amongst his responsibilities is the position of Chief Internal Control System and Risk Management Officer. Holds the position of General Manager.
(**) On 29 January 2018, to replace the member Arturo Albano, who submitted his resignation on 30 October 2017, the Board of Directors co-opted the member Livio Fenati, in office until the Shareholders' Meeting to approve the financial statements as at 31 December 2017.
(***) On 21 December 2017, the Board of Directors appointed Laura Pascotto as a member of the Remuneration Committee.
(****) On 30 October 2017, to replace the member Gabriele Del Torchio, who submitted his resignation on 4 September 2017, the Board of Directors co-opted the member Domenico Livio Trombone, in office until the Shareholders' Meeting to approve the financial statements as at 31 December 2017. The Board of Directors' meeting of 13 November 2017 appointed Domenico Livio Trombone as a member of the Control and Risk Committee.

With the exception of the two co-opted directors, the other members of the Board of Directors were appointed by the Shareholders' Meeting of 27 April 2016 and in office until the date of approval of the financial statements as at 31 December 2018.

Board of Statutory Auditors

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

Name	**Office**
Pietro Floriddia	Chairman
Anna Maria Fellegara	Auditor
Matteo Tiezzi	Auditor
Carla Gatti	Alternate auditor
Giovanna Conca	Alternate auditor

Auditing Firm

The Auditing Firm appointed by the Shareholders' Meeting of 20 May 2015 for financial years 2015 to 2023 is E&Y S.p.A.

Directors' Report of the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group for the financial year ended 31 December 2017

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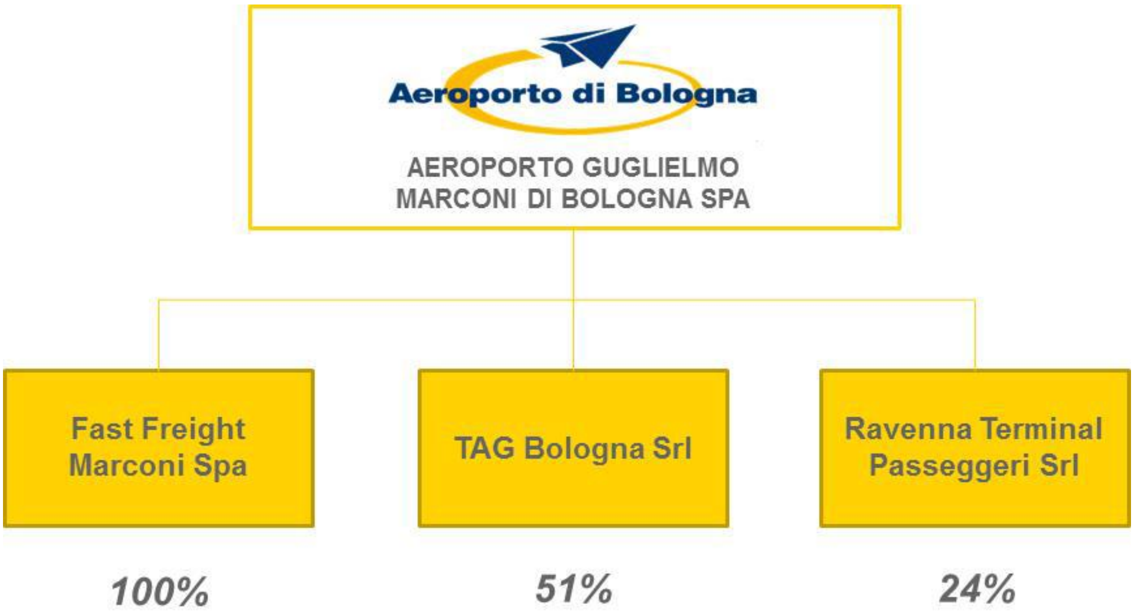
INTRODUCTION

Dear Shareholders,

This report, submitted with the financial statements of the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group (hereinafter also the "Airport Group" or the "Airport") for the year ended 31 December 2017, in presenting the Group's performance, indirectly provides an analysis of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A. (hereinafter also "AdB" or "Parent Company"), agent of the total management of Bologna Airport according to Total Concession Management no 98 of 12 July 2004 et seq., approved by the Decree of the Ministry of Transport and Infrastructure and Ministry of Economy and Finance no. 7 of 15 March 2006, registered at the Court of Auditors on 29 March 2006 (Reg. 1, Folio 217), for a forty-year duration starting on 28 December 2004.

The following diagram shows the structure of the Group as at 31 December 2017 and a brief description of the type of activities carried out by its subsidiaries and associates:



- Tag Bologna S.r.l. (hereinafter also "TAG") was founded in 2001 and commenced operations in 2008 following the completion and opening of the terminal and hangar for General Aviation. The company, besides managing this infrastructure at Bologna Airport, is engaged in the General Aviation sector as a handler;
- Fast Freight Marconi S.p.A. (hereinafter also "FFM") was set up in 2008 by Marconi Handling S.r.l. (now GH Bologna Spa, former subsidiary, hereinafter also "MH"), with share capital of Euro 10 thousand, later increased to Euro 520 thousand through the contribution, by the then sole shareholder MH, of the Bologna Airport cargo and mail handling business unit. The entire investment in FFM was acquired by the Parent Company in 2009;
- Ravenna Passenger Terminal S.r.l. (hereinafter also "RTP") was founded in 2009 together with several public and private partners in the cruise industry for carrying out activities related to the concession for managing the Porto Corsini (Ravenna) Maritime Station Service.

Unless otherwise indicated, the values in the tables of this Directors' Report are expressed in thousands of Euro and the values in the comments are expressed in millions of Euro. Unless otherwise indicated, data comes from Company reports.

Description of the Business

The activities performed by airport operators can be divided into aviation and non-aviation. The first category consists mainly of airport management, maintenance and development, including security controls and supervision, in addition to the provision of aeronautic services for passengers and airport operators and users, as well as marketing activities for the development of passenger and cargo traffic. The second consists mainly of potential commercial and real estate development activities for airports.

Consistent with the nature of the activities performed, the Group manages the Airport through the following Strategic Business Units (SBUs):

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

Aviation SBU

The main activities performed within the Aviation SBU relate to managing and developing airport infrastructure and specifically consist of:

- providing customers and operators with efficient access to all infrastructure, both landside (terminal, baggage handling, parking areas, access roads and cargo warehouses) and airside (runway and apron);
- providing security services and services to passengers with reduced mobility (PRM);
- providing information to the public and airport users;
- renovating or expanding airport infrastructure, including facilities and equipment, partly in order to ensure compliance with applicable legislation.

The airlines, airport operators and passengers pay for these activities through airport charges, which can be divided into:

- <u>passenger boarding fees</u>: these fees are due for the use of the infrastructure, facilities and communal areas necessary for boarding, disembarking and passenger reception and are calculated according to the number of departing passengers taking into account whether the destination is EU or non-EU and with reductions for children;
- <u>landing and departure fees</u>: these fees are due for all aircraft that take off and land, and are calculated based on the maximum authorised take-off weight of the aircraft and the aviation sector to which the flights belong (commercial or general aviation);
- <u>aircraft stopover and recovery fees</u>, calculated according to the maximum tonnage at take-off;
- <u>fees for boarding and disembarking cargo</u>, calculated according to the weight of the cargo transported by the aircraft;
- <u>refuelling fees</u>, due as a fixed amount per cubic metre of fuel supplied to refuel the aircraft.

The main additional sources of revenue of the Aviation SBU are:

- <u>fees for checks on departing passengers</u>: these fees are due for the inspection service, including inspection personnel and equipment assigned by the provider;

- fees for security checks of checked luggage: such fees are due for the remuneration of the equipment and personnel that perform these controls;
- fees for PRM: which include fees paid for services provided to passengers with reduced mobility and are determined according to the number of departing passengers (PRM and non-PRM);
- fees due for the use of exclusive-use assets: which include fees due for the use of airport infrastructure dedicated to individual carriers or operators (check-in desks, offices, operating premises), calculated according to the time of use or square metres and/or location and type of assets granted;
- fees due for the use of certain centralised infrastructures: these fees relate exclusively to the aircraft thawing services - de-icing - calculated based on the movements of aircraft in the movements of aircraft in the winter season;
- fees related to cargo handling and general aviation handling and related activities such as customs clearance and fuelling.

Non-Aviation SBU

The main activities performed in the Non-Aviation SBU concern the management of parking areas, retail sub-concessions, advertising, passenger services and real estate management.

Parking

The direct management of paid parking at Bologna Airport consists of approximately 5,400 available parking spaces, concentrated in three parking areas: the first area next to the terminal, the second area adjacent to the airport and the third located about 1.5 km from the terminal. The second parking area, which is connected by way of a pedestrian walkway which takes 9 minutes to reach the terminal, became operational in 2017 and resulted in an increase of around 250 additional parking spaces in the parking offered. The growing popularity of the Airport in recent years has persuaded private companies to enter the market near the Airport, creating competitor car parks connected to the terminal via shuttles.

Retail

Retail activities at Bologna Airport are characterised by the presence of brands that are internationally recognised and associated with the local area, as well as several major retail chains and local, national and international restaurants. The mall comprises approximately 4,500 square metres and 42 stores. The recent upgrading of the airport enhanced duty-free areas that represent one of the main sources of profitability of the SBU.

Advertising

Advertising consists of digital systems and large backlit signs, both inside and outside the Airport, located in areas where they are likely to be seen by as many people as possible. Sometimes, campaigns involve specific areas or items of furniture at the Airport being customised.

Passenger services

Passenger services include a business lounge, managed directly by the Parent Company. The Marconi Business Lounge (MBL) is a reserved and comfortable room, used mostly by business passengers of the major legacy airlines. In addition, through the “You First” service, passengers can benefit from exclusive services both when departing and arriving, such as assistance for check-in and baggage delivery, porter service as well as assistance and priority boarding at the gate.
Passengers are also offered a car rental service. At Bologna Airport, there are 10 companies offering a total of 16 makes, ensuring that 478 vehicles are available in total.

Real Estate

Real estate is characterised by two macro-areas: the first relates to revenue from the sub-licensing of spaces for commercial activities closely linked to aeronautical operations, first and foremost those of couriers, and the second relates to the sub-licensing revenues of areas and premises for handling, the rates of which are regulated.

Overall, there are more than 90,000 square metres available for sub-licensing, of which over 70,000 square metres are for offices, warehouses, technical services and hangars, and approximately 20,000 square metres are uncovered areas dedicated to storing operational vehicles and handling in the loading/unloading areas, and areas for the vehicles used for aircraft refuelling.

1 STRATEGIES AND RESULTS

1.1 INDUSTRY TRENDS AND AIR TRANSPORT: SUMMARY HIGHLIGHTS AND POSITIONING OF THE G. MARCONI AIRPORT

Economic growth remained sound in the main advanced and emerging economies in 2017, though with a lack of recovery in inflation, which remained weak. Economic activity in the main advanced economies continued to grow in the third quarter of 2017 and remained favourable in the last few months of the year. In the third quarter of 2017 world trade grew by 3.5%, with a stronger trend in imports in the Eurozone and emerging countries of Asia other than China. According to the forecasts announced by the OECD in November, the GDP for the global economy should grow by 3.6% in 2017 and 3.7% in 2018. The economies of advanced countries are said to have provided a larger contribution to the acceleration of the global GDP in the last two years. The risks for the world economy continue to stem from a possible increase in volatility on the financial markets, connected to a sudden intensification of geopolitical tensions, especially with North Korea, and the uncertainty about economic policies, which could negatively impact the confidence of households and businesses. Notwithstanding the agreement reached in the first phase of the negotiations on the United Kingdom’s exit from the European Union, uncertainty about the configuration of future relations between the two economies remains high.

Oil prices have been rising since September 2017, driven by the recovery in global demand and the strength of the agreement between crude oil producing countries to cut back supply. At the end of November, OPEC and Russia announced a further extension of the agreement to 2018.

In the Eurozone, growth continued at a fast pace, driven primarily by foreign demand. In the third quarter of 2017, the Eurozone GDP rose by 0.7% on the previous period, driven mainly by foreign demand and, to a lesser extent, by consumer spending. Economic activity appears to have continued to expand rapidly in the fourth quarter. According to the most recent forecasts, the GDP for the Eurozone should grow by 2.4% in 2017 and 2.3% in 2018.

In Italy economic activity grew in the third quarter of 2017 due to both domestic and foreign demand. Specifically, it is estimated that the GDP increased by 0.4% in the fourth quarter of 2017, buoyed by the increase in value added in industry and services. According to estimates of the Banca d’Italia, in the fourth quarter of 2017, GDP growth was similar to the previous quarter, while the total GDP for 2017 increased by 1.4-1.5% (Source: Economic Bulletin, Banca d’Italia, January 2018).

In this framework, world passenger traffic grew by 7.6% in 2017, confirming a positive trend for air transport. Cargo traffic too confirms a positive trend at world level with a volume growth of 9.0% compared to 2016.

In Europe, passenger traffic grew by 8.2% in 2017 (Source: IATA, Air Passenger Market Analysis, December 2017) demonstrating good performance as a result of the recovery in the Eurozone economy. There was also a sharp increase in European cargo traffic (+11.8%) due to growth in exports.

The Italian market in 2017 recorded passenger traffic growth of 6.4% (Source: Assaeroporti, December 2017), and Bologna Airport reported growth of 6.7%.

1.2 STRATEGIC OBJECTIVES

In 2017 the Group worked on executing the Strategic Plan which formed the basis of the stock exchange listing plan and was approved by the Parent Company's Shareholders' Meeting of 13 April 2015. The Plan calls for measures which, in view of the major market transformation under way and the specific characteristics of individual business areas, have the following objectives:

Incremental development of the network of destinations and traffic volumes
Maintaining the current offer of flights and type of airlines operating at the Airport, with a roughly even split between the low-cost and legacy airline segments.
In this perspective, the Company aims to maintain varied and functional flight offerings to different user segments through an increase in the number of carriers operating at the Airport, while continuing to maintain a profit margin even in the incremental traffic that might be generated. As part of the development of traffic, the Parent Company will work to increase routes through, inter alia, the introduction of new routes to the East, an increase in the frequency of flights to destinations already served, and an increase in the tonnage of aircraft operating at the Airport, following the possible introduction of long-haul destinations and the achievement of load factor levels that could require the use of larger aircraft by the carriers.

Infrastructure development
Functional to the development of the Group's business is the realisation of the planned investments in the Master Plan and the Programme Contract being finalised, with a strategy that provides efficient use of the existing infrastructure capacity and a modular implementation of new investments in order to align the infrastructure capacity with the development of the expected traffic. Furthermore, the Company intends to create new retail spaces to enhance the marketing offer available to the passenger.

Non-Aviation Business Development
Strengthening the Non-Aviation business by enhancing commercial offerings and developing marketing activities designed to meet the multiple needs expressed by passengers.

Focus on efficiency, quality and innovation
As part of its development strategies, the Group continues to focus on optimising its key operating processes to create an appropriate structure for addressing the increasingly challenging competitive dynamics of the business.
The Group is also careful to ensure continuous improvement of services provided to airport users in the business areas in which the Group operates, directly and indirectly, while ensuring an even higher standard of safety, quality and environmental friendliness.
With the aim of improving service quality and customer loyalty, the Group feels it is important to implement technological systems that encourage interaction with passengers and provide the best travel experience inside the Airport.

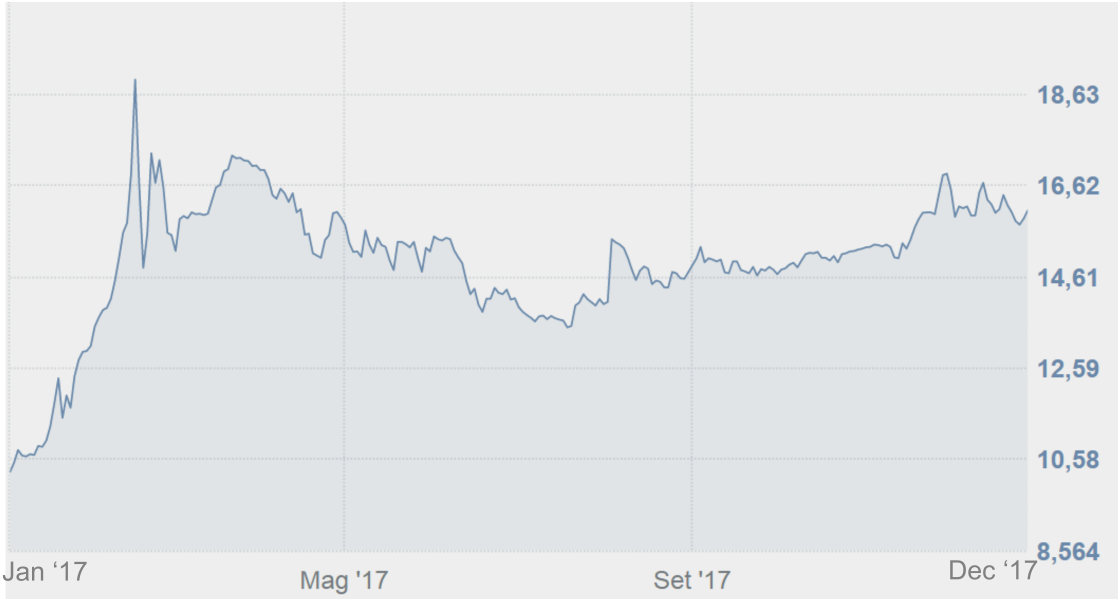
1.3 STOCK PERFORMANCE

On 14 July 2015, the AdB stock began trading on the MTA Star segment of the Milan Stock Exchange.
The report below indicates:

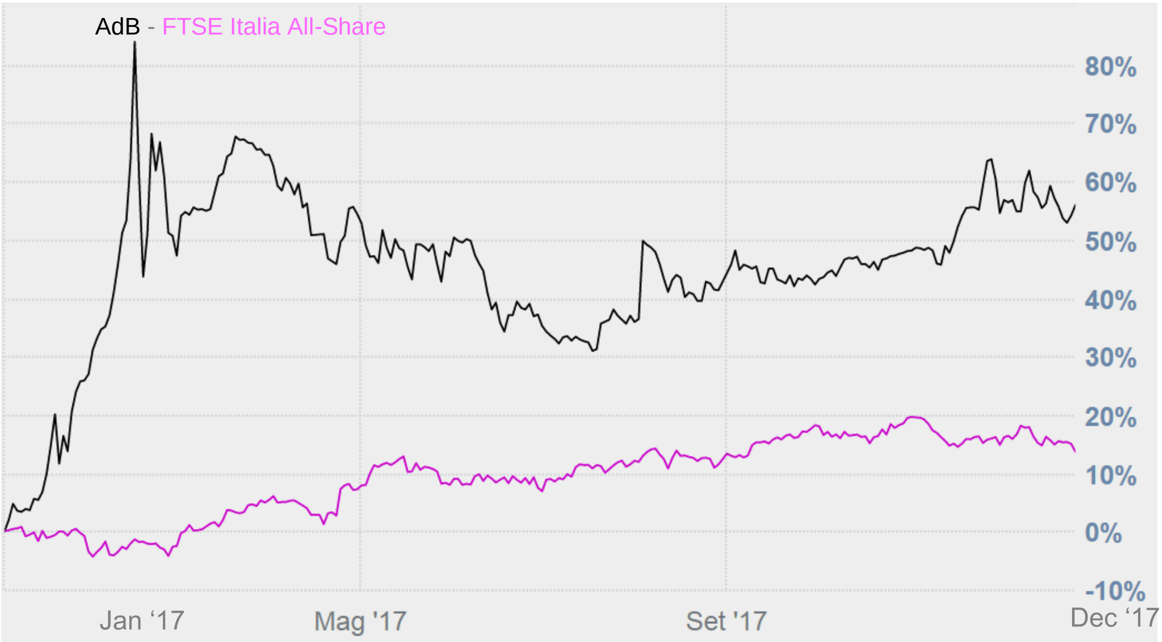
- the stock's performance from 1 January to 31 December 2017
- the comparison between the share price and changes in the FTSE Italia All-Share index in 2016.

As at 31 December 2017 there was an official listing of Euro 16.0 per share, which makes the market capitalisation of the AdB Group on that date approximately Euro 578 million.

Performance of AdB shares (01/01/2017 - 31/12/2017)



Performance of AdB shares and FTSE Italia All-Share index (01/01/2017-31/12/2017)



In 2017 the performance of the financial markets gradually improved, in line with the recovery in the economy.

In the first quarter of 2017, the performance of the markets was driven by expectation of company profits and, partially, by the reduction in the risk premium requested from investors; while performance was slowed by the rises in long-term interest rates. In the second quarter, the conditions of the Italian financial market

improved, in line with those of other countries in the Eurozone. This was due to the decrease in uncertainty in the area following the French presidential elections, the publication of macroeconomic data more favourable than expected and the attenuation of concerns regarding the Italian banking sector. In the second half of 2017, the Italian financial markets benefited from favourable expectations on the growth in economic activity, the positive trends in corporate profits and the further attenuation of tensions in the banking sector.
In this context, the AdB share demonstrated significant resilience, continuing to outperform the market, driven by growing volumes, positive economic-financial performance and, above all, the outlook for future development of the company and the airport business.

2. ANALYSIS OF THE MAIN OPERATING RESULTS

2.1 AVIATION STRATEGIC BUSINESS UNIT

2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA

Aeroporto Marconi of Bologna closed the year with a new traffic record, for the ninth consecutive year: in 2017, 8,198,156 passengers transited through the airport, including transits and General Aviation, up 6.7% on 2016. At the same time, there was an increase in movements (71,878; +3.1%) and tonnage (4,556,712; +2.6%). Contributing to this highly positive performance were the introduction of new destinations and expansion of existing routes. There was also sharp growth in average load factor, which rose from 78.5% in 2016 to 80.9% in 2017 due to an increase in passengers that was higher than the increase in seats offered.

	2017	**2016**	**% Change**
Passengers	8,198,156	7,680,992	6.7%
Movements	71,878	69,697	3.1%
Tonnage	4,556,712	4,442,542	2.6%
Freight	56,132,109	47,708,529	17.7%

Data including General Aviation and transits

The growth in passenger traffic was due to the increase in both major components, i.e. legacy and low-cost traffic.
Legacy traffic rose by 8.6% in passenger volume in 2017, due to the introduction of new flights and increased flights to certain hubs by major international airlines. Specifically, several increases in flights on existing routes were introduced, including the fourth daily Air France flight from Winter 2017-2018, the fourth daily Alitalia flight to Rome and the second daily Alitalia flight to Catania in the summer season, the second weekly TAP flight to Lisbon in the summer season, the second weekly Jetairly flight to Marrakesh, and confirmation of the fifth weekly Air Dolomiti flight to Munich. There was also a new flight to Tirana with three weekly flights starting as of June 2017 operated by Ernst Airlines, and a new seasonal connection to Kiev with 2 weekly flights, also starting in June 2017 operated by Dart Airlines.
Ongoing investments by major low-cost carriers continued at the airport due to the expansion of operations by Ryanair (introduction of new flights to Naples, Prague, Cologne and Bratislava from Winter 2017-2018, and to Lisbon and Eindhoven from Summer 2017) and Wizzair (new flight to Suceava with two weekly flights, and more flights to Chisinau, Craiova and Timisoara, from Summer 2017). In addition, Eurowings launched a new twice weekly flight to Hamburg in Summer 2017. In 2017, this component rose by 5.5%.

Lastly, there was slight growth in charter segment traffic due to the cautious resumption of flights to Egypt. In any event, the contribution of this segment to the total traffic of the airport remains marginal.

Passenger Traffic Composition	**2017**	**% of total**	**2016**	**% of total**	**% Change**
Legacy	3,442,366	42.0%	3,169,730	41.3%	*8.6%*
Low cost	4,668,359	56.9%	4,426,931	57.6%	*5.5%*
Charter	70,929	0.9%	65,348	0.9%	*8.5%*
Transits	8,218	0.1%	11,538	0.2%	*-28.8%*
Commercial Aviation Total	**8,189,872**	99.9%	**7,673,547**	99.9%	*6.7%*
General Aviation	8,284	0.1%	7,445	0.1%	*11.3%*
Overall Total	**8,198,156**	100.0%	**7,680,992**	100.0%	***6.7%***

The international status of Bologna Airport continues to rise and, in 2017, passengers on international flights represented 76.3% of total (75.0% in 2016).

Passenger traffic composition	**2017**	**2016**	**% Change**
EU	7,104,021	6,688,802	6.2%
Extra EU	1,085,851	984,745	10.3%
Commercial Aviation Total	8,189,872	7,673,547	6.7%
General Aviation	8,284	7,445	11.3%
Overall Total	8,198,156	7,680,992	6.7%

23.7% of passenger traffic from the Airport is domestic, while Spain, with 14.4%, remains the second largest by number of passengers carried. Germany follows with 10.0% of the passengers, and the UK with 8.4%.

Passenger traffic by country	**2017**	**% of total**	***2016***	**% of total**	***% Change***
Italy	1,939,900	23.7%	1,917,501	25.0%	1.2%
Spain	1,183,542	14.4%	1,141,840	14.9%	3.7%
Germany	820,552	10.0%	777,829	10.1%	5.5%
United Kingdom	686,517	8.4%	640,911	8.3%	7.1%
Romania	468,191	5.7%	404,327	5.3%	15.8%
France	455,428	5.6%	485,568	6.3%	-6.2%
Netherlands	293,034	3.6%	234,902	3.1%	24.7%
Turkey	267,537	3.3%	247,435	3.2%	8.1%
Greece	209,926	2.6%	175,832	2.3%	19.4%
Morocco	197,836	2.4%	181,931	2.4%	8.7%
Other countries	1,675,693	20.4%	1,472,916	19.2%	13.8%
Overall Total	**8,198,156**	**100.0%**	**7,680,992**	**100.0%**	**6.7%**

One indicator of traffic strength is the network of destinations served that can be reached from the Airport. In 2017, 106 destinations could be reached directly from Bologna.

Destinations reachable from Bologna Airport	*2017*	*2016*	*Change*
Destinations (airports) linked directly	106	103	3

As regards the single routes flown, Catania continued to rank first in terms of number of passengers. In particular, in 2017 there was a sharp increase in traffic to Catania, Frankfurt, Barcelona, London LHR and Bucharest. Conversely, traffic decreased to Rome FCO due to the contingent situation of Alitalia. The main destinations served confirm the strength of the traffic mix, as they are both hubs of traditional airlines and point-to-point destinations of low-cost carriers.

*Main routes for passenger traffic **	2017	2016	*% Change*
Catania	361,724	326,124	10.9%
Frankfurt	308,324	276,818	11.4%
Barcelona	293,617	275,248	6.7%
Paris CDG	287,581	275,717	4.3%
Madrid	286,895	282,899	1.4%
London Heathrow	271,425	248,513	9.2%
Palermo	270,643	273,315	-1.0%
Rome FCO	235,872	253,884	-7.1%
London Stansted	224,195	215,054	4.3%
Bucharest OTP	220,120	205,388	7.2%

**passenger traffic including transits*

The network composed of the main airline companies operating at the Airport has been substantially consolidated in the last few years.

Network development	*2017*	*2016*	*Change*
Airline companies	45	49	-4

Looking in detail at carrier performance, Ryanair is the largest airline at the Airport, with 45.3% of traffic and passenger growth of 5.3%. Wizz Air comes in second, moving over 100,000 more passengers than in 2016 (+26.7%). Positive performance was also seen for the main legacy carriers at the Airport, specifically: Lufthansa (+11.4%) and Air Dolomiti (+15.2%), which thus confirmed the large, diversified range of carriers operating at the Airport.

Passenger traffic by carrier	2017	% of total	2016	% of total	*% Change*
Ryanair	3,716,869	45.3%	3,529,764	46.0%	5.3%
Wizz Air	479,081	5.8%	378,236	4.9%	26.7%
Alitalia	342,608	4.2%	347,971	4.5%	-1.5%
Lufthansa	308,499	3.8%	276,979	3.6%	11.4%
Air France	287,324	3.5%	265,057	3.5%	8.4%
British Airways	271,910	3.3%	249,001	3.2%	9.2%

Passenger traffic by carrier	2017	% of total	2016	% of total	% Change
Air Dolomiti	209,964	2.6%	182,337	2.4%	15.2%
KLM	199,690	2.4%	194,390	2.5%	2.7%
Turkish Airlines	178,581	2.2%	169,223	2.2%	5.5%
Emirates	170,291	2.1%	175,874	2.3%	-3.2%
Other	2,033,339	24.8%	1,912,160	24.9%	6.3%
Overall Total	**8,198,156**	**100.0%**	**7,680,992**	**100.0%**	6.7%

For the 2017-2018 IATA Winter season, the main changes in operations are reported below:

Legacy

Increases in flights:

- Paris operated by Air France, introducing the fourth daily flight starting from Winter 2017-2018.

Cancellations:

- Dusseldorf operated by Air Berlin was cancelled on 27 October 2017. After entering Special Administration in August, the carrier interrupted operations starting from Winter 2017-2018.

Low cost

New connections operated by Ryanair:

- Naples with 7 weekly flights;
- Prague with 3 weekly flights;
- Cologne with 2 weekly flights;
- Bratislava with 2 weekly flights;

Increases in flights:

- Eindhoven operated by Ryanair, introducing the fourth weekly flight starting from Winter 2017-2018.

Cancellations:

- Bucharest operated by Blue Air was cancelled on 25 October 2017.

Cargo Traffic

(in kg)	2017	2016	% Change
Cargo via air of which	41,985,870	37,470,549	12.1%
Freight	41,861,100	37,433,815	11.8%
Mail	124,770	36,734	239.7%
Cargo via surface	14,146,239	10,237,980	38.2%
Total	**56,132,109**	**47,708,529**	**17.7%**

In 2017, cargo traffic overall was 56,132,109 kg, accounting for an increase of 17.7% on 2016. This increase was due to growth in all traffic components. In fact, there was a strong recovery in the surface component (+38.2%) as well as continued growth in cargo traffic by air (+12.1%) due to a fortuitous combination of factors involving the increase of volume of carriers with a strong presence at the airport, and additional new carriers.

2.1.2 AVIATION STRATEGIC BUSINESS UNIT: SUMMARY OF ECONOMIC RESULTS

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change in absolute value	% Change
Revenues from Passengers	50,887	48,110	2,777	5.8%
Revenues from Carriers	22,511	21,181	1,330	6.3%
Revenues from Airport Operators	3,317	2,876	441	15.3%
Traffic incentives	(23,575)	(24,262)	687	-2.8%
Revenues from construction services	5,229	5,144	85	1.7%
Other revenues	1,442	1,356	86	6.3%
Fee reduction due to doubtful receivables	(259)	0	(259)	n.s.
Total AVIATION SBU Revenues	**59,552**	**54,405**	**5,147**	**9.5%**

Group revenues attributable to the Aviation Strategic Business Unit include the fees paid by users (passengers and carriers) and by airport operators for the use of infrastructure and services provided exclusively by the Group for landing, take-off, lighting and aircraft parking, and the processing of passengers and cargo, as well as for the use of centralised infrastructure and assets for exclusive use.
Given the public utility nature of airport services, airport charges are subject to regulation, based on EU rules. The legislation and the enforcement measures – including the models approved by the Transport Regulation Authority (ART) – require that changes to the system or the level of airport charges are made in agreement between the airport operator and the airport users.
The new tariff system 2016-2019 has been in force since January 2016.

Group revenues attributable to the Aviation Strategic Business Unit rose by 9.5% compared to 2016.

Individual items performed as follows:

- **Revenues from Passengers**: the increase in this category of revenues (5.8%) is lower than the growth in departing passengers (6.6% net of transits) compared to the same period of 2016 due to the tariff update implemented on 1 January 2017, which resulted in a slight decrease in tariffs linked to this category of revenues;
- **Revenues from Carriers**: the increase of 6.3% on 2016 is due to the increased aircraft tonnage (2.6%), the growth in tariffs and the rise in cargo traffic;
- **Revenues from Airport Operators**: the growth of 15.3% is due to higher revenues of the Temporary Storage Warehouse of the subsidiary FFM S.p.A. and the fuelling service of General Aviation of the subsidiary TAG s.r.l., which also increased due to growth in movements in 2017;
- **Traffic incentives**: despite the increase in traffic, the 2.8% decrease compared with 2016 was due to the renegotiation of several agreements;
- **Revenues from construction services**: the 1.7% growth was due to higher investments in concession assets than in 2016;
- **Other revenues**: the growth of 6.3% was due to higher ancillary services provided by the subsidiary FFM;
- **Reduction in aeronautical revenues in the provisions for doubtful receivables**: this item relates to the impairment of the receivable due from the carrier Alitalia.

2.2 NON-AVIATION STRATEGIC BUSINESS UNIT

2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: SUMMARY OF ECONOMIC RESULTS

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change in absolute value	% Change
Retail and Advertising	13,218	11,902	1,316	11.1%
Parking	15,095	14,218	877	6.2%
Real Estate	2,305	2,379	(74)	-3.1%
Passenger services	5,086	4,542	544	12.0%
Other revenues	2,437	2,141	296	13.8%
Revenues from construction services	1,506	855	651	76.1%
Reduction in non-aeronautical revenues due to doubtful receivables	(53)	0	(53)	n.s.
Total NON-AVIATION SBU Revenues	**39,594**	**36,037**	**3,557**	**9.9%**

Total Non-Aviation SBU revenues increased by 9.9% on 2016. The performance of the main revenue items of this business unit is shown below.

Retail and Advertising

For Retail, 2017 was an extremely positive year, with growth almost double that of traffic. Within this growth, there was a significant increase in Food & Beverage revenues and, in particular, in high quality Food & Beverage. In general, the factors contributing to this development can be seen in the operations to increase the quality and improve royalties. In addition to that segment, the sectors with the best performance were Duty Free and currency exchange.
The advertising market continues to be weak, which is reflected in the business performance also for the Bologna Airport, where revenues remained steady on the 2016 figures. Near the end of 2017, installation

works began for an important advertising banner at one of the main airport parking areas. In 2017, the trend seen in 2016 on the important of digital tools in the advertising offer for growth in revenues was confirmed.

Parking

In 2017, parking and road access revenues were up by 6.2% compared with 2016. This growth is connected to the increase in passengers, the infrastructure works that increased, though slightly, the amount of parking at the Airport and the ever-increasing use of on-line services.

Real Estate

The 3.1% decrease in revenues in this area compared with 2016 was mainly due to the early termination of an agreement concerning surface rights to perform ancillary airport operations; it was replaced by lease agreements on the building acquired only in the second half of May.

Passenger services

Passenger services rose by 12%. They mainly consisted of premium services (lounge and ancillary services) and car rentals, the performance of which is indicated below.

Premium services

The increase in revenues in this sector derives from the positive performance of all business components of this area, thus, both from entrances to directly managed lounges and those managed through specialised channels for airport lounges.

Rent a car sub-licensing

The car rental segment benefited from the overall increase in the automotive market in Italy, which generated significant increases in the last two years, both in terms of the number of vehicles registered and in terms of business volumes of car rental companies.
For Bologna Airport, 2017 showed positive values on 2016 due to the additional availability of parking spaces for car rental companies and the increase in arriving passengers (+6.94% on 2016), which show greater demand for this service.

Other revenues

Other revenues increased by 13.8% as a result of the rise in the fees for baggage carts and for the sale of energy efficiency certificates.

Revenues from construction services

The increase was the result of higher infrastructure investments in concession assets compared with the previous year.

Reduction in non-aeronautical revenues due to doubtful receivables

Just as for aviation revenues, this new item is attributable to the impairment of receivables due from the carrier Alitalia.

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

3.1 ANALYSIS OF THE CONSOLIDATED FINANCIAL RESULTS

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change in absolute value	% Change
Revenues from aeronautical services	53,212	48,224	4,988	10.3%
Revenues from non-aeronautical services	38,222	35,296	2,926	8.3%
Revenues from construction services	6,735	5,999	736	12.3%
Other operating revenues and income	977	923	54	5.9%
REVENUES	**99,146**	**90,442**	**8,704**	**9.6%**
Consumables and goods	(1,852)	(1,467)	(385)	26.2%
Services costs	(18,694)	(19,153)	459	-2.4%
Costs for construction services	(6,414)	(5,713)	(701)	12.3%
Leases, rentals and other costs	(7,668)	(7,240)	(428)	5.9%
Other operating expenses	(3,465)	(3,120)	(345)	11.1%
Personnel costs	(26,832)	(25,537)	(1,295)	5.1%
COSTS	**(64,925)**	**(62,230)**	**(2,695)**	**4.3%**
GROSS OPERATING PROFIT (EBITDA)	**34,221**	**28,212**	**6,009**	**21.3%**
Amortisation of concession rights	(5,749)	(5,347)	(402)	7.5%
Amortisation of other intangible assets	(989)	(758)	(231)	30.5%
Depreciation of tangible assets	(2,085)	(1,836)	(249)	13.6%
DEPRECIATION, AMORTISATION AND IMPAIRMENT	**(8,823)**	**(7,941)**	**(882)**	**11.1%**
Provisions for doubtful accounts	12	(63)	75	n.s.
Provisions for renewal of airport infrastructure	(2,544)	(2,925)	381	-13.0%
Provisions for other risks and charges	(240)	(11)	(229)	2081.8%
PROVISIONS FOR RISKS AND CHARGES	**(2,772)**	**(2,999)**	**227**	**-7.6%**
TOTAL COSTS	**(76,520)**	**(73,170)**	**(3,350)**	**4.6%**
OPERATING RESULT	**22,626**	**17,272**	**5,354**	**31.0%**
Financial income	274	362	(88)	-24.3%
Financial expenses	(852)	(1,223)	371	-30.3%
RESULT BEFORE TAXES	**22,048**	**16,411**	**5,637**	**34.3%**
TAXES FOR THE PERIOD	**(5,865)**	**(5,006)**	**(859)**	**17.2%**
PROFIT (LOSS) FOR THE PERIOD	**16,183**	**11,405**	**4,778**	**41.9%**
Minority interests in profits (loss)	**214**	**94**	**120**	**127.7%**
Group profits (losses)	**15,969**	**11,311**	**4,658**	**41.2%**

In 2017, profit rose by 41.9% over 2016 to Euro 16.2 million.

This result was driven by an increase in traffic and the positive impact this had with a multiplier effect on all key result-related items.
In particular, together with the actions taken to increase margins, the traffic growth and mix had a positive impact on aviation revenues and generated incremental revenues in the non-aviation component. Due to ongoing cost-cutting actions, the increase in costs was smaller than the increase in volumes and revenues

The **gross operating profit** exceeded Euro 34 million (+21.3%), while the **operating result** came to Euro 22 million (+31% compared to 2016).

The 9.6% growth in **revenues** and lower growth in costs (4.3%) contributed to this positive result from the standpoint of core operations.

Specifically:

- Aeronautical revenues increased by 10.3% due to higher volume and the renegotiation of several incentive agreements;
- Non-aeronautical revenues increased by 8.3% mainly due to the increase of passengers as more fully explained in the corresponding section.

In the category of other revenues and income, there was growth in revenues from energy efficiency (from Euro 0.08 million to Euro 0.35 million) as a result of obtaining White Certificates on energy savings on the trigeneration plant (for further details, please see Note 1 of the financial statements).

Costs in 2017 rose by 4.3%, with different trends in the various categories.

Analysed in detail, the following trends are recorded:

- ✓ **Consumables and goods** rose by 26.2% due mainly to higher purchase costs of aviation fuel;
- ✓ **Services costs** fell by 2.4%, primarily due to lower maintenance costs and the reversal of the one-off energy costs recognised in 2016.

  Specifically, costs decreased due to:
  - o fewer maintenance works than in 2016, a year in which work related to the reconfiguration of space for passengers as well as more maintenance works on the runway were carried out;
  - o the reversal of the one-off energy costs relating to the cogeneration plant, posted in the 2016 financial statements pursuant to the regulations in force and reversed in the year in question as a result of Decree Law 19/2017 and Resolution 276/2017/R/ee of the Authority for Electricity and Gas and Water System which provided confirmation regarding the implementation of the new procedures for the administration of utility systems.

  Among third party services, the cost for PRM services increased, due to a higher number of departing passengers;
- ✓ Costs for construction services rose by 12.3%. As in the case of the related revenues, they rose due to higher investments in concession rights;
- ✓ **Leases, rentals and other costs** grew by 5.9%, mainly due to the increase in traffic, a parameter for calculating airport concession fees and security services, and due to the increase in data processing charges for new technology investments;
- ✓ **other operating expenses** rose by 11.1% over 2016 mainly due to ancillary costs for exercising the purchase option for a property as indicated in the section dedicated to investments.

For comments on the personnel costs trends, please see the specific section of this report.

Due to the above, **gross operating profit (EBITDA)** in 2017 increased by Euro 6 million (21.3%).

Amortisation and **depreciation** rose by 11.1%, in keeping with the amortisation and depreciation plan and new Group investments, while the decrease in provisions (-7.6%) was primarily due to lower allocations to the provisions for renewal of airport infrastructure due to the temporary postponement of several works following the update of the 10-year plan.

The **operating result (EBIT)** was Euro 22.6 million compared to Euro 17.3 million in 2016, an increase of 31%.

Financial management improved from Euro - 0.86 million to Euro -0.58 million due to lower financial expenses as a result of the renegotiation of an interest rate on a loan, the decrease in total borrowings and, lastly, the reduction in financial expenses from discounting provisions.

As a result of the above, the **result before taxes** also showed significant growth (+34.3%) amounting to Euro 22 million compared to Euro 16.4 million in 2016.

Income Taxes increased primarily as a result of the growth in the result before taxes (Euro +5.6 million), as well as the changes to the calculation of the ACE (Aid for economic growth – Decree-Law no. 201/2011), specifically the reduction in the rate of return, offset by the decrease in the in IRES tax rate from 27.5% to 24%.

Due to the above, the **net profit** as at 31 December 2017 was Euro 16.2 million, an increase of Euro 4.8 million (41.9%) over the result of the prior year; the **Group's share** is equal to **Euro 16 million** compared to Euro 11.3 million in 2016 (+41.2%).

The trend in **adjusted gross operating profit** of the margin of construction services and non-recurring components is indicated in the table below:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change in absolute value	% Change
Revenues from aeronautical services	53,212	48,224	4,988	10.3%
Revenues from non-aeronautical services	38,222	35,296	2,926	8.3%
Other operating revenues and income	977	923	54	5.9%
ADJUSTED REVENUES	**92,411**	**84,443**	**7,968**	**9.4%**
Consumables and goods	(1,852)	(1,467)	(385)	26.2%
Services costs	(19,413)	(18,434)	(979)	5.3%
Leases, rentals and other costs	(7,668)	(7,240)	(428)	5.9%
Other operating expenses	(3,465)	(3,120)	(345)	11.1%
Personnel costs	(26,832)	(25,537)	(1,295)	5.1%
ADJUSTED COSTS	**(59,230)**	**(55,798)**	**(3,432)**	**6.2%**
ADJUSTED GROSS OPERATING PROFIT (ADJUSTED EBITDA)	**33,181**	**28,645**	**4,536**	**15.8%**
Revenues from construction services	6,735	5,999	736	12.3%
Costs for construction services	(6,414)	(5,713)	(701)	12.3%
Margin for construction services	**321**	**286**	**35**	**12.2%**
Utilities - One-off energy costs	719	(719)	(1,438)	n.s.
GROSS OPERATING PROFIT (EBITDA)	**34,221**	**28,212**	**6,009**	**21.3%**

As shown in the table, excluding construction services revenues and costs and the reversal of one-off energy costs, and despite revenue growth of 9.4%, the cost increase was limited to 6.2% resulting in **adjusted gross operating profit** of Euro 33 million, which was 15.8% higher than in 2016.

The item "Utilities - One-off Energy Costs" was for the reversal of the payable for system expenses related to AdB cogeneration plants recorded as at 31 December 2016 in accordance with regulations in effect at that time. With regard to these energy costs, during the year under review, the Group used specialised consulting services to obtain clarifications regarding the provisions of Decree Law 19/2017 and Resolution 276/2017/R/ee of the Authority for Electricity and Gas and Water System which provided certainty regarding the implementation of the new procedures for the administration of utility systems and the new procedures for allocating system expenses just for taking electricity from grids with mandatory third-party connections (for the systems allowed). Based on the above, the Group determined that such system expenses were no longer due and in keeping with what was carried out in 2016, this income was considered to be a "one-off" amount and, thus, the determination of KPIs as at 31 December 2017 was adjusted for this positive impact (see paragraph 3.4 Indices).

3.2 ANALYSIS OF CASH FLOWS

Below are the details of the Group's net financial position for 2017 compared with 2016.

	in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
A	Cash	27	25	2
B	Other cash equivalents	16,182	20,085	(3,903)
C	Securities held for trading	0	0	0
D	**Liquidity (A)+(B)+(C)**	**16,209**	**20,110**	**(3,901)**
E	**Current financial receivables**	**20,617**	**22,085**	**(1,468)**
F	Current bank debt	(54)	(70)	16
G	Current portion of non-current debt	(5,807)	(5,800)	(7)
H	Other current financial debt	(1,806)	(2,970)	1,164
I	**Current financial debt (F)+(G)+(H)**	**(7,667)**	**(8,840)**	**1,173**
J	**Net current financial position (I)-(E)-(D)**	**29,159**	**33,355**	**(4,196)**
K	Non-current bank debt	(19,109)	(24,896)	5,787
L	Bonds issued	0	0	0
M	Other non-current liabilities	0	0	0
N	**Non-current financial debt (K)+(L)+(M)**	**(19,109)**	**(24,896)**	**5,787**
O	**Net financial position (J+N)**	**10,050**	**8,459**	**1,591**

The Group's **net financial position** as at 31 December 2017 is positive at Euro 10 million compared to Euro 8.5 million as at 31 December 2016.

The decrease in **total liquidity** (D+E) of a Euro 5.4 million is substantially due to the lower bank borrowing following the repayment of loan instalments falling due for a total of Euro 5.8 million.

A summarised version of the consolidated cash flow statement below shows the **cash flows generated/absorbed by operating, investment and financing activities** for 2017 and 2016:

in thousands of Euro	2017	2016	Change
Cash flow generated/(absorbed) by operating activities before changes in working capital	**34,351**	**28,045**	**6,306**
Cash flow generated / (absorbed) by net operating activities	**25,275**	**29,344**	**(4,069)**
Cash flow generated/(absorbed) by investment activities	**(13,349)**	**(41,647)**	**28,298**
Cash flow generated/(absorbed) by financing activities	**(15,827)**	**(18,271)**	**2,444**
Final cash change	**(3,901)**	**(30,574)**	**26,673**
Cash and cash equivalents at beginning of period	**20,110**	**50,684**	**(30,574)**
Final cash change	**(3,901)**	**(30,574)**	**26,673**
Cash and cash equivalents at end of period	**16,209**	**20,110**	**(3,901)**

The **cash flow generated/(absorbed) by operating activities before changes in working capital** came to Euro 34.3 million, improving significantly on 2016 (Euro +6.3 million).
Net working capital then absorbed cash of Euro 9 million, mainly due to the payment of taxes of Euro 5.6 million (Euro + 1.9 million on 2016) and the use of provisions of Euro 4 million, of which Euro 3.1 million for works of the provisions for renewal of infrastructure.
The difference with regard to the change in net working capital in 2016, a positive Euro 1.3 million, is mainly due to:

- the collection in 2016 of Euro 3.6 million of a receivable due from ENAC pursuant to Article 17 of Law 135/97;
- lower growth in 2017 compared to 2016 in other liabilities, in particular in State payables;
- greater growth in 2016 in trade payables due to particularly low levels in 2015. The change in 2017 on 2016 is rising, but in physiological terms.

As a result of the above, **cash flow generated by net operating activities** was Euro 25.3 million compared to Euro 29.3 million in 2016.

Cash flow absorbed by investment activities was Euro 13.3 million compared to Euro 41.6 million in 2016, due to the following main changes:

- Euro 12.7 million in primarily infrastructural investments compared to Euro 10.7 million in 2016;
- Euro 1.5 million in financial commitments compared to Euro 31.2 million in 2016;
- Euro 0.9 million for the collection of the consideration for the sale of the investment in the former Marconi Handling Srl, compared to Euro 0.3 million in 2016.

Lastly, **cash flow absorbed by financing activities** was Euro 15.8 million as a result of:

- Euro 5.8 million for the repayment of portions of loans;
- Euro 10 million for the distribution of dividends by the Parent Company on profit for 2016.

As a result, the **final overall cash change** for the period was Euro - 3.9 million.

3.3 ANALYSIS OF THE CAPITAL STRUCTURE

Below is the Group's capital structure classified based on "sources" and "uses" for the two-year period 2016-2017:

USES	2017	2016	Change in absolute value	Change %
- Trade receivables	13,220	13,454	(234)	-1.7%
- Tax receivables	334	134	200	149.3%
- Other receivables	3,854	3,265	589	18.0%
- Inventories	538	519	19	3.7%
Subtotal	**17,946**	**17,372**	**574**	**3.3%**
- Trade payables	(16,208)	(15,669)	(539)	3.4%
- Tax payables	(1,671)	(2,420)	749	-31.0%
- Other payables	(22,503)	(20,382)	(2,121)	10.4%
Subtotal	**(40,382)**	**(38,471)**	**(1,911)**	**5.0%**
Assets held for sale	117	0	117	100.0%
Net working capital	**(22,319)**	**(21,099)**	**(1,220)**	**5.8%**

USES	2017	2016	Change in absolute value	Change
Fixed assets	177,709	173,541	4,168	2.4%
- Deferred tax assets	6,799	7,427	(628)	-8.5%
- Other non-current assets	21,367	19,521	1,846	9.5%
Total fixed assets	**205,875**	**200,489**	**5,386**	**2.7%**
- Provisions for risks, charges and severance	(18,743)	(19,325)	582	-3.0%
- Deferred tax provision	(2,371)	(2,216)	(155)	7.0%
- Other non-current liabilities	(169)	(194)	25	-12.9%
Subtotal	**(21,283)**	**(21,735)**	**452**	**-2.1%**
Fixed working capital	**184,592**	**178,754**	**5,838**	**3.3%**
Total Uses	**162,272**	**157,655**	**4,617**	**2.9%**

SOURCES	2017	2016	Change in absolute value	Change %
Net financial position	**10,050**	**8,459**	**1,591**	**18.8%**
- Share capital	90,314	90,314	0	0.0%
- Reserves	65,218	63,882	1,336	2.1%
- Profit (loss) for the period	15,969	11,311	4,658	41.2%
Group shareholders' equity	**171,501**	**165,507**	**5,994**	**3.6%**
Minority interests	821	607	214	35.3%
Total shareholders' equity	**172,322**	**166,114**	**6,208**	**3.7%**
Total sources	**(162,272)**	**(157,655)**	**(4,617)**	**2.9%**

The Group's capital structure showed an increase in **net working capital** as at 31 December 2017 compared to the end of 2016, mainly due to the growth in State payables for the concession fees and Fire Department contribution (for further information, see the Disputes section below).

Operating Fixed Assets rose by Euro 5.8 million due to the increase in fixed assets as a result of both progress on the investment plan and the investment of liquidity in financial instruments with maturities over 12 months.

At 31 December 2017, **consolidated shareholders' equity** therefore totalled Euro 172.3 million compared with Euro 166.1 million at 31 December 2016. The change takes into account the distribution of dividends totalling Euro 10 million approved by the Parent Company's shareholders' meeting on 27 April 2017, as well as the result for the period. The **Group's shareholders' equity** totalled Euro 171.5 million, compared with Euro 165.5 million in 2016, with a positive **net financial position** of Euro 10 million.

3.4 MAIN INDICES

The following table shows the major consolidated financial ratios for the two-year period in question.

MAIN INDICES		2017	2016	AVERAGE
ROE	Net Profit/ Average Group Shareholders' Equity	9.6%	7.0%	8.3%
ROI	Adjusted operating result / Average Net Invested Capital	13.5%	11.6%	12.6%
ROS	Adjusted operating result / Adjusted revenues	23.4%	21.0%	22.2%
Return on capital employed	Adjusted operating result / Net invested capital	13.3%	11.2%	12.3%
MAIN INDICES		**2017**	**2016**	**AVERAGE**
Financial ROD	Financial expenses from borrowings/ Payables to banks	2.6%	3.1%	2.8%
Debt burden index	Financial expenses from borrowings/ Adjusted Gross Operating Profit (EBITDA)	2%	3.3%	2.6%
Availability quotient	Current assets/ Current liabilities	1.06	1.18	1.12
Index of extended structure margin	(Group Shareholders' Equity + non-current liabilities)/ Fixed assets	1.02	1.05	1.03
Financial independence	Group Shareholders' Equity/ Total assets	0.66	0.64	0.65

Days sales outstanding and days payable outstanding are shown in the following table:

DSO and DPO	2017	2016	Change
Average customer collection terms	42	46	(4)
Average suppliers' payment terms	91	87	4

The average customer collection days, which is already particularly short, continued to decrease. Conversely, the average payment period of the Group's suppliers increased slightly.

3.5 INVESTMENTS

The total amount of investments as at 31 December 2017 came to Euro 12.4 million, of which around Euro 4 million for investments linked to infrastructural development, and the remainder for investments in operations, to improve the services offered to passengers, and to streamline company processes. This in addition to Euro 0.3 million in intangible assets relating to energy certificates, pursuant to Note 1 of the financial statements.

In 2017, the following main actions were completed:

- modernisation works on the passenger area at the terminal: optimising queuing areas for several gates; upgrading the Staff/MBL lane to improve flows of MBL passengers and airport staff;
- renovation of the external area in front of the check-in area, setting up pedestrian walkways;
- renovation of the former Autogrill food court area on the second floor of the Passenger Terminal, to construct the new company canteen which can be used by the entire airport community;
- building of a new transformer room to support airport beacon towers installed in the airside area near the area used for General Aviation;
- building of a new area for conducting simulations available to the airport station of the Fire Department for periodic training of their personnel;
- upgrading and modernisation of the air conditioning system in the management building, consisting of eliminating diesel heating, with resulting benefits for the environment and economic and operational savings;
- creation of areas of new jersey barriers at the stands to better store equipment and the materials to store onboard for management of aircraft;
- purchase of an industrial building on land adjacent to the airport (for further information, please see Note 2 to the financial statements);
- upgrading also of the vehicle fleet and purchase of a new ambulift suitable for boarding/disembarking of passengers with reduced mobility and a new snow blower.

The main actions undertaken but still in progress as at 31 December 2017 included:

- Terminal expansion: the final design for the expansion of the existing terminal is in the conclusion stage;
- People Mover: the works by Marconi Express to build the “Aeroporto” People Mover station are in the conclusion stage. Moreover, the executive design phase for the building of the connecting bridge to link the airport and the Terminal, under the responsibility of AdB, have been launched;
- New de-icing pad and building: construction work on the de-icing pad is under way;
- Expansion of AdB Offices: work has been completed on the executive design phase of a new corporate training centre, which will be partly used to carry out the training required by the new EASA Regulation EU 139/2014;
- New multi-level car park: the definitive design stage is being concluded, which entails the building of a car park near the airport;
- Bringing the taxiway into line with the new EASA regulation: the technical and economic feasibility study identifying the work that needs to be carried out pursuant to the EASA regulation has been completed.
- New perimeter access roads west of the General Aviation terminal: the definitive design phase and the execution of several preparatory actions have been started;
- Expansion of courier offices: the works to build new rooms allocated as offices, staff changing rooms and restrooms have been started.

Provisions for renewal

The total amount of actions for renewal and cyclical maintenance works on airport infrastructures and plants as at 31 December 2017 (classified as actions under the Provisions for renewal) came to Euro 3.1 million.

3.6 PERSONNEL

Workforce composition

	for the year ended 31.12.2017	for the year ended 31.12.2016	Change in absolute value	% Change
Average Full Time Equivalent	**448**	**435**	**13**	**3%**
Executive Managers	10	10	0	0%
Middle Managers	29	31	(2)	-6%
White-collar workers	317	301	16	5%
Blue-collar workers	92	93	(1)	-2%

	for the year ended 31.12.2017	for the year ended 31.12.2016	Change in absolute value	% Change
Average Workforce	**492**	**472**	**20**	**4%**
Executive Managers	10	10	0	0%
Middle Managers	29	31	(2)	-6%
White-collar workers	357	335	21	6%
Blue-collar workers	96	96	0	0%

Source: Data from the Company

The increase in the workforce of 13 full-time equivalents compared with 2016 is mainly due to the hiring of resources in the security area, which was harshly impacted by the increase in traffic as well as an increase in the oversight of certain security activities requested by the competent authorities on several areas on the perimeter of the airport grounds.

Costs

	for the year ended 31.12.2017	for the year ended 31.12.2016	Change in absolute value	% Change
Personnel Costs	26,832	25,537	1,295	5.1%

Source: Data from the Company

The 5.1% increase in personnel costs was mainly due to the 3% increase in workforce described above. The application of the latest tranche of the new National Collective Labour Agreement (entered into force on 1 July 2016 with impacts throughout 2017) also contributed to the increase in costs.

MANAGEMENT

The renewal of the National Collective Labour Agreement for air transportation was applied for handlers, which involves employees of the subsidiary FFM.

LABOUR RELATIONS

In November and December, two important trade union agreements were signed regarding the management of the snow emergency and seasonal issues.
In 2017, the management company participated in crisis talks of the Metropolitan City encouraging discussion and the solution of several employment problems arising at several units operating at the airport.

PERSONNEL TRAINING

For 2017, AdB developed an annual training plan that mainly included:

- Specific regulatory training courses in different areas, especially with regard to compulsory training that involved the Prevention, Protection and Security Service.
- Training courses concerning government contract regulations.
- In addition to "Train the trainer" training provided in the first quarter with regard to the PRM course, in accordance with EU Regulation 139/2014, PRM training (how to approach and treat reduced mobility passengers) was extended to the entire airport community.
- In-house cybersecurity courses were open to all employees to increase their awareness of the risks involved in using the Internet.

4 ANALYSIS OF THE MAIN NON-ECONOMIC RESULTS

4.1 THE ENVIRONMENT

The Group continues to focus on all major environmental issues, from the impact on air quality to noise, energy savings and the use of alternative sources.
In view of the sensitivity to, and respect for, the local area where it operates, through the Regional Agreement for the Decarbonisation of the Airport signed in 2015 with regional authorities, the Parent Company undertook to carry out several projects for a total of Euro 6.5 million. These investments will be made over a period of time consistent with the timing for the completion of work contained in the airport's Master Plan, i.e. by the end of 2023.
In the last quarter of 2017 work was begun to create an air quality monitoring system, which will more precisely assess the environmental impact of airport operations.

4.1.1 THE DEVELOPMENT OF AIRPORT INFRASTRUCTURE

The process to revise this Master Plan began later in order to bring it in line with new requirements due to the fast development of air traffic at the Airport. The revision of the Master Plan consists primarily of a new development philosophy for the airport and the current landside, in addition to expansion over a time horizon up to 2030. The current airport will be expanded on the airside (boarding area) and on the landside (new facade, new arrivals area and new access roads). In July 2017, ENAC expressed its positive opinion on this revision, and in 2018, the Company will proceed with the other required approval phases.
Also during 2017, the final design was continued for the most important measure specified in the Master Plan, i.e. the first phase of the expansion of the current airport. The project calls for an expansion of over

24,000 square metres of the current boarding area, with a new passenger finger bridge and new central area available to all passengers with new commercial establishments.

4.2 AIRPORT SECURITY

Safety Management System (SMS)

In 2017 the Safety Management System, which is focused on preventing aeronautical accidents, completed - with the support of the other Departments involved - the process of converting the airport's certificate pursuant to Reg. EU 139/2014.
Specifically, the name of the Safety Management System (SMS) unit was changed to the "Safety and Compliance Management System", which incorporates the roles of Safety Manager and Compliance Manager into one position. In carrying out compliance monitoring, the Safety and Compliance Manager is supported by the Compliance Officer, and to guarantee monitoring of the level of safety in the airport, is assisted by the Safety Officer.
The first application of the new change management procedure was also implemented, for the changes involving the maintenance, operations and organisational areas. These activities will be expanded during 2018.
Lastly, in addition to ordinary safety activities, frequency safety meetings were held with operators engaged in airside operations, and the creation of didactic videos on operational safety issues considered most critical continued.

Security

During 2017 the Parent Company moved forward with projects to improve the Passenger Experience by reducing queuing times, ensuring more effective communications and a better approach to passengers during security checks.

Starting in February 2017 the surveillance and patrol service was included in the activities of the airport operator, as required by regulations.

The service lane set up for security checks of staff and MBL passengers was also renovated.

4.3 QUALITY

The quality of service, meaning both in terms of the regularity of services, and their reception, communication and reporting, is one of the Group's strategic objectives. The quality of the service incorporates a strong focus on passenger needs with an open mind for new industry trends in order to offer passenger airport infrastructure and services that make the passenger travel experience more positive.

In order to guarantee a high level of quality of service and infrastructure, Aeroporto di Bologna constantly monitors performance and regularly dialogues with the airport operators.

Quality performance

The increase in passenger traffic recorded in 2017 influenced the qualitative and quantitative performance of service quality. Overall, the quality of service offered remained substantially steady: the general satisfaction index stood at 97%, which is an excellent level, though slightly down on 2016. General satisfaction was also very positive for the cleanliness of the airport and the cleanliness and functionality of the toilets, which is one of the major elements that impacts the passenger experience.

As regards the quantitative performance, the waiting time at security checks significantly improved on the previous year. Conversely, the waiting time at the check-in and the waiting time for delivery of the first and last bag increased slightly. The accurate monitoring and support activities carried out by the Company, also with the assistance of a joint task force with carriers and handlers, steered the corrective actions on processes. In September 2017, the Service Level Agreement relating to the last four months of the year entered into force, with monthly bonuses for each handler linked to safety, the performance at the check-in and baggage delivery.

In 2018, the Parent Company intends to work on developing a complete tracking system for incoming baggage and on extending to other check-in lines the use of fully self-service drop off equipment.

Main Quality Indicators		**2017**	**2016**
Overall Satisfaction	% satisfied passengers	**97%**	**98.4%**
Regularity and speed of service	% satisfied passengers	**97%**	**97.7%**
Perception of general cleanliness	% satisfied passengers	**97.3%**	**98.60%**
Perception of toilet cleanliness and functionality	% satisfied passengers	**93.2%**	**95.0%**
Main Quality Indicators		**2017**	**2016**
Waiting time at check-in	Time in 90% of cases	**18’22’’**	**16’52’’**
Waiting time at baggage x-ray	Time in 90% of cases	**6’22’’**	**7’32’’**
Delivery time for the first/last bag from aircraft block-on	First bag (time in 90% of cases)	**24’**	**23’**
	Last bag (time in 90% of cases)	**31’**	**30’**

Source: Data from the Company

In terms of the Airport Service Quality programme of ACI World, which represents the most significant global airport benchmark in the area of service quality, Bologna Airport improved its absolute performance and performance compared to other Italian airports that participate in the program. The overall satisfaction rating (measured on a scale of 1 to 5) reached 3.79 in 2017 (an increase on 3.71 in 2016), with highly positive results for the effectiveness of information at the airport, the security sector and the friendliness and professionalism of airport staff.

5 LEGISLATIVE FRAMEWORK

5.1 THE PLANNING AGREEMENT

On 19 February 2016, the Planning Agreement was signed with ENAC for the four-year period 2016-2019. The new Planning Agreement, under current legislation, governs various aspects of the relationship between ENAC and AdB; covers the plan for infrastructure measures and compliance with the goals of the quality and environmental plan; and calls for the monitoring and control of their results by the National Agency for Civil Aviation.

The Agreement specifies that the Parent Company will make total investments over the four-year period of approximately Euro 112.4 million, of which Euro 84 million is related to the Master Plan and Euro 28.4 million is for investments in support of commercial areas, operational processes and improving the passenger experience.

5.2 TARIFF REGULATION 2016-2019

In accordance with the existing legislative framework and the tariff models developed by the ART, during 2015 AdB carried out and successfully completed the tariff regulation process for the 2016-2019 period, which took place in close coordination with and under the supervision of the ART.

In October 2017, in compliance with ART models, a consultation with carriers was conducted and the pricing to be implemented as of 1 January 2018 was adjusted.

5.3 REG. EU 139/2014: NEW CERTIFICATION OF ITALIAN AIRPORTS

Pursuant to Regulation (EU) no. 139/2014 of 12 February 2014, which entered into force on 6 March 2014, the European Commission adopted regulations to implement Regulation (EC) no. 216/2008. The goal of this new regulation, aimed mainly at European civil aviation authorities (responsible for certifying EU airports), and airports and entities that provide apron management services (AMS) is to establish and maintain a high, uniform level of civil aviation safety in Europe by raising operational safety standards in EU airports.

On 10 August 2017, Aeroporto di Bologna received from ENAC the conversion of the Aerodrome Certificate based on the provisions of European Union Regulation no. 139 of 2014, thus certifying that the Company's organisation, procedures for ground operations and all airport infrastructures and plants of the "Guglielmo Marconi" airport meet the requirements set out in said EU Regulation. Through said conversion, the provisions of the Implementing Regulation and the Basic Regulation, which attribute greater responsibility and competencies to the airport management companies, took effect at the Bologna Airport. Nonetheless, the reform of the aeronautical portion of the Italian Navigation Code was not launched, which meant that the allocation of powers, pursuant to Regulation EU no. 139/2014, respectively to: the Italian Civil Aviation Authority (ENAC) and the airport operator was not updated. In fact, the latter still lacks powers of enforcement and sanction and the capacity of direct control and intervention, also in relation to public entities, indicated by EU law.

The Marconi airport was the sixth airport in Italy to receive the new Aerodrome Certificate from ENAC.

5.4 REGULATIONS ON CONTRIBUTIONS AND SUBSIDIES PAID BY AIRPORTS TO CARRIERS

Italian legislation

Decree-Law 145/2013, known as "Destination Italy", introduced provisions governing the procedures for the disbursement by airport operators of contributions, support or any other form of remuneration for air carriers as goodwill for the functioning and development of routes designed to meet and promote demand in the respective catchment areas. Specifically, Article 13, paragraphs 14 and 15 of the above Decree, as

amended and converted into law by Law no. 9 of 21 February 2014, require the Ministry of Infrastructure and Transport (MIT) to issue specific implementation guidelines after consulting with ART and ENAC.
Thus, on 11 August 2016, the MIT, by ministerial decree, adopted the “Guidelines concerning incentives for setting up and developing routes by carriers...”, thereby repealing the previous guidelines of 2 October 2014 and replacing previous rules with new regulations governing the entire matter applicable only to government incentives, which constitute State aid.
Among other things, the new regulation, with respect to incentive agreements entered into before and after 11 August 2016, exempt management companies from publishing and providing information on these agreements to the appropriate administrative authorities (ART and ENAC), as well as combined operating data regarding the incentives granted.
Although it does not provide incentives that comply with the type, and fall under the scope, of the new MIT guidelines, the Company still deems it appropriate to continue to publish on its institutional website the traffic development policy related to the scheduled incentive plan in order to ensure fair, transparent and non-discriminatory access procedures that will guarantee the broadest participation. The regularly updated traffic development policy is in fact accessible to all interested carriers, and it ensures the potential finalisation of agreements between AdB and carriers meeting the requirements and with an interest in developing traffic according to the different models and targets governed in the policy that comply with EU regulations protecting competition.

5.5 NEW GOVERNMENT CONTRACT CODE

Following the entry into force of Legislative Decree no. 50 of 18 April 2016, incorporating the new government contract code that was published in the Official Gazette, General Series no. 91 of 19 April 2016 - Ordinary Supplement no. 10, it was necessary to study readings and interpretations of the new regulation in depth, and as a result, to revise the structure of competitive bidding documents and standard contracts in the interest and falling under the responsibility of the Company in relation to all planned contracting procedures starting on 19 April 2016. It was then necessary to conduct a further assessment of regulations on government contracts, resulting in a revision of the documentation regarding contract procedures, as a result of the entry into force of Legislative Decree no. 56 of 19 April 2017, containing “Supplementary and corrective provisions to Legislative Decree no. 50 of 18 April 2016”, published in the Official Gazette no. 103 of 5 May 2017. The activities regarding contract procedures were also accompanied by a review of internal regulations concerning procurement in the interest and falling under the responsibility of the Issuer, which takes into account the unique company profile of AdB S.p.A. and, thus, the considerable objective diversity of the many purchasing requirements of the company. This review was finalised in December 2016 with the approval of a new “Contract Award Regulation”, governing general principles and overall levels of internal contract-related organisation. At the beginning of 2017, the “Contract Award Regulation” was thus revised after Ministerial Decree no. 248 of 10 November 2016 entered into force, and its revised version was published on the Company’s website on 3 February 2017. Subsequently, at the end of 2017, those internal regulations were subject to a second revision - approved by resolution of the Board of Directors on 21 December 2017 and taking effect on 1 January 2018 - which was necessary to align with regulatory developments and recent amendments to the Contract Code, as covered above, as well as for due alignment with organisational changes, in force since February 2018, entailing the centralisation of several relevant activities in the procurement process within a multidisciplinary hub that provides increasing support to the heads of company procurement and investment in their operations and responsibilities.

5.6 FIRE-PREVENTION FUND

The fund in question, as is known, was established by Article 1, paragraph 1328 of Law no. 296 of 27 December 2006 (2007 Finance Act), for the original purpose of lowering the cost of the airport fire-prevention service borne by the State. Following the amendments introduced by Article 4, paragraph 3-*bis* of

Decree-Law no. 185/2008, converted into law and entered into force on 29 January 2009, said purpose was changed, breaking the commutative relationship between the parties obliged (only, and not all of, the Italian airport management companies) to make the financial contribution to the so-called Fire-Prevention Fund and the benefit deriving from the activities funded, as explained in detail in the chapter on disputes.
Following the entry into force on 1 January 2016 of the new provisions of Article 1, paragraph 478 of the 2016 Stability Law, the legislator amended Decree-Law no. 159 of 1 October 2007, converted, with amendments, by Law no. 222 of 29 November 2007, introducing the classification of “fees” with reference to the contributions intended for the Fire-Prevention Fund, amply explained in the chapter on disputes, also ordering that the provisions on the matter be interpreted in the sense that they shall not give rise to tax obligations (Article 1, paragraph 478 of the 2016 Stability Law). However, this latter provision is currently subject to a legitimacy opinion pending before the Constitutional Court following the postponement ordered by the joint chambers of the Court of Cassation in a substantiated order dated 28 December 2016.
On 8 July 2017, the provisions of Legislative Decree no. 97/2017 entered into force. These resulted in a series of changes to the provisions of Legislative Decree no 139/2006 on public first aid operations, on rescue and fire-fighting services in airports and to Table A for airports in which the service is guaranteed by the fire department. Also in 2017, airport management companies obtained the conversion of their respective aerodrome certificates in accordance with the provisions of Regulation EU no. 139/2014, as reported in the previous section. Concurrently, the negotiations with the Provincial Headquarters of the Fire Department started up again, for the purpose of signing the agreements pursuant to premise no. 8 of Regulation no. 139/2014 which, however, are currently stalled due to the attempt of the Central Headquarters of the Fire Department to impose, through the negotiations, as part of those agreements, the amount due for the Fire-Prevention Fund.

5.7 MUNICIPAL SURCHARGE ON PASSENGER BOARDING FEES TO BE ALLOCATED TO INPS

Under Inter-Ministerial Decree no. 357 of 29 October 2015 of the Ministry of Infrastructure and Transport, in conjunction with the Ministry for the Economy and Finance, the new additional amount was set for the increase of the municipal surcharge on passenger boarding fees (as referenced in Article 2, paragraph 11 of Law no. 350 of 24 December 2003). The surcharge will be used to fund the cost resulting from applying the provisions of paragraph 21 of Article 13 of Decree Law no. 145/2013, converted with amendments to Law no. 9 of 21 February 2014. Specifically, Inter-ministerial Decree no. 357 of 29 October 2015 of the Ministry of Infrastructure and Transport, in effect from 01 January 2016, specified that the new additional amount of the increase in the municipal surcharge on passenger boarding fees (to be allocated to INPS), as referenced in Article 2, paragraph 11 of Law no. 350 of 24 December 2003, as subsequently amended, is Euro 2.50 for 2016, Euro 2.42 for 2017 and Euro 2.34 for 2018.
Thus, the Company acknowledges the suspension of the application of the additional increase in the municipal surcharge on boarding fees set pursuant to Article 13, paragraph 23 of Decree-Law 145/2013 of 23 December for the period from 01 September to 31 December 2016 pursuant to the provisions of Article 13-*ter* of Decree-Law 113 of 24 June 2016, which was introduced and converted into law by Law 160 of 07 August 2016.
In order to support future growth in the airline sector and reduce costs incurred by passengers, Law 232 of 11 December 2016 (“State budget for financial year 2017 and long-term budget for the three-year period 2017-2019”), under Article 1, paragraph 378, called for the repeal, effective 01 January 2017, of the above increase in the municipal surcharge on boarding fees as indicated in the above-mentioned Article 13, paragraph 23 of Decree-Law 145/2013 of 23 December.
Therefore, for boardings as of January 2017, airport management companies are required to pay INPS the amounts collected as an increase to the passenger surcharge equal to Euro 3 per passenger for the provisions of Article 6-*quater*, paragraph 2 of Decree-Law 7/2005 converted into Law 43 of 2005, and equal to Euro 2 for the provisions of Article 4, paragraph 75 of Law 92/2012.

5.8 TRANSPARENT ADMINISTRATION AND CORPORATE ETHICS

In 2017, the Parent Company significantly revised its website, eliminating a specific section - "Transparent Administration" - while ensuring that suitable information and data on compliance with the issues of Corporate Ethics and Corporate Governance are provided in line with the best practices of companies listed on the market managed by Borsa Italiana S.p.A. This systematic revision was carried out ensuring alignment with the provisions of regulations introduced by Legislative Decree no. 97 of 25 May 2016, incorporating a "revision and simplification of provisions concerning corruption prevention, advertising and transparency to amend Law no. 190 of 6 November 2012 and Legislative Decree no. 33 of 14 March 2013, pursuant to Article 7 of Law no. 124 of 7 August 2015, on the reorganisation of public administrations", published in the Official Gazette no. 132 of 8 June 2016. The new regulations redefined the entities to which the above-mentioned Legislative Decree. 33/2013 applies, namely government-controlled companies, specifically excluding listed companies (Article 2-*bis*, paragraph 2 of Legislative Decree 33/2013 introduced by Legislative Decree 97/2016) and thus serves as the expected clarification, as also provided by Circular 1/2014 of the Ministry of the Public Administration and Simplification of 14 February 2014. Moreover, with a view to devoting extreme care to the issues concerned, the Company decided to request an updated interpretation from expert consultants at the trade association, who confirmed that interpretation of the above regulatory provision and, as a result, the absence of any obligations pursuant to Law 190/2012 and Legislative Decree 33/2013 for listed companies, regardless of whether the government investment is a majority or minority interest.

As the Parent Company is no longer government-controlled following its listing on the stock exchange, which occurred on 14 July 2015, the management body also confirmed, in terms of voluntary participation, the long-standing extensive commitment to protect the oversight of the anti-corruption system related to the Model pursuant to Law 231/2001. For that reason, as oversight of corruption risk, the Parent Company decided to implement some principles of Law 190/2012 as part of their internal control systems. In particular, it developed an Anti-Corruption Policy, integrated into the Organisational and Management Model, to safeguard the Company's image of impartiality and good performance, the corporate assets and shareholders' expectations, and the work of its employees and stakeholders in general.

Thus, the Board of Directors, at its meeting of 21 December 2017, appointed a committee named the Ethics and Anti-Corruption Committee, with the task of monitoring and verifying the effective implementation of the Anti-Corruption Policy and its suitability, specifically with the responsibilities of:

- verifying the effective implementation of the policy and its suitability;
- defining appropriate procedures for selecting and training employees that will work in sectors particularly exposed to corruption;
- proposing changes to the policy in the event of verification of significant breaches or changes in the organisation;
- promoting the internal mobility of positions or alternative measures in offices in charge of carrying out work in areas with a higher risk that crimes of corruption could be committed;
- identifying the personnel to include in training on issues of ethics and legality;
- checking the publication obligations of the Company, also for the purpose of certifying that they are fulfilled;
- managing reports under its responsibility of illicit conduct and protecting the confidentiality of the whistleblower's data in line with the Whistleblowing Policy.

5.9 THE ADMINISTRATIVE ACCOUNTABILITY OF LEGAL PERSONS

As of 2008, the Parent Company voluntarily adopted the Organisational, Management and Control Model (hereinafter, the "Model"), set forth under Legislative Decree 231 of 8 June 2001, recently updated by the Board resolution of 22 December 2015 through which the Body's composition was also renewed.

The Model integrates the Anti-Corruption Policy, which takes into account both active and passive corruption.

Furthermore, in keeping with current domestic and international best practices, in 2016 the Company deemed it appropriate to adopt a Whistleblowing Policy with rules and regulations, including of an organisational nature, aimed at exempting an employee who reports illegal activity from detrimental disciplinary consequences and protecting them from the application of “direct or indirect discriminatory measures affecting work conditions for reasons related directly or indirectly to the report”. However, the above protection is limited in “cases of liability for slander or defamation or for the same offences pursuant to Article 2043 of the Italian Civil Code”. The whistleblowing tool was conceived as a means to prevent and correct any malfunction and deterioration in the internal control system or management of companies/agencies that could result in risks for workers or for the company/agency or the perpetration of crimes, and it facilitates the implementation of appropriate investigation, remediation and mitigation measures. As a part of the initiative, a technological aspect was also developed along these lines concerning the application system for handling reports through the development and implementation of a platform that generally allows all internal and external stakeholders (employees, shareholders, partners, etc.) to send reports to pre-determined recipients to ensure that communications are effective and confidential.
The Whistleblowing Policy was approved by the administrative body in July 2016 and the technological platform became operational as of 1 November 2016.
For Model details, see the Report on Corporate Governance and Ownership Structure.

5.10 NEW REGULATIONS ON TERMINAL VALUE.

Starting from 6 December 2017, Article 15-*quinquies*, paragraph 1 of Decree-Law no. 148 of 16 October 2017, converted, with amendments, to Law no. 172 of 4 December 2017, amended Article 703 of the Italian Navigation Code, replacing the original paragraph 5 with the current paragraphs 5, 6, 7, 8 and 9, as follows:
“On the natural expiry of the concession, the incoming licensee is required to pay the outgoing licensee the terminal value. Where not otherwise established in the concession deed, that value, for fixed property and plant located on the airport premises and the areas included therein as a result of expansion of the airport premises, built or acquired by the outgoing licensee using its resources, included in the planning agreement and approved by ENAC, shall be equal to the value of the works at the date of takeover by the new licensee, net of depreciation and any public grants, limited to the portion of said assets prescribed to the services subject to tariff regulation taken from the certified analytical regulatory accounts submitted by the outgoing licensee for the year immediately prior.
The fixed property and plant located on the airport premises at the date of takeover by the new licensee, built or acquired by the outgoing licensee using its resources and to be used to conduct commercial business, and, as such, not subject to tariff regulation, shall remain the property of the State, without any reimbursement being due to the licensee, except in relation to the fixed commercial property and plant whose building or acquisition was authorised by ENAC, as they were functional to airport operations and the enhancement of the value of the airport, for which reimbursement is due in the amount of the residual book value as per the analytical regulatory accounting.
The outgoing licensee shall continue the ordinary administration of the airport for the year, at the same conditions set in the concession deed until the new licensee takes over, by paying the related terminal value due to the outgoing licensee, save for a different determination by ENAC justified by the correct operation of the service.
In the event of takeover of the concession, or when the concession terminates prior to its expiry date, the licensee taking over shall reimburse the previous licensee for the non-depreciated residual book value of unmoveable works, as indicated in the previous paragraphs regarding the natural expiry of the concession. That set out in Article 1453 of the Italian Civil Code shall remain valid.

The regulations on terminal value, reimbursements and indemnities pursuant to this article shall not apply where mechanisms for determining the terminal value reimbursements and indemnities are already set out in the current airport management agreements, which, in that case, shall remain unchanged”.
The Parent Company, along with the other airport management companies, has begun assessments of interpretation of the regulations, in order to achieve the correct future transposition thereof – where they have impacts – in the periodic economic-financial reports.

5.11 NON-FINANCIAL STATEMENT

By way of Legislative Decree no. 254 of 30 December 2016, which implemented Directive 2014/95/EU, large undertakings that are “public-interest entities” are required to draw up and publish an individual or consolidated statement that contains, for each financial year, a set of information relating to environmental, social and personnel matters, respect for human rights and anti-corruption and bribery matters. This information may be contained in the directors’ report or in a separate document. The directors are responsible for drawing up and publishing this statement. Those documents shall be audited by the board of statutory auditors and the auditing firm. The EU regulations were set out for the purpose of recognising that “disclosure of non-financial information is vital for managing change towards a sustainable global economy by combining long-term profitability with social justice and environmental protection”. In December 2017 the Group begin initial assessments on this issue and, thus, allocated suitable resources to ensure due compliance with regard to 2018, as, at the date of 31 December 2017, it did not meet all of the requirements established by the regulations for said mandatory report.

5.12 PRIVACY COMPLIANCE

In 2017, with the support of qualified consultants, AdB began a project of regulatory compliance for the purpose of guaranteeing respect - by the deadline of 25 May 2018- of the provisions of EU Regulation no. 679/2016, known as the GDPR (General Data Protection Regulation) and the resulting necessary adjustment to the company’s organisation, processes, deeds and procedures. The project is organised and developed in various phases, as per the practice in similar cases: (i) initial phase of mapping and analysing personal and sensitive data in the numerous company databases, (ii) second phase of assessment and updating the assignment formats, contractual clauses, disclosure and templates used; (iii) conclusive phase of adjusting the company’s organisation, processes, procedures and deeds, implementing a data management model that is efficient and complies with the regulations, a model which will be applied and developed further, following the principles set out in the GDPR of privacy by design and privacy by default. The Company shall also conduct Data Protection Impact Assessments, specific tests required by the EU regulations in the most complex, delicate areas (geolocalisation, videosurveillance, Customer Relation Management system), as the advance notifications and authorisation from the Data Privacy Authority envisaged in the current Italian Privacy Code no longer apply. Lastly, the Company will decide whether to appoint a specific Data Protection Officer (DPO) and on the most suitable governance to guarantee compliance with the sector laws and regulations.

5.13 CONTINUITY OF SERVICES PROVIDED BY ALITALIA UNDER SPECIAL ADMINISTRATION

By way of the Ministry for Economic Development’s Order of 2 May 2017, which was published in Official Journal no. 104 of 6 May 2017, Alitalia - Società Aerea Italiana S.p.A. was admitted with immediate effect to the special administration procedure and three special administrators were appointed. The court of Civitavecchia declared Alitalia - Società Aerea Italiana S.p.A. in special administration (“Alitalia SAI in AS”) bankrupt in a judgement dated 11 May 2017. Subsequently, Official Journal no. 124 of 30 May 2017 published the Decree of 12 May 2017 of the Minister of Economic Development whereby Alitalia Cityline

S.p.A. was also allowed to be placed under special administration, and the same panel of administrators was appointed as for Alitalia.
On 17 May 2017, the Special Administrators published a "Call for the Collection of Non-Binding Expressions of Interest" bearing the request to propose the content of a possible programme to restore economic equilibrium to the business activities of the companies in special administration. To avoid service interruptions by Alitalia SAI in AS, an interest-bearing loan of Euro 600 million was ordered, to be used for the undelayable operating requirements of the company and other group companies subject to the special administration procedure.
There is still no news on the results of operations for 2017, nor on the offers received to purchase the airline. Thus, it is difficult to predict its future operations.
Currently, the routes already planned for 2018 have been confirmed, and some connections should even be expanded with the addition of new flights starting from the next IATA summer season.
The Parent Company promptly registered as a creditor under the special administration procedure, for the receivable accrued up to 2 May 2017, equal to Euro 0.78 million, of which Euro 0.66 million requested in a privileged manner pursuant to Article 1023 no. 1 of the Italian Navigation Code, and Euro 0.12 million unsecured.
At the hearing to verify the proof of claim set for 6 February 2018, only a portion of receivables due to employees were examined. For the examination of sundry receivables, the hearing has been set for 22 October 2018.

6 DISPUTES

This paragraph cites the main – basically in economic terms – litigation procedures and/or those which, during the year, have had the most significant judicial and/or extrajudicial developments, without claiming to be exhaustive with respect to all positions for which specific sums have been allocated for litigation risks.

Regarding the subject of the contribution to the Fund established by the 2007 Finance Law in order to reduce the cost for the State for organising and executing the fire-fighting service at Italian airports, in 2012 the Parent Company initiated specific legal proceedings before the Civil Court of Rome (for which a hearing to clarify conclusions is expected to be held in the coming months, most recently set - following extenuating circumstances of assignment of a series of judges and postponement - for 18 April 2018) essentially asking the Judge to ascertain and declare the termination of the contribution obligation following a change of purpose of that Fund, i.e. starting from 1 January 2009. Starting on that date, the resources relating to the Fund in question were allocated to provide for general public rescue and civil defence needs, as well as the funding of National Collective Agreement renewals of the fire department. The case is still pending and within the scope of the same, following the legislative amendment introduced by the 2016 Stability Law on this matter, an application was filed to question the constitutionality of Article 1, paragraph 478 of Law 208 of 28 December 2015, in relation to Article 39-bis, paragraph 1 of Decree-Law 159 of 1 October 2007, for the breach of Articles 3, 23, 24, 25, 41, 53, 111 and 117, paragraph 1 of the Constitution as well as the violation of Article 6 of the ECHR. A case is currently pending before the Constitutional Court following the postponement ordered by the joint chambers of the Court of Cassation in an order of 28 December 2016, which determined, with detailed substantiation, that the lack of legal grounds for the constitutionality issue proposed was not evident.

Though the above civil lawsuit initiated by the Parent Company is still pending before the Court of Rome, on 16 January 2015 the Administrations issued an injunction relating to the alleged contribution fees to the Fire-Prevention Fund for the years 2007, 2008, 2009 and 2010. The injunction in question is suffering from obvious material errors (for example, the request for contributions already paid for the years 2007 and 2008) and formal errors, and legal opposition was promptly proposed before the Court of Bologna, requesting the annulment of the measure or, alternatively, the declaration of consolidation and order resumption of the proceedings before the Court of Rome. The Court of Bologna issued a ruling through order dated 19 December 2017, before the ruling of the Constitutional Court on the content of paragraph 478, deciding it was possible to endorse and apply the interpretation upholding the law provided by the Court of Cassation, ruling en-banc through order no. 27074 of 28 December 2016, referring to the tax nature, ascertained therein, of the Fire-Prevention Fund and declaring that “we lack jurisdiction, as this dispute falls under the jurisdictional responsibilities of the Tax Commissions”. That order of lack of jurisdiction also annulled the Injunction no. 20278/14, with a value of Euro 4.1 million, eliminating ab origine any risk of additional payment orders from the Administrations.

The Company has been involved in several disputes originating from Law 248 of 2 December 2005, the “System requirements”, which prohibited airport operators from applying surcharges that are not directly related to the costs actually incurred to ground-handling service providers to carriers, such as fuellers. In 2010, WindJet summoned ENI, and subsequently summoned the airport operators, before the Court of Rome over the illegality of the amounts applied by the operators to fuellers and charged back to these airlines. After a long investigation, in July 2015, the Court declared its own lack of jurisdiction in favour of the administrative courts. WindJet appealed against that judgment at the beginning of 2016. Also in 2010, Blue Panorama summoned AIR BP with a joinder of the operators for the same causa petendi. This procedure was also concluded in July 2015 with the Ordinary Court, which declared its own lack of jurisdiction in favour of the administrative courts. Finally, in 2013, the extraordinary administration of Alitalia Italian Air Lines also proposed legal action of a similar content against AIR BP and the airport operators. The process is currently in the preliminary investigation stage. AdB has decided not to set aside any amount, as per the assessment of its own legal counsel, believing there is no real risk as the case stands.

With regard to the increase in the amount of the municipal surcharge established by the above-mentioned Ministerial Decree of 29 October 2015, several carriers have contested the measure with the administrative authority in that it does not specify that any change in amounts to be paid in tickets sold to passengers is not valid until 60 days after the Decree has entered into force. This was based on the clear violation of the provisions of Article 3, paragraph 2 of Law 212/2000.By means of the judgment of 30 June 2016, the Regional Administrative Court of Lazio upheld the appeal filed by air carriers. By means of judgment published on 7 June 2017, the Council of State rejected the challenges set out in the appeals, respectively, of the MIT, MEF and ENAC on one side and Ryanair on the other, thus confirming the ruling of the Regional Administrative Court of Lazio – ROME, SECTION III, TER no. 9692/2016.To date, no official communication has been received from INPS or the Ministry of Infrastructure.

7 MAIN RISKS AND UNCERTAINTIES

With regard to the information required by Article 2428, paragraph 2, no 6-*bis*, the Group holds significant quantities of financial instruments. However, in view of investment selection criteria such as:

- the minimisation of risk relative to the return on invested capital,
- the differentiation of credit institutions,
- the term that is usually less than two years,

- the return offered,

the Group believes that **financial risks**, defined as risks of a change in value of the financial instruments, are limited.

The Group is not subject to **exchange rate risk** because it does not engage in foreign-currency transactions.

Liquidity risk, taking into account the significant commitments for infrastructure development, may result from difficulties in obtaining financing in a timely and cost-effective manner. In order to deal with the needs resulting from the progress of the investment plan, the Group has implemented all measures in order to equip itself with the medium-term financial means necessary for development; in particular, the recent listing of the Parent Company's stock increased the Group's available cash and shored up its statement of financial position. Lastly, the Group's cash flows, financing requirements and liquidity are constantly monitored in order to guarantee effective and efficient resource management.

As far as **interest rate risk** is concerned, taking into account existing financing, the Group tried to minimise the risk by obtaining fixed-rate and variable-rate loans.

Lastly, as far as **credit risk** is concerned, the persistent global economic crisis has had a strong negative impact on the airline industry with a subsequent increase in credit risk. The Group's **credit risk** presents a moderate degree of concentration in that 46% of receivables are from its ten largest clients. This risk was dealt with by implementing specific procedures and instruments for monitoring and managing accounts receivable as well as through an adequate provision for doubtful receivables, according to the principle of prudence, in continuity with the financial statements of previous periods. Moreover, following the impact analysis of the new accounting standards IFRS 15 and IFRS 9, the credit risk assessment processes were revised, strengthening the approach of ex-ante analysis rather than recovery of receivables already past due.

The commercial policies implemented by the Group with the aim of limiting exposure call for the following:

- request for immediate payment of transactions made with end consumers or with occasional counterparties (i.e. parking);
- request for advance payment to occasional carriers or those without an adequate credit profile or without collateral;
- request for surety bonds from sub-licensees.

Risks relating to the effect of relations with Ryanair on traffic volumes

The Group's business is related to a significant extent to its relationship with some of the major carriers operating at the Airport, and to which the Group provides services, including Ryanair in particular. Because Ryanair accounts for a large share of the Airport's total passenger volume, the Group is exposed to the risk of the carrier reducing or terminating operations there. As at 31 December 2017, Ryanair passengers represented 45.3% of traffic volume reported by the Airport. Moreover, on 27 October 2016, AdB and Ryanair enhanced their partnership by entering into a long-term agreement expiring in 2022 whereby they undertook to increase the number of destinations from and to Bologna Airport and offer a level of service based on high quality standards as a result of investments carried out by the Airport and the carrier's "Always getting better" programme. The agreement provides for a scheme connected to AdB's traffic growth policy and Ryanair's commitment to it and for a mechanism of contractual guarantees in order to ensure the accomplishment of the targets. Although the Company believes Bologna Airport is strategically important for this carrier, it is possible that Ryanair may decide to change the routes it operates, significantly reduce its presence or terminate flights to the Airport, or that the aforementioned agreement may not be renewed, in whole or in part, or may contain less favourable terms for the Group. Any decrease or cessation of flights by the aforesaid carrier or the termination or modification of flights for certain destinations marked by high passenger traffic could have a negative, and potentially significant, impact on the Group's results, assets and liabilities and cash flows. In light of the interest in Bologna Airport shown by low-cost carriers, and the evolution of traffic at the Airport in general, the Company believes that the Group could reasonably cope with any interruption or limitation of flights by Ryanair by virtue of the possible redistribution of passenger traffic among the various airlines present at the Airport, and the Airport's ability to attract new carriers. It cannot, however, be excluded that, if there is a significant time lag between when the flights are interrupted and when they are partially or totally replaced by other carriers, or if the rotation proves more difficult than expected or is not in whole or in part feasible, such an interruption or reduction in flights could have a negative, and potentially significant, impact on the Group's results, assets and liabilities and cash flows.

Risk relative to the influence of the incentives on the revenue margins

The Parent Company is exposed to the risk of the reduction of margins on revenues of the Aviation Business Unit in the event of an increase in traffic volume by carriers that benefit from incentives. The Company, in compliance with its incentive policy aimed at traffic and route development at the Airport, grants incentives to both legacy carriers and low-cost airlines related to the volume of passenger traffic and new routes. This policy stipulates that the incentives may not in any case exceed an amount such that there is no longer a positive revenue margin for the Group with reference to the activity of each airline. Nevertheless, should the passenger traffic and the routes operated by the carriers that enjoy the incentives increase over time, the positive margin recorded by the Aviation Business Unit could be reduced proportionally, with a significant negative impact on the Group's results, assets and liabilities and cash flows.
With regard to this risk, although its national market, particularly for domestic connections, is characterised by a growing presence of low-cost flights, the Company is actively developing a mix of traffic so as to maintain a profit margin.

Risks related to the implementation of the Capex Plan

The Parent Company makes investments in the Airport on the basis of the Capex Plan approved by ENAC. AdB might find it hard to implement investments in accordance with the time frame laid down in the Capex Plan due to unforeseen events or delays in the authorisation and/or realisation of the works, with possible negative effects on the amount of the applicable fees and possible risks of revocation or forfeiture of the Agreement. The Capex Plan was prepared based on the actions planned in the Master Plan, according to a modularity criterion whose main driver is the trend in air traffic.

Risks relating to the legislative framework

The Aeroporto Guglielmo Marconi di Bologna S.p.A. Group carries out its main activity as a licensee operating under special or exclusive rights at Bologna Airport and operates, for this main reason, in a sector highly regulated by national, supranational and international standards. Any changes in the current legislative framework (and, in particular, any changes with regard to relations with the State, public bodies and industry authorities; the determination of airport charges and the amount of concession fees; the airport tariff system; assigning slots; environmental protection and noise pollution) could have an impact on the operations and results of the Company and its Group.

Risk relative to the significance of intangible assets on the total assets and net equity of the Group

The Group's consolidated financial statements contain non-current assets which include, among other things, Concession Rights of Euro 157 million at 31 December 2017 and Euro 156 million at 31 December 2016. The overall impact on total assets amounted to 60.02% as at 31 December 2017 and to 59.83% as at 31 December 2016. The overall impact of the Concession Rights on the Group's shareholders' equity amounted to 91.27% at 31 December 2017 and to 93.34% at 31 December 2017. These amounts express the values of

the Concession Rights as determined in application of IFRIC Interpretation 12 - Service Concession Arrangements (“IFRIC 12”) to all freely transferable assets received from ENAC in 2004.
For the purposes of preparing the Group’s consolidated financial statements, the Concession Rights were subject to an impairment test in accordance with IAS 36.

The impairment test did not show a permanent loss of value with reference to the amounts booked among Concession Rights for the year 2017 and, as a result, there were no write-downs of these assets.

For further information, please see the section “Checking the recoverability of the value of the assets or groups of assets” in Note 1 to the 2017 consolidated financial statements.

Seasonality of revenues

Due to the cyclical nature of the sector in which the Group operates, operating revenues and results are generally expected to be higher in the third quarter of the year, rather than in the first and last months. The highest sales are concentrated in the period from June-September, the peak of the summer holidays, in which the highest level of use is registered. Added to this is a large component of business passengers, due to the industrial fabric of the region and the presence of exhibitions with international appeal, which tempers the seasonal peaks of tourist activity. Therefore, financial and economic data relating to interim periods may not be representative of the Group’s results, assets and liabilities and cash flows on an annual basis.

8 PERFORMANCE OF THE PARENT COMPANY

Below is the summary table of the financial performance of the Parent Company in the two years; please refer to the comments set out in chapter 3 regarding the prevalence of values of the same on the Group.

8.1 ECONOMIC RESULTS OF THE PARENT COMPANY

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change in absolute value	% Change
Revenues from aeronautical services	47,636	43,699	3,937	9.0%
Revenues from non-aeronautical services	37,687	34,800	2,887	8.3%
Revenues from construction services	6,650	5,999	651	10.9%
Other operating revenues and income	1,005	892	113	12.7%
Revenues	**92,978**	**85,390**	**7,588**	**8.9%**
Consumables and goods	(808)	(733)	(75)	10.2%
Services costs	(17,270)	(17,871)	601	-3.4%
Costs for construction services	(6,333)	(5,713)	(620)	10.9%
Leases, rentals and other costs	(7,529)	(7,128)	(401)	5.6%
Other operating expenses	(3,407)	(3,069)	(338)	11.0%
Personnel costs	(25,522)	(24,264)	(1,258)	5.2%
Costs	**(60,869)**	**(58,778)**	**(2,091)**	**3.6%**
Gross operating profit (EBITDA)	**32,109**	**26,612**	**5,497**	**20.7%**
Amortisation of concession rights	(5,552)	(5,153)	(399)	7.7%
Amortisation of other intangible assets	(964)	(753)	(211)	28.0%
Depreciation of tangible assets	(2,010)	(1,752)	(258)	14.7%
Depreciation and amortisation	**(8,526)**	**(7,658)**	**(868)**	**11.3%**
Provisions for doubtful accounts	17	(58)	75	n.s.
Provisions for renewal of airport infrastructure	(2,537)	(2,903)	366	-12.6%
Provisions for other risks and charges	(236)	(3)	(233)	7,766.7%
Provisions for risks and charges	**(2,756)**	**(2,964)**	**208**	**-7.0%**
Total costs	**(72,151)**	**(69,400)**	**(2,751)**	**4.0%**
Operating result	**20,827**	**15,990**	**4,837**	**30.3%**
Financial income	263	350	(87)	-24.9%
Financial expenses	(813)	(1,180)	367	-31.1%
Result before taxes	**20,277**	**15,160**	**5,117**	**33.8%**
Taxes for the period	**(5,368)**	**(4,617)**	**(751)**	**16.3%**
Profit (loss) for the period	**14,909**	**10,543**	**4,366**	**41.4%**

Over the two-year period, the trend in **adjusted gross operating profit** of the margin of construction services and non-recurring components was as follows:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change in absolute value	% Change
Revenues from aeronautical services	47,636	43,699	3,937	9.0%
Revenues from non-aeronautical services	37,687	34,800	2,887	8.3%
Other operating revenues and income	1,005	892	113	12.7%
Adjusted revenues	**86,328**	**79,391**	**6,937**	**8.7%**
Consumables and goods	(808)	(733)	(75)	10.2%
Services costs	(17,989)	(17,152)	(837)	4.9%
Leases, rentals and other costs	(7,529)	(7,128)	(401)	5.6%
Other operating expenses	(3,407)	(3,069)	(338)	11.0%
Personnel costs	(25,522)	(24,264)	(1,258)	5.2%
Adjusted costs	**(55,255)**	**(52,346)**	**(2,909)**	**5.6%**
Adjusted gross operating profit (adjusted EBITDA)	**31,073**	**27,045**	**4,028**	**14.9%**
Revenues from construction services	6,650	5,999	651	10.9%
Costs for construction services	(6,333)	(5,713)	(620)	10.9%
Margin for construction services	**317**	**286**	**31**	**10.8%**
Utilities - One-off energy costs	719	(719)	1,438	n.s.
Gross operating profit (EBITDA)	**32,109**	**26,612**	**5,497**	**20.7%**

8.2 THE CASH FLOWS OF THE PARENT COMPANY

	in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
A	Cash	22	22	0
B	Other cash equivalents	13,925	17,028	(3,103)
C	Securities held for trading	0	0	0
D	**Liquidity (A)+(B)+(C)**	**13,947**	**17,050**	**(3,103)**
E	**Current financial receivables**	**19,610**	**21,079**	**(1,469)**
F	Current bank debt	(52)	(68)	16
G	Current portion of non-current debt	(5,298)	(5,295)	(3)
H	Other current financial debt	(1,806)	(2,969)	1,163
I	**Current financial debt (F)+(G)+(H)**	**(7,156)**	**(8,332)**	**1,176**
J	**Net current financial position (I)-(E)-(D)**	**26,401**	**29,797**	**(3,396)**
K	Non-current bank debt	(15,345)	(20,626)	5,281
L	Bonds issued	0	0	0
M	Other non-current liabilities	0	0	0
N	**Non-current financial debt (K)+(L)+(M)**	**(15,345)**	**(20,626)**	**5,281**
O	**Net financial position (J+N)**	**11,056**	**9,171**	**1,885**

8.3 THE PARENT COMPANY'S BALANCE SHEET

USES	**2017**	**2016**	**Change in absolute value**	**Change %**
- Trade receivables	12,561	12,779	(218)	-1.7%
- Tax receivables	201	3	198	n.s.
- Other receivables	3,769	3,421	348	10.2%
- Inventories	488	476	12	2.5%
Subtotal	**17,019**	**16,679**	**340**	**2.0%**
- Trade payables	(15,739)	(15,057)	(682)	4.5%
- Tax payables	(1,595)	(2,340)	745	-31.8%
- Other payables	(22,242)	(20,114)	(2,128)	10.6%
Subtotal	**(39,576)**	**(37,511)**	**(2,065)**	**5.5%**
Assets held for sale	117	0	117	100.0%
Net working capital	**(22,440)**	**(20,832)**	**(1,608)**	**7.7%**
Fixed assets	172,168	167,850	4,318	2.6%
- Deferred tax assets	6,487	7,038	(551)	-7.8%
- Other non-current assets	20,433	20,082	351	1.7%
Total fixed assets	**199,088**	**194,970**	**4,118**	**2.1%**
- Provisions for risks, charges and severance	(18,289)	(18,893)	604	-3.2%
- Deferred tax provision	(2,003)	(1,914)	(89)	4.6%
- Other non-current liabilities	(192)	(217)	25	-11.5%
Subtotal	**(20,484)**	**(21,024)**	**540**	**-2.6%**
Fixed working capital	**178,604**	**173,946**	**4,658**	**2.7%**
Total Uses	**156,164**	**153,114**	**3,050**	**2.0%**

SOURCES	2017	2016	Change in absolute value	Change %
Net financial position	**11,056**	**9,171**	**1,885**	**20.6%**
- Share capital	90,314	90,314	0	0.0%
- Reserves	61,997	61,428	569	0.9%
- Profit (loss) for the period	14,909	10,543	4,366	41.4%
Total shareholders' equity	**167,220**	**162,285**	**4,935**	**3.0%**
Total sources	**(156,164)**	**(153,114)**	**(3,050)**	**2.0%**

9 RECONCILIATION BETWEEN GROUP SHAREHOLDERS EQUITY AND NET PROFIT

Below are the reconciliations between shareholder's equity and the net result of the Parent Company and consolidated shareholders' equity and consolidated net result:

in thousands of Euro	Shareholders' equity 31.12.2017	Net result 31.12.2017
Shareholders' equity and result for Aeroporto G. Marconi S.p.A.	167,220	14,909
Shareholders' equity and result for consolidated company Tag Bologna S.r.l.	1,676	439
Shareholders' equity and result for consolidated company Fast Freight Marconi S.p.A.	4,112	836
Shareholders' equity and aggregate result	***173,008***	***16,183***
Book value of consolidated investments	(729)	0
Disposal and impairment of investments in consolidated companies	111	0
Effects of assessing the associated company with the equity method	0	0
Aligning costs and revenues of consolidated subsidiaries with the revenues and costs of the Parent Company	(2)	0
Disposal of costs related to the conferment of funds to increase the investment in FFM	(66)	0
Equity and consolidated result	**172,322**	**16,183**
Shareholders' equity and minority interest net result	821	214
GROUP NET EQUITY AND RESULT	**171,501**	**15,969**

in thousands of Euro	Shareholders' equity 31.12.2016	Net Profit 31.12.2016
Shareholders' equity and result for Aeroporto G. Marconi S.p.A.	162,285	10,543
Shareholders' equity and result for consolidated company Tag Bologna S.r.l.	1,239	193
Shareholders' equity and result for consolidated company Fast Freight Marconi S.p.A.	3,276	669
Shareholders' equity and aggregate result	***166,800***	**11,405**
Book value of consolidated investments	(729)	0
Disposal and impairment of investments in consolidated companies	111	0
Effects of assessing the associated company with the equity method	0	0
Aligning costs and revenues of consolidated subsidiaries with the revenues and costs of the Parent Company	(2)	0
Disposal of costs related to the conferment of funds to increase the investment in FFM	(66)	0
Equity and consolidated result	***166,114***	**11,405**
Shareholders' equity and minority interest net result	607	94
GROUP NET EQUITY AND RESULT	**165,507**	**11,311**

10 RELATIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND RELATED PARTIES

With regard to the relationships during 2017 with subsidiaries and affiliates and with related parties, please refer to what is written in the dedicated section in the explanatory notes to the consolidated financial statements as of 31 December 2017.

11 ALTERNATIVE PERFORMANCE INDICATORS

This Directors' Report uses several performance indicators to allow for a better assessment of operating performance, assets and liabilities and cash flows.
With regard to these indicators, on 03 December 2015, CONSOB issued Communication 92543/15 which implements the Guidelines enacted on 05 October 2015 by the European Security and Markets Authority (ESMA) with regard to their presentation in regulated distributed information or in statements published starting on 03 July 2016. These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are aimed at promoting the utility and transparency of the alternative performance indicators included in regulated information or in statements falling within the scope of Directive 2003/71/EC to improve their comparability, reliability and comprehension.
In keeping with the communications referenced above, the criteria used to develop these indicators are indicated below:

- **EBITDA:** Earnings before interest, taxation, depreciation and amortisation. Management defines this as profit before taxes for the period and before financial income and expenses, income and expenses from investments, amortisation and depreciation, provisions and write-downs. Thus, it specifically coincides with gross operating margin (MOL). EBITDA is not an approved IFRS accounting measure, and thus must be considered an alternative measure for assessing the Group's operating performance. Since the determination of this measure is not governed by the reference accounting standards for preparing the Group's consolidated financial report, the criterion applied for its determination and measurement might not be the same as that used by other groups, and thus this figure might not be comparable with that presented by such groups;
- **Adjusted EBITDA**: measure used by the Group's management to monitor and assess the Group's operating performance. It is calculated by subtracting from EBITDA:
  - the profit calculated as the difference between construction revenues and the costs of construction that the Group carries out as Airport operator and
  - the reversal of one-off system expenses of 2016 for the period under review.
- **Net Financial Position**: the composition of the net financial position is stated in accordance with the provisions of the CONSOB Communication of 28 July 2006, and in compliance with the ESMA/2011/81 Recommendations.

12 GUARANTEES PROVIDED

The following table shows the summary status of guarantees granted by the Group in the period under review.

in thousands of Euro	2017	2016	Change	% Change
Sureties	6,348	9,113	(2,765)	-30.3%
Lien on equity financial instrument	10,873	10,873	0	0%
Patronage letters	2,187	2,445	(258)	-10.6%
Total guarantees issued	**19,408**	**22,431**	**(3,023)**	**-13.5%**

As at 31 December 2017, the guarantees issued by the Group amount to Euro 19.4 million and refer to:
- sureties, the largest of which were:

  - - in favour of ENAC required by the Full Management Agreement (Euro 4.4 million);
  - - in favour of Marconi Express S.p.A. for the proper fulfilment of obligations assumed by the Parent Company with the signing of the contribution agreement of 30 September 2016 (Euro 0.87 million);

- lien on the equity financial instrument issued by Marconi Express S.p.A. and signed by the Parent Company with a nominal value of Euro 10.87 million, with a contribution of Euro 10 million as at 31 December 2017. The lien aims to secure the obligations of Marconi Express to credit institutions financing the People Mover project. The agreement governing the lien on the equity financial instrument was signed on 30 September 2016;
- patronage letter relating to the 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 remaining principal which, as at the end of the period, stood at Euro 2.2 million.

13 INFORMATION ON TREASURY SHARES

Pursuant to Article 2428, paragraphs 2, 3 and 4 of the Italian Civil Code, it is recognised that AdB and the Group do not have any treasury shares as at 31 December 2017.

14 SHARES HELD BY DIRECTORS AND AUDITORS

On the basis of the communications made pursuant to the law, the Directors and Statutory Auditors of Aeroporto Guglielmo Marconi di Bologna S.p.A. who, as at 31 December 2017, directly and/or indirectly hold shares in the Company are as follows:

- the executive director Nazareno Ventola holds 2,750 shares.

The Chairman of the Board of Directors

(Enrico Postacchini)

Bologna, 15 March 2018

Consolidated Financial Statements for the year ended 31 December 2017

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

in thousands of Euro	Notes	at 31.12.2017	at 31.12.2016
Concession Rights		156,523	155,595
Other intangible assets		1,784	1,116
Intangible assets	**1**	**158,307**	**156,711**
Property, plant and equipment		14,670	12,098
Investment property		4,732	4,732
Tangible assets	**2**	**19,402**	**16,830**
Investments	**3**	43	147
Other non-current financial assets	**4**	19,827	17,990
Deferred tax assets	**5**	6,799	7,427
Other non-current assets	**6**	1,496	1,384
Other non-current assets		**28,165**	**26,948**
NON-CURRENT ASSETS		**205,874**	**200,489**
Inventories	**7**	538	519
Trade receivables	**8**	13,220	13,454
Other current assets	**9**	4,188	3,399
Current financial assets	**10**	20,617	22,085
Cash and cash equivalents	**11**	16,209	20,110
CURRENT ASSETS		**54,772**	**59,567**
Assets held for sale	**12**	117	0
TOTAL ASSETS		**260,763**	**260,056**

in thousands of Euro	Notes	at 31.12.2017	at 31.12.2016
Share capital		90,314	90,314
Reserves		65,218	63,882
Profit (Loss) for the period		15,969	11,311
GROUP SHAREHOLDERS' EQUITY	**13**	**171,501**	**165,507**
MINORITY INTERESTS	**13**	**821**	**607**
TOTAL SHAREHOLDERS’ EQUITY		**172,322**	**166,114**
Severance and other personnel provisions	**14**	4,405	4,596
Deferred tax liabilities	**15**	2,371	2,216
Provisions for renewal of airport infrastructure	**16**	9,575	10,631
Provisions for risks and charges	**17**	1,265	1,006
Non-current financial liabilities	**18**	19,109	24,896
Other non-current liabilities		169	194
NON-CURRENT LIABILITIES		**36,894**	**43,539**
Trade payables	**19**	16,208	15,669
Other liabilities	**20**	24,174	22,802
Provisions for renewal of airport infrastructure	**21**	3,498	2,933
Provisions for risks and charges	**22**	0	159
Current financial liabilities	**23**	7,667	8,840
CURRENT LIABILITIES		**51,547**	**50,403**
TOTAL LIABILITIES		**88,441**	**93,942**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**260,763**	**260,056**

Consolidated Income Statement

in thousands of Euro	Notes	for the year ended 31.12.2017	for the year ended 31.12.2016
Revenues from aeronautical services		53,212	48,224
Revenues from non-aeronautical services		38,222	35,296
Revenues from construction services		6,735	5,999
Other operating revenues and income		977	923
Revenues	**24**	**99,146**	**90,442**
Consumables and goods		(1,852)	(1,467)
Services costs		(18,694)	(19,153)
Costs for construction services		(6,414)	(5,713)
Leases, rentals and other costs		(7,668)	(7,240)
Other operating expenses		(3,465)	(3,120)
Personnel costs		(26,832)	(25,537)
Costs	**25**	**(64,925)**	**(62,230)**
Amortisation of concession rights		(5,749)	(5,347)
Amortisation of other intangible assets		(989)	(758)
Depreciation of tangible assets		(2,085)	(1,836)
Depreciation, amortisation and impairment	**26**	**(8,823)**	**(7,941)**
Provisions for doubtful accounts		12	(63)
Provisions for renewal of airport infrastructure		(2,544)	(2,925)
Provisions for other risks and charges		(240)	(11)
Provisions for risks and charges	**27**	**(2,772)**	**(2,999)**
Total costs		**(76,520)**	**(73,170)**
Operating result		**22,626**	**17,272**
Financial income	**28**	274	362
Financial expenses	**28**	(852)	(1,223)
Result before taxes		**22,048**	**16,411**
Taxes for the period	**29**	(5,865)	(5,006)
Profit (Loss) for the period		**16,183**	**11,405**
Minority interests in profit (loss)		214	94
Group profit (loss)		15,969	11,311
Undiluted earnings/(loss) per share (in Euro)		0.44	0.31
Diluted earnings/(loss) per share (in Euro)		0.44	0.31

Consolidated Statement of Comprehensive Income

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016
Profit/(loss) for the period (A)	**16,183**	**11,405**
Other profits (losses) that will be reclassified in the net result for the period	**0**	**0**
Total other profits (losses) that will be reclassified in the net result for the period (B1)	**0**	**0**
Other profits (losses) that will not be reclassified in the net result for the period		
Actuarial gains (losses) on severance and other personnel provisions	**23**	**(190)**
Tax impact on actuarial gains (losses) on severance and other personnel provisions	**(6)**	**9**
Total other profits (losses) that will not be reclassified in the net result for the period (B2)	**17**	**(181)**
Total other profits (losses) net of taxes (B1 + B2) = B	**17**	**(181)**
Total comprehensive profit (loss) net of taxes (A + B)	**16,200**	**11,224**
of which Minority Interests	**214**	**93**
of which Group	**15,986**	**11,131**

Consolidated Cash Flow Statement

in thousands of Euro	at 31.12.2017	at 31.12.2016
Core income-generating operations		
Result for the period before taxes	22,048	16,411
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(321)	(286)
+ Depreciation and amortisation	8,823	7,941
+ Provisions	3,089	2,999
+ Interest expense on discounting provisions and severance	159	278
+/- Interest income and financial charges	419	583
+/- Losses/gains and other non-monetary costs/revenues	29	13
+/- Severance provisions and other personnel costs	105	106
Cash flow generated/(absorbed) by operating activities before changes in working capital	**34,351**	**28,045**
Change in inventories	(19)	(52)
(Increase)/decrease in trade receivables	694	549
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	(893)	4,404
Increase/(decrease) in trade payables	539	2,015
Increase/(decrease) in other liabilities, various and financial	745	3,093
Interest paid	(702)	(1,012)
Interest collected	451	319
Taxes paid	(5,560)	(3,629)
Severance paid	(338)	(241)
Use of provisions	(3,993)	(4,147)
Cash flow generated/(absorbed) by net operating activities	**25,275**	**29,344**
Purchase of tangible assets	(4,686)	(4,034)
Payment from sale of tangible assets	31	10
Purchase of intangible assets/concession rights	(8,072)	(6,708)
Purchase/capital increase of equity investments	0	0
Payment from sale of equity investments	878	293
Change in investment in current and non-current financial assets	(1,500)	(31,208)
Cash flow generated/(absorbed) by investment activities	**(13,349)**	**(41,647)**
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(10,007)	(6,137)
Loans received	0	0
Loans repaid	(5,820)	(12,134)
Cash flow generated/(absorbed) by financing activities	**(15,827)**	**(18,271)**
Final cash change	**(3,901)**	**(30,574)**
Cash and cash equivalents at beginning of period	**20,110**	**50,684**
Final cash change	**(3,901)**	**(30,574)**
Cash and cash equivalents at end of period	**16,209**	**20,110**

Statement of Changes in Consolidated Shareholders' Equity

in thousands of Euro	*Share capital*	*Share Premium Reserve*	*Legal Reserve*	*Other Reserves*	*FTA Reserve*	*Actuarial Gain (Loss) Reserve*	*Profits (Losses) Carried Forward*	*Reserve for assets held for sale*	*Group Profit (Loss) for the period*	*Group Shareholders' Equity*	*Minority interests*	*Shareholders' equity*
Shareholders' Equity as at 31.12.2015	**90,250**	**25,747**	**4,679**	**34,606**	**(3,222)**	**(752)**	**2,248**	**0**	**6,957**	**160,513**	**514**	**161,027**
Allocation of the 2015 financial year result	0	0	339	316	0	0	6,302	0	(6,957)	0	0	0
Share capital increase	64	(64)	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(6,137)	0	0	(6,137)	0	(6,137)
Total comprehensive profit (loss)	0	0	0	1	0	(181)	0	0	11,311	11. 131	93	11,224
Shareholders' Equity as at 31.12.2016	**90,314**	**25,683**	**5,018**	**34,923**	**(3,222)**	**(933)**	**2,413**	**0**	**11,311**	**165,507**	**607**	**166,114**
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
Shareholders' Equity as at 31.12.2017	**90,314**	**25,683**	**5,545**	**35,600**	**(3,222)**	**(914)**	**2,513**	**13**	**15,969**	**171,501**	**821**	**172,322**

Notes to the Consolidated Financial Statements for the year ended 31 December 2017

Information on Group Operations

The Group operates in the business of airport management. Specifically:

- Aeroporto Guglielmo Marconi di Bologna S.p.A. (referred to hereinafter as “AdB” or “Parent Company”) is the full management operator of Bologna Airport according to Full Management Concession No. 98 of 12 July 2004 et seq., approved by Ministry of Transport and Infrastructure and Ministry of the Economy and Finance Decree dated 15 March 2006, for a forty-year duration starting on 28 December 2004. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Registry.
- Fast Freight Marconi S.p.A. (referred to hereinafter as “FFM”) operates a freight and mail handling business at Bologna Airport. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Registry. It is subject to management and coordination by the company Aeroporto Guglielmo Marconi di Bologna S.p.A.
- TAG Bologna S.r.l. (referred to hereinafter as “TAG”) operates in the general aviation business as a handler and manages the relative infrastructure at Bologna Airport. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Registry. It is subject to management and coordination by the company Aeroporto Guglielmo Marconi di Bologna S.p.A.

Accounting Standards Applied in the Preparation of the Consolidated Financial Statements as at 31 December 2017

Preparation Criteria

These Group consolidated financial statements refer to the year ended 31 December 2017 and include the comparative data referring to the year ended 31 December 2016 (hereinafter, “the Group consolidated financial statements” or the “consolidated financial statements”).
The consolidated financial statements were prepared on the basis of historical cost, with the exception of financial assets held for sale and the intangible assets comprised of energy certificates, which were recorded at their fair value, and on the basis of a “going concern” assumption. The Group has assessed that, despite the difficult economic and financial scenario, there are no significant uncertainties (as defined by paragraph 25 of IAS 1) about the company’s ability to continue as a going concern.

The consolidated financial statements are presented in thousands of Euro, which is also the Group's operating currency, and all the amounts in these Notes are rounded off in thousands of Euro unless otherwise indicated.

Statement of compliance with the IAS/IFRS and the directives promulgated in implementation of Article 9 of Legislative Decree 38/2005

These consolidated Group financial statements were prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), adopted by the European Union and in effect as of the date of the preparation of the financial statements, as well as on the basis of directives promulgated in implementation of Article 9 of Legislative Decree 38/2005 (Consob Resolutions nos. 15519 and 15520 of 27 July 2006).

In 2014 the Group voluntarily chose to prepare the consolidated financial statements in accordance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and considered 1 January 2012 to be the date of the transition to the IFRS Standards (First Time Adoption, "FTA").

The publication of the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. and its subsidiaries (the Group) for the year ended 31 December 2017 was authorised by the Board of Directors on 15 March 2018.

Content and form of the consolidated financial statements

The Group has chosen the Separate and Comprehensive Income Statement presentation indicated as preferable in the IAS 1 Accounting Standard and deems it to be more effective in representing business events. In particular, the presentation of the Statement of Consolidated Financial Position utilised a format that divides assets and liabilities into current and non-current assets and liabilities.
An asset is current when:

- it is assumed that it will be realised, or that it is held for the purpose of sale or consumption during the normal operating cycle;
- it is held principally for the purpose of trading it;
- it is assumed that it will be realised within twelve months following the end of the financial year;
- it consists of cash or cash equivalents unless it is prohibited to exchange or use it to settle a liability for at least twelve months following the end of the financial year.

All other assets are classified as non-current.

A liability is current when:

- it is planned that it will be paid off within its normal operating cycle;
- it is held principally for the purpose of trading it;
- it must be paid no later than twelve months following the end of the financial year;
- the entity has no unconditional right to postpone payment of the liability for at least twelve months following the end of the financial year.

The Group classifies all other liabilities as non-current.

Assets and liabilities for prepaid and deferred taxes are classified as non-current assets and liabilities.

The presentation of the Consolidated Income Statement employed a format that allocates revenues and costs by type, and the presentation of the Consolidated Cash Flow statement employs the indirect method, which divides cash flows among operating, investing and financing activities.

Consolidation principles

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 has chosen a presentation of the comprehensive income statement which includes, besides the results for the period, the changes in shareholders' equity pertaining to financial items which, by express provision of international accounting standards, are recorded among components of shareholders' equity.
The consolidated financial statements were prepared based on the financial statements of the company and its direct or indirect subsidiaries, approved by their respective shareholders' meetings or assigned management bodies, suitably adjusted to ensure their compliance with the IFRSs, with the exception of the financial statements of Tag Bologna Srl, approved by the Board of Directors' meeting of 2 February 2018,

whose Shareholders’ Meeting has been called for 27 April 2018. The subsidiaries are wholly consolidated as of their acquisition dates, i.e. the dates on which the Group acquired control, and cease to be consolidated on the date on which control is transferred outside the Group.
A company is capable of exercising control if it is exposed to or has the right to the variable income generated by its relationship with the entity in which it has invested and, at the same time, it is capable of having an impact on that income by exercising its power over that entity.
Specifically, a company is able to exercise control if, and only if, it has:

- power over the entity in which it has invested (or in which it has valid rights that give it the actual ability to direct the significant activities of the entity in which it has invested);
- exposure or rights to variable income generated by the relationship with the entity in which it has invested;
- the ability to exercise its power over the entity in which it has invested in order to have an impact on the amount of its income.

When a group company holds less than a majority of the voting rights (or similar rights) in an investee company, it considers all relevant facts and circumstances in establishing whether the investee entity is controlled, including:

- contractual agreements with other parties holding voting rights;
- rights arising from contractual agreements;
- the group's voting rights and potential voting rights.

The Group reconsiders whether or not there is control of an investee company and if the facts and circumstances indicate that there have been changes in one or more of the three components that are relevant for the purposes of determination of control. The consolidation of a subsidiary begins when the group acquires its control and ceases when the group loses said control. The assets, liabilities, revenues and costs of a subsidiary acquired or sold during the financial year are included in the comprehensive income statement since the date on which the group acquired control and until the date on which the group no longer exercises control over the company.
The financial year profit/loss and each of the other components of the comprehensive income statement are allocated to controlling shareholders and minority shareholder stakes, even if that means that minority shareholder stakes have a negative balance. Where necessary, the appropriate adjustments are made to subsidiaries' financial statements to ensure compliance with group accounting policies. All intercompany assets and liabilities, shareholders' equity, revenues and costs, and cash flows pertaining to transactions among group entities are completely eliminated during consolidation.
When the share of shareholders' equity held by the controlling company changes, but that fact does not result in a loss of control, this change must be recorded under shareholders' 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 minority interests;
- eliminate accrued foreign exchange differences recognised under shareholders' equity;
- record the fair value of the consideration received;
- record the fair value of any investment retained;
- record the profit or loss in the income statement for the period;
- reclassify the controlling company's share of the components previously recorded in the consolidated statement of other components of comprehensive income to the income statement or among profits carried forward, as required by specific accounting standards, as if the Group had directly sold or transferred the corresponding assets or liabilities.

The following table summarises information on subsidiaries as of 31 December 2017 and 2016 as to their company names and the stake in the share capital held directly or indirectly by the Group.

			% Owned	
in thousands of Euro	Currency	Share capital	at 31.12.2017	at 31.12.2016
Fast Freight Marconi S.p.A. Single-shareholder company	Euro	520	100.00%	100.00%
Tag Bologna S.r.l.	Euro	316	51.00%	51.00%

The following table summarises information on affiliated companies as of 31 December 2017 and 2016 as to their company names and the stake in the share capital held directly or indirectly by the Group.

in thousands of Euro	Currency	Share capital	at 31.12.2017	at 31.12.2016
Ravenna Terminal Passeggeri S.r.l.	Euro	165	24.00%	24.00%

The share capital of the associated company Ravenna Terminal Passeggeri S.r.l. was reduced for losses from Euro 300 thousand to Euro 165 thousand by the Shareholders' Meeting on 04 April 2017. This transaction had no impact on the period under review since the value of the investment was fully written down in previous periods.

Measurement Criteria

Business Combinations and Goodwill

Business combinations are recorded using the acquisition method. Acquisition cost is determined as the total consideration transferred, measured at fair value as of the acquisition date, and the amount of the minority investment in the acquired company. For each business combination, the Group decides whether to measure the minority investment in the acquired company at fair value or in proportion to the minority investment's share of the identifiable net assets of the acquired company. Acquisition costs are expensed during the year and classified under administrative expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions, and other conditions relevant as of the acquisition date. That process includes an examination to establish whether an embedded derivative must be separated from the primary contract.

If the business combination is carried out in several phases, the previously held investment is returned to its fair value as of the acquisition date and any resulting profit or loss is recorded in the income statement. It is therefore considered in the determination of goodwill.

Any consideration to be paid is recognised by the buyer at fair value as of the acquisition date. Changes in the fair value of the potential consideration classified as an asset or liability must be recognised in the income statement or in the statement of other components of the statement of comprehensive income. In instances where the potential consideration does not fall within the scope of IAS 39, it shall be measured in accordance with the appropriate IFRS. If the potential consideration is classified under shareholders' equity, its value is not to be re-determined and its subsequent adjustment shall be recorded under shareholders' equity.

Goodwill shall be initially recognised as the cost consisting of the amount in excess of the entire amount of the consideration paid and the amount recognised as minority interest with respect to the identifiable net assets acquired and the liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the entire consideration paid, the Group again determines whether it has correctly identified all the assets acquired and all the liabilities assumed, and it reviews the procedures employed to determine the amounts to be recognised as of the acquisition date. If the new valuation also shows a fair value for the net assets acquired that exceeds the consideration paid, the difference (profit) is recorded in the income statement.

After initial recognition, goodwill shall be measured at cost net of accumulated impairment. For the purposes of the impairment test, the goodwill acquired in a business combination is allocated, as of the acquisition date, to each Group cash generating unit (CGU) for which benefits from combination synergies are foreseen, regardless of the fact that other assets or liabilities of the acquired entity are assigned to those units.

If the goodwill was allocated to a CGU, and the entity divests part of the assets of that unit, the goodwill associated with the divested assets shall be included in the book value of the assets when the profit or loss from the divestment is determined. The goodwill associated with the divested asset shall be determined on the basis of the values pertaining to the divested asset and the retained portion of the CGU.

Investments in Associated Companies and Joint-Ventures

An associated company is a company over which the Group exerts significant influence, and which cannot be classified as a subsidiary or joint venture. The Group's investments in associated companies are measured using the equity method.

Under the equity method, the investment in an associated company is initially recognised at cost, and the book value is increased or decreased to recognise the investor's share of the investee company's profits and losses realised after the acquisition date.

The goodwill pertaining to the associated company is included in the book value of the investment and is not subject to amortisation nor to an individual impairment test.

The income statement shall reflect the Group's share of the financial year profit/loss of the affiliated company. In the event that an associated company recognises adjustments that are charged directly to shareholders' equity, the Group shall recognise its share and present it, where applicable, in the statement of changes in shareholders' equity. Profits and losses generated by transactions between the Group and the associated company shall be eliminated in proportion to the investment in the associated company.

The Group's share of an associated company's financial year profit/loss shall be reflected in the income statement. The share belonging to the Group represents the associated company's profit/loss that is attributable to shareholders; this is therefore the after-tax profit/loss net of the shares belonging to other shareholders of the associated company.

The associated company's reporting date must be the same as the parent company's reporting date. The associated company's financial statements must be prepared employing accounting standards that are uniform for similar transactions and events in similar circumstances.

After the application of the equity method, the Group shall assess whether it is necessary to recognise an impairment of its equity stake in the associated company. The Group shall assess on every reporting date whether there is objective evidence that the investment in the associated company has suffered an impairment. If this is the case, the Group shall calculate the amount of the loss as the difference between the recoverable value of the associated company and its book value recording the difference in the income statement for the period.

Once it has lost a significant influence over an associated company, the Group must measure and recognise any remaining investment at fair value. Any difference between the book value of the investment at the date of loss of significant influence and the fair value of the remaining investment and the consideration received must be recorded in the income statement.

Conversion of Entries in Foreign Currencies

Transactions and Balances

Transactions in foreign currency shall be initially recognised in the operating currency, applying the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency shall be converted into the operating currency at the exchange rate at the reporting date. The gain or loss generated by conversion shall be charged to the income statement.

Non-monetary items measured at historic cost in foreign currency shall be converted using the exchange rates in effect on the date of the initial recognition of the transaction. Non-monetary items recorded at fair value in a foreign currency are converted using the exchange rate on the date when this value was determined. The gain or loss arising from the reconversion of non-monetary items is treated in a manner consistent with the recognition of gains and losses pertaining to the aforementioned items' changes in fair value (conversion differences with respect to items whose changes in fair value were recognised in the statement of comprehensive income or in the income statement are recognised in the statement of comprehensive income or the income statement, respectively).

Intangible assets

Intangible assets pertain to assets that have no identifiable physical substance, which are controlled by the company and capable of producing future economic benefits, as well as those assets created by business combination transactions.

The useful life of intangible assets is determined to be definite or indefinite.

Intangible assets that have a definite useful life are recorded at acquisition or production cost or, if they are generated by business combination transactions, they are capitalised at fair value as of the acquisition date; they are inclusive of accessory costs, systematically amortised over the period of their remaining useful life in accordance with the provisions of IAS 36, and are subject to an impairment test any time that there are indications of a possible loss of value.

The remaining value at the end of useful life is presumed to be equal to zero unless there is a commitment by third parties to purchase the asset at the end of its useful life or if there is an active market for the asset.

The directors shall review the estimate of the useful life of intangible assets at the end of every financial year.

Amortisation charges related to intangible assets with a definite useful life shall be recognised in an appropriate item in the income statement.

The Group has not identified intangible assets with an indefinite useful life among its intangible assets.

The item "Concession Rights" contains the amount recognised under intangible assets consisting of airport infrastructure held by the company in connection with the concession rights acquired to manage such infrastructure in exchange for the right to charge users for said infrastructure's use in performing a public service, in accordance with the provisions of IFRIC 12 – Service Concession Agreements.

The Concession on the basis of which the Group operates meets the requirements in accordance with which the concession holder constructs and manages the infrastructure on behalf of the concession grantor; consequently, there is no basis for recognising said infrastructure in its financial statements as a tangible asset.

The Group subcontracts infrastructure construction and improvement activities to third parties. As such, the fair value of the consideration for construction/improvement services performed by the Group is equal to the fair value of the consideration for construction/improvement services performed by third parties, plus a mark-up representing the internal costs incurred for the planning and coordination activities performed by the appropriate internal unit.

The external costs incurred to provide construction services are therefore recognised under the item Cost of construction services, in the income statement.

At the same time that those costs are recognised, the Group recognises an increase in the item “Concession Rights” in an amount representing the fair value of the service performed, with revenues from construction services as an offsetting entry.

The Concession Rights determined in the above manner shall be subject to a straight-line amortisation process during the entire term of the Concession, beginning at the time the pertinent asset created on behalf of the concession grantor was placed in service.

The useful life of an intangible asset arising from contractual rights or other legal rights is determined on the basis of the term of the contractual or legal rights (term of the concession) or the period of the utilisation of the assets, whichever is less. The ability to recover the carrying value, reduced by amortisation, is verified annually by employing impairment test criteria.

The item "Software, Licences and Similar Rights" mainly pertains to costs for the implementation and customisation of operating software as well as the purchase of software licenses, which are amortised at a rate of 33%.
The item “Energy Certificates” regards the White Certificates for the trigeneration plant for which the Company obtained recognition from the Energy System Operator (GSE). These are measured at fair value, represented by the average sale prices in the last annual trading session of the energy efficiency certificates market.

Gains or losses generated by the derecognition of an intangible asset shall be measured as the difference between the net proceeds from divestment and the book value of the intangible asset and shall be recognised in the income statement for the financial year in which the derecognition occurs.

Tangible assets
Tangible assets are initially recognised at the acquisition cost or realisation value; the value shall include the price paid to purchase or construct the asset (after discounts and rebates) and any costs directly attributable to the acquisition and necessary to place the asset in service.
Land, whether unbuilt or adjoining office and industrial buildings, was recorded separately and is not depreciated because it is an item with an unlimited useful life.
Tangible assets shall be stated net of accumulated depreciation and any impairments determined in accordance with the procedures described below. Depreciation shall be calculated using the straight-line method, on the basis of the estimated useful life of the asset. When the tangible asset is made up of several significant components that have different useful lives, depreciation shall be applied to each component. Land and tangible assets held for sale, which are measured at the lower of their carrying value or fair value after divestment costs, are not depreciated.

The following are the annual depreciation rates applied:

- Buildings and light structures: from 3% to 10%;
- Machinery, plant and equipment: from 10% to 31.5%;
- Furniture, office equipment, and transport equipment: from 12% to 25%.

The remaining value of the asset, its useful life, and the methods employed shall be reviewed annually and adjusted if necessary at the end of every financial year.

Losses in value shall be recorded in the income statement as depreciation costs. Such losses in value shall be restored in the event that the reasons that caused them to no longer apply.
At the time of sale or when there are no expected future economic benefits from the use of an asset, it shall be derecognised in the financial statements, and any possible gain or loss (calculated as the difference between the sales price and the book value) shall be recognised in the income statement in the year of said derecognition.
Maintenance and repair costs that do not potentially increase the value and/or extend the remaining life of assets, shall be costed in the financial year in which they are incurred; otherwise they shall be capitalised.

Investment property
The Group classifies as investment properties land purchased for the purpose of making real estate investments which have not yet been determined.
The aforementioned land shall initially be recognised at the purchase cost, and subsequent measurements shall be in accordance with the cost criterion.
Such tangible assets are not subject to depreciation because they pertain to land. The Group monitors changes in the pertinent fair value through expert valuations to identify any permanent impairment.
Investment properties are derecognised in the financial statements when they have been sold or when the investment is unusable over the long term and no future economic benefits are expected from their sale. Any gains or losses generated by the derecognition or divestment of an investment property shall be recorded in the income statement for the financial year in which the derecognition or divestment occurs.

Leasing
The definition of a contractual agreement as a leasing transaction (or containing a leasing transaction) is based on the substance of the agreement and requires an assessment as to whether the performance of the agreement depends on one or more specific assets, or whether the agreement transfers the right to use such asset. Verification as to whether an agreement contains a lease is done at the beginning of the agreement.
A lease agreement is classified as a finance lease or operating lease at the beginning of the lease. A lease agreement that transfers substantially all risks and benefits from owning the leased asset is classified as a finance lease.
An operating lease is a lease agreement that cannot be qualified as a finance lease. As a lessee, the Group recognises operating lease payments as costs in the income statement in equal amounts over the life of the lease. As a lessor, the Group recognises lease agreements as operating leases when substantially all risks and benefits of owning the asset remain with the Group. Initial negotiating costs are added to the book value of the asset leased and recognised on the basis of the term of the agreement on the same basis as lease income. Unbudgeted rents are recognised as revenues in the period in which they accrue.

Impairment of Non-Financial Assets

The book values of non-financial assets are subject to measurement any time that there are evident indications inside or outside the company that indicate the possibility of a loss in the value of the assets or a group of assets (defined as Cash Generating Units or CGU).

The recoverable value is the greater of the fair value of the asset or cash generating unit, after sales costs, and its value in use. The recoverable value shall be determined for each asset, except when said asset generates cash flows that are not fully independent of the cash flows generated by other assets or groups of assets.

If the book value of an asset exceeds its recoverable value, that asset has suffered an impairment, and consequently it shall be written down to bring it in line with its recoverable value. In determining value in use, the Group discounts estimated future cash flows to their present value, using a pre-tax discount rate that reflects market valuations of the present value of funds and the specific risks of the asset. An appropriate measurement model is employed to determine fair value after deducting sale costs. These calculations are performed utilising appropriate valuation multipliers, the prices of listed shares for investee companies whose shares are publicly traded, and other available indicators of fair value.

Impairments of operating assets shall be recognised in the income statement under cost categories consistent with the intended use of the asset which has been impaired.

For assets other than goodwill, at the end of every financial year the Group shall also assess any existing indications of the elimination (or reduction) of the previously recorded impairment, and if such indications exist, shall estimate the recoverable value. The value of a previously impaired asset may be restored only if there have been changes in the estimates which were the basis for the calculation of the recoverable value that was determined subsequent to the recognition of the most recent impairment. The recovery of the value may not exceed the book value that would have been determined, net of depreciation, in the event that no impairment had been recognised in prior financial years. Said recovery shall be recognised in the income statement unless the asset has been recognised at the remeasured value, in which case the recovery shall be treated as a re-measurement increase.

The following criteria are used to recognise impairments for specific categories of assets:

Concession Rights

The Group subjects the value recorded under Concession Rights to impairment tests on an annual basis during the financial statements closeout process, or more frequently if events or changes in circumstances indicate that the book value could be subject to impairment (any time that impairment indicators should appear).

An impairment of the aforementioned intangible assets is determined by assessing the recoverable value of the cash generating unit (or group of cash generating units) to which it is attributable. In instances where the recoverable value of the cash generating unit (or group of cash generating units) is less than the book value of the cash generating unit (or group of cash generating units) to which the intangible assets have been allocated, an impairment shall be recognised.

For the purposes of performing impairment tests, the Group has established a single CGU which is one and the same as the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group.

Impairment tests are performed by comparing the book value of the asset or CGU with its recoverable value, which is determined as the greater of the fair value (less costs to sell) and the amount of discounted net cash flows that are projected to be generated by the asset or CGU.

Each unit or group of units to which the specific intangible asset is allocated represents the lowest level within the Group in which the asset is monitored for the purposes of internal management.

The terms, conditions and procedures for any reversal of value of a previously impaired asset by the Group, in any case excluding any possibility of reversing goodwill impairment, are those established by IAS 36.

Financial assets
IAS 39 establishes the following categories of financial instruments: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets.
Initially all financial assets are recognised at fair value plus, in the instance of assets not measured at fair value through profit or loss, transaction costs. At the time of entering into a contract, the Group considers whether it contains embedded derivatives.
Embedded derivatives are separated from the host contract if the contract is not measured at fair value, when the analysis demonstrates that the economic characteristics and risks of the embedded derivative are not strictly correlated to those of the host contract.
The Group determines the classification of its financial assets after initial recognition and, if appropriate and allowable, it reviews that classification at the end of each financial year.

Financial assets at fair value through profit and loss
This category includes assets held for trading and assets initially recognised as financial assets at fair value; after initial recognition, changes in fair value are recognised to the income statement.
Assets held for trading are all those assets purchased for the purpose of short-term sale. Derivatives, including those separated out, are classified as financial instruments held for trading unless they have been designated as effective hedging instruments. Gains and losses on assets held for trading are recognised in the income statement.
In instances where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, with the exception of those instances in which the embedded derivative does not significantly alter cash flows or it is evident that separation of the derivative is not allowed.
At the time of initial recognition, it is possible to classify financial assets as financial assets at fair value through profit or loss if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency in treatment that would otherwise result from measuring the asset or recognising gains or losses that the asset generates using a different criterion; or (ii) the assets are part of a group of managed financial assets and their yield is measured on the basis of their fair value, based upon a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that must be separated out and recognised separately.

Held-to-maturity investments
Financial assets that are not derivative and which are characterised by payments at a fixed or determinable maturity, are classified as "held-to-maturity investments" in instances where the Group has the intention and the ability to hold them until maturity. After initial recognition, held-to-maturity investments are measured at amortised cost, using the effective interest rate method, after deducting impairments. The amortised cost is calculated by recognising any possible discounts, purchase premiums, fees or costs that are an integral part of the effective interest rate. The effective interest rate is included in financial income in the income statement. Impairments are recognised as financial expense in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. After initial recognition, such assets are measured at amortised cost, using the effective discount rate method, net of any impairment provisions.

The amortised cost is calculated taking into account any discount or purchase premium and includes the fees that are an integral part of the effective interest rate and transaction costs. Short-term trade receivables are not discounted because the effect of discounting cash flows is immaterial. Gains and losses are recognised in the income statement when loans and receivables are derecognised for accounting purposes or upon the occurrence of impairment other than through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those financial assets, excluding derivative, which have been designated as such and are not classified in any other of the foregoing categories. After initial recognition, available-for-sale financial assets are measured at *fair value* and gains and losses are recognised in a separate item of shareholders' equity. When the assets are derecognised, the gains or losses accumulated in shareholders' equity are recognised in the income statement. Interest accrued or paid on such investments is recognised as interest income or expense using the effective interest rate. Dividends accrued on these investments are recognised in the income statement as "dividends received" when their right to collection comes due.

Fair value

The Group provides in an accompanying note the fair value of financial instruments measured at amortised cost and of non-financial assets, such as investment properties.

Fair value is the price that would be received for the sale of an asset, or that would be paid for the transfer of a liability, in a regular transaction between market operators as of the measurement date.

A measurement at fair value assumes that the asset sale or liability transfer transaction occurs:

(a) in the principal market for 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 to the Group.

The fair value of an asset or liability is measured by making the assumptions that market operators would employ in determining the price of the asset or liability, assuming that the latter act in such a way as to best serve their own economic interest.

A measurement of the fair value of a non-financial asset considers the capacity of a market operator to generate economic benefits through the optimal investment or optimal utilisation of the asset, or by selling it to another market operator that would optimally invest and optimally utilise it.

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

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

- Level 1 - the (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 – inputs other than listed prices included in Level 1, which are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which input data is not observable for the asset or liability.

The measurement of fair value is classified entirely at the same level of the fair value hierarchy as the classification of the lowest hierarchical level input employed for the measurement.

In the instance of assets and liabilities recognised in the financial statements on a recurring basis, the Group determines whether the hierarchy level has changed by reviewing the categorisation (based on the lowest level input that is significant for the purposes of measuring the fair value in its entirety) at the end of every reporting period.

Impairment of Financial Assets

At each reporting date, the Group determines whether a financial asset or group of financial assets has been impaired.

Assets Measured According to the Amortised Cost Criterion

If there is an objective indication that a loan or receivable recorded at amortised cost has been impaired, the amount of the impairment shall be measured as the difference between the book value of the assets and the present value of estimated future cash flows (excluding future losses on receivables that have not yet been incurred) discounted at the original effective interest rate of the financial assets (which is to say, the effective interest rate calculated at the initial recognition date). The book value of the assets shall be reduced through the use of a provision, and the impairment shall be recognised in the income statement.

The Group, first of all, determines the existence of objective indications of impairments on an individual level, for financial assets that are individually significant, and then at an individual or collective level for financial assets that are not. In the absence of objective indications of impairment of a financial asset measured individually, whether or not it is significant, said asset shall be included in a group of financial assets with similar credit risk characteristics, and that group shall be collectively subjected to an impairment test. Assets measured individually for which an impairment is recognised or continues to be recognised shall not be included in a collective measurement.

If, during a subsequent period, the amount of the impairment is reduced and that reduction can be objectively attributed to an event that occurred after the recognition of the impairment, the previously reduced value may be recovered. Any subsequent recoveries of value shall be recognised in the income statement, to the extent that the book value of the assets does not exceed the amortised cost as of the date of recovery.

In the instance of trade receivables, an impairment provision is made when there is an objective indication (such as, for example, the likelihood of the debtor’s insolvency or significant financial difficulties) that the Group will not be able to collect all the amounts owed on the basis of the original terms and conditions of the receivable. The receivable's book value shall be reduced through an appropriate provision. Impaired receivables shall be written off when it is determined that they are uncollectible.

Available-for-Sale Financial Assets

In the instance of equity instruments classified as available-for-sale, the objective evidence of impairment would include a significant or prolonged reduction in the fair value of the instrument below its cost. The term 'significant' is assessed in relation to the original cost of the instrument and the term 'prolonged’ is assessed in relation to the period during which the fair value remained below the original cost.

In the event of impairment of an available-for-sale financial asset, an amount is transferred from shareholders' equity to the income statement which represents the difference between its cost (net of

repayment of principal and amortisation) and its current fair value net of any impairments recognised previously in the income statement.
Recoveries of the values of equity instruments classified as available-for-sale shall not be recognised in the income statement. Recoveries of value related to debt instruments are recognised in the income if the increase in the fair value of the instrument can be objectively attributed to an event that occurred after the impairment was recognised in the income statement.

Non-Current Held-for-Sale Assets and Discontinued Operations
Non-current assets classified as held for sale must be measured at either the book value or the fair value net of sales costs, whichever is lower. They are classified as such if their book value will be recovered through a sales transaction instead of through their ongoing use. This condition is considered to be met only when a sale is highly probable and the assets or group of assets to be divested is available for immediate sale under their current conditions. Management must be committed to the sale, the completion of which must be scheduled no later than one year after the date of classification.
In the consolidated income statement and the income statement for the prior year used as a comparison period, the profits and losses from discontinued operations shall be reported separately from profits and losses from operating activities, in the line item for profit after tax, including when the Group retains a minority stake in the subsidiary after the sale. The resulting after-tax profit or loss shall be stated separately in the income statement.
Once property, plant and equipment and intangible assets are classified as held for sale, they must no longer be depreciated/amortised.

Derecognition of Financial Assets
A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised (e.g. removed from the statement of financial position) first of all when:

- the rights to receive cash flows on the asset are extinguished, or
- the Group has transferred to a third party the right to receive the asset's cash flows, or has assumed a contractual obligation to pay them in full and without delay and (a) has basically transferred all the risks and benefits of ownership of the financial asset, or (b) has not transferred nor substantially retained all the risks and benefits of the asset, but has transferred control of same.

Construction Services and Contracts in Progress
Construction contracts in progress are measured on the basis of the contractual consideration accrued with reasonable certainty in relation to the progress of the work, and according to a percentage completion criterion, determined by the methodology of physical measurement of the work performed, so as to allocate the revenues and the profit/loss from the work contract to the individual financial years in which they are accrued, in proportion to progress in the work. The positive or negative difference between the completed amount of the contracts and the amount of prepayments received is recognised as balance sheet assets or liabilities, respectively, also taking into account any possible impairments in view of the risk connected to the client's failure to pay for the work performed.
Contract revenues, in addition to contractual consideration, include project changes, price revisions, as well as any possible claims, to the extent that it is probable that they represent actual revenues that can be reliably determined.
In the event that a loss is anticipated from completion of the contract activities, said loss shall be immediately recognised in full in the financial statements, regardless of the contract's state of progress.
Specifically, construction services for the concession grantor pertaining to the concession agreement that AdB holds, shall also be recognised in the income statement on the basis of the state of progress of the work. Specifically, revenues from construction and/or improvement services, which represent the

consideration owing for the work performed, are measured at fair value, determined on the basis of the total costs incurred, which mainly consist of the cost of outside services and the cost of benefits for the employees assigned to that work.
The offsetting entry for such construction services revenues consists of a financial asset or airport concession asset recognised in Concession Rights under intangible assets, as was explained in that paragraph.

Inventories
Inventories are recorded at the lesser of acquisition or production cost and the net realisation value, which consists of the amount that the company expects to receive from sale of the inventory pursuant to normal operations. The cost of inventories is determined by applying the weighted average cost method.

Cash and Cash Equivalents
Cash and cash equivalents include readily liquid cash instruments, which is to say, cash instruments that meet the requirements for payment at sight or within an extremely short period of time, which can be successfully executed, and have no collection expenses.

Employee Benefits
The benefits guaranteed for employees that are provided at the same time as or subsequent to termination of employment through defined-benefit programs (severance pay) or other long-term benefits (such as, for example, Non-Compete Agreements and long-term Incentive Plans) are recognised in the period when the right accrues.
The pertinent liability, net of any possible assets to service the plan, is determined on the basis of actuarial assumptions and is recognised on an accrual basis, consistent with work in employment necessary to receive the benefits; the liability is measured by independent actuaries, utilising the unit credit projection method.
The amount reflects not only the payable accrued as of the reporting date for the consolidated financial statements, but also future salary increases and related statistical movements.

Re-measurements, which include actuarial gains and losses, changes in the impact of the maximum amount of the assets, excluding net interest (not applicable to the Group) and the income from assets servicing the plan (excluding net interest), are immediately recognised in the statement of financial position by debiting or crediting the profits carried forward through other components of the comprehensive income statement, in the financial year in which they occur. Re-measurements are not reclassified in the income statement in subsequent financial years.
The cost of past work in employment is recognised in the income statement as at the later of the following dates:

(a) the date on which a change or reduction in the plan occurs; and
(b) the date on which the Group recognises the related restructuring costs.

Net interest on net liabilities/assets for defined benefits must be determined by multiplying net liabilities/assets by the discount rate. The Group recognises the following changes in net obligations for defined benefits in the cost of sales, administrative overhead expenses, and in the costs of sale and distribution in the consolidated income statement (according to type):

- Labour costs, including current and past labour costs, gains and losses on non-routine reductions and terminations;
- Net interest income or expense.

As a result of the changes made to severance pay by Law No. 296 of 27 December 2006 (2007 Finance Law) and subsequent Decrees and Regulations, the severance pay of Italian companies with more than 50 employees that has been accrued since 1 January 2007 or the date employees chose to exercise the option, falls within the category of defined contribution plans, both in the instance of the supplementary retirement option, and in the instance of allocation to the Treasury Fund at the National Social Security Agency (INPS). The severance pay accrued up to 31 December 2006 is recognised as a defined benefit.

The contributions to be paid to a defined contribution plan instead of a work in employment plan are recognised as liabilities (payables), after deducting in the contributions possibly already paid, and as a cost.

Provisions for risks and charges

Provisions for risks and charges concern costs and charges of a specific nature that are certain or likely to occur, the total amount of which and date of occurrence cannot be determined as of the reporting date of these consolidated financial statements. Provisions are recognised when:

(i) it is likely that there is a current legal or implied obligation arising from a past event;

(ii) it is likely that the fulfilment of the obligation will require payment;

(iii) the total amount of the obligation can be reliably estimated.

Provisions are recorded in an amount that represents the best estimate, provided at times with the support of experts, of the amount that the company would pay to extinguish the obligation or to transfer it to third parties, as of the reporting date. When the financial impact over time is significant and the payment dates for obligations can be reliably estimated, the provision is discounted; an increase in the provision connected to the passage of time is recognised in the income statement under the item "Financial income (expenses)".

When the liability pertains to tangible assets (demolition of capital assets), the provision is recognised in an offsetting entry to the asset to which it pertains; it is charged to the income statement through the depreciation process.

Provisions are periodically updated to reflect changes in cost estimates, completion times, and the discount rate; revisions to estimated provisions are recognised in the same income statement item that previously contained the provision or, when the liability pertains to tangible assets, as an offsetting entry to the asset to which they pertain.

Provisions for renewal of airport infrastructure

In keeping with existing contractual obligations, as of the reporting date, airport infrastructure renewal provisions contain provisions for extraordinary maintenance, restorations and replacements to be performed in the future for the purpose of ensuring the proper functionality and safety of the airport infrastructure. Allocations to this provision are calculated as a function of the degree of utilisation of the infrastructure, which is indirectly reflected in the planned date for its replacement/renewal in the most recently company plan 2018-2022 approved by the Board of Directors on 29 January 2018. The determination of the amounts that change this financial statement item also takes due account of a financial component, to be applied as a function of the amount of time between the various renewal cycles, for the purpose of ensuring the sufficiency of the provisions allocated. The estimate of provisions for renewal of airport infrastructure therefore requires a complex technical and professional opinion, particularly with regard to the nature of costs to be sustained, their total amount and the timing of the works envisaged.

Trade Payables and Other Non-Financial Liabilities
Short-term trade payables, the maturities of which fall within normal commercial time frames, are recorded at cost (their face value) and they are not discounted because the impact of discounting cash flows is immaterial.
Other non-financial liabilities are recognised at cost (identified as face value).

Loans
Other financial liabilities, with the exception of derivatives, are initially recognised at cost, which corresponds to the fair value of the liability net of transaction costs which are directly attributable to said liability.
After initial recognition, financial liabilities are measured using the amortised cost criterion, and employing the original effective interest rate method; this is the rate that makes the present value of cash flows, at the time of initial recognition, equal to the initial recognition value (referred to as the amortised cost method).
Any gain or loss is recognised in the income statement when the liability is extinguished, including through the amortisation process.

Financial Guarantees Issued
Financial guarantees issued by the Group are contracts that require a payment to reimburse the holder of a debt instrument in the event the holder suffers a loss as a result of the debtor's default on payment at the contractually established maturity. Financial guarantee contracts are initially recognised as a liability at fair value, plus the transaction costs directly attributable to the issuance of the guarantee. Subsequently, the liability is measured as the greater of the best estimate of the expenditure required to fulfil the guaranteed obligation as of the reporting date, and the initially recognised amount, net of accumulated amortisation.

Derecognition of Financial Liabilities
The financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or honoured. In instances where an existing financial liability is replaced by another from the same lender, under substantially different terms and conditions, or the terms and conditions of an existing liability are substantially amended, this exchange or amendment shall be treated as an accounting derecognition of the original liability, accompanied by the recognition of a new liability, with any differences between the book values recorded in the income statement for the period.

Recognition of Revenues
Revenues are recognised to the extent that it is possible to reliably determine their value (fair value), and it is probable that the pertinent economic benefits will materialise.

Depending upon the type of transaction, revenues are recognised on the basis of the following specific criteria:
- revenues from the sale of goods are recognised when the significant risks and benefits of ownership of the goods are transferred to the buyer;
- revenues from providing services are recognised when the service is rendered;
- revenues from the performance of services connected with work under contract are recognised on the basis of the state of progress of the work, based upon the same criteria established for contract work in progress.

Revenues are recognised net of returns, discounts, rebates, bonuses and promotional costs directly related to sales revenues, as well as directly connected taxes.

Commercial discounts that directly reduce revenues are determined on the basis of contracts entered into with airlines and tour operators.
Royalties are recognised on an accrual basis according to the substance of contractual agreements.

Interest income is recognised on an accrual basis, taking into account the actual income on the asset in question.

Dividends are recognised when the shareholders' right to receive payment is established.

Recognition of Costs and Expenses

Costs are recognised when they pertain to goods and services sold or consumed during the period or through a systematic distribution, which is to say when it is not possible to identify the future usefulness of same.

Interest expense is recognised on an accrual basis, taking into account the actual rate of return of the liability in question. Interest expense directly chargeable to the purchase, construction or production of an asset that requires a rather long period before being available for use, is capitalised on the basis of the cost of the asset.

Income Taxes

Current taxes

Current taxes for the financial year in progress are measured as the amount representing anticipated rebates from or payments to tax authorities. The rates and provisions of tax law employed to calculate the amount are those promulgated or substantially promulgated as of the reporting date for the consolidated financial statements. Current taxes pertaining to items directly recognised as shareholders' equity are recognised directly as shareholders' equity and not in the income statement. The Directors periodically evaluate the position taken in the tax return in instances where the provisions of tax law are subject to interpretation and, where appropriate, they direct the allocation of provisions.

Deferred taxes

Deferred taxes are calculated by applying the liability method to the temporary differences in existence on the reporting date between the tax amounts used as a reference for assets and liabilities, and the amounts stated in the consolidated financial report. Deferred tax liabilities are recognised with respect to all taxable temporary differences, with the exception of:

- the initial recognition of goodwill or an asset or liability in a transaction other than a business combination and which, at the time of said transaction, has no impact on either the profit for the period calculated for financial statements purposes, nor upon the profit or loss calculated for tax purposes;
- the transfer of taxable temporary differences associated with investments in subsidiaries, associated companies and joint ventures may be controlled and inspected, and it is probable that the latter will not occur in the foreseeable future.

Deferred tax assets are recognised with respect to all deductible temporary differences and for all tax losses carried forward, to the extent it is probable that there will be sufficient future profits for tax purposes to enable the utilisation of deductible temporary differences and tax assets and liabilities carried forward, except in instances in which

- the deferred tax asset connected to deductible temporary differences is based on the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of said transaction, has no impact on either the profit for the period calculated for financial statement purposes nor upon the profit or loss calculated for tax purposes;
- in the instance of deductible temporary differences associated with investments in subsidiaries, associated companies and joint ventures, deferred tax assets are recognised only to the extent it is probable that they shall be applied in the foreseeable future and that there shall be sufficient taxable amounts that enable the recovery of such temporary differences.

The book value of deferred tax assets is re-examined at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable amounts shall be available in the future to enable the utilisation of all or a part of that receivable. Deferred tax assets not recognised shall be re-examined at every reporting date and are recognised to the extent that it becomes probable that income stated for tax purposes shall be sufficient to enable the recovery of those deferred tax assets.

Deferred tax assets and liabilities are measured on the basis of the tax rate expected to be applied in the financial year in which such assets shall be realised or such liabilities shall be extinguished, considering the rates currently in effect and the rates previously issued, or substantially in effect, as of the reporting date.

Deferred taxes pertaining to items recognised outside the income statement are also recognised outside the income statement and consequently under shareholders' equity or in the comprehensive income statement, in a manner consistent with the item in question.

Deferred tax assets and deferred tax liabilities shall be used to offset each other in instances where there is a legal right to use current tax assets to offset current tax liabilities, and the deferred taxes pertain to the same taxpayer and the same tax authority.

The tax benefits acquired as a result of a business combination, but which do not meet the criteria for separate recognition as of the acquisition date, are recognised subsequently, as necessary, at the time additional information is received regarding changes in facts and circumstances. The adjustment is recognised as a reduction in goodwill (up to the entire amount of goodwill) to the extent that it is recognised during measurement, or in the income statement, if recognised subsequently.

The rates used to calculate deferred taxes, which reflect future rates based on current national laws, are as follows:

- IRES 24%;
- IRAP 4.2% (airport companies);
- IRAP 3.9%.

Indirect Taxes
Costs, revenues, assets and liabilities are recognised after indirect taxes, such as the value added tax, with the following exceptions:

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

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

Earnings Per Share
<u>Base or Undiluted</u>
Earnings (loss) per share is the ratio between the Group's profit (loss) and the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.
<u>Diluted</u>
Diluted earnings (loss) per share is the ratio between the Group's profit (loss) and the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. For the purposes of the calculation of diluted earnings per share, the weighted average of shares outstanding is modified assuming the conversion of all shares that potentially have a diluting effect, whereas the Group profit (loss) is adjusted to take into account the after-tax effects of conversion.

Dividends and Distribution of Assets Other Than Cash and Cash Equivalents
The Group recognises a liability with respect to the distribution to shareholders of cash, cash equivalents or assets other than cash and cash equivalents when the distribution is properly authorised and is no longer at the discretion of the company. Based on applicable corporate law in Europe, a distribution is authorised when it is approved by the shareholders. The corresponding amount is recognised directly in shareholders' equity.
Distributions of assets other than cash and cash equivalents are measured at the *fair value* of the assets to be distributed; re-calculations of *fair value* are directly recognised in shareholders' equity.
At the time, the dividend payable is paid, any difference between the book value of the assets distributed and the book value of the dividend payable shall be recognised in the income statement for the period.

Listing Costs
Pursuant to the listing plan which was completed on 14 July 2015 with the start-up of trading of shares in the Star Segment of the Electronic Stock Exchange organised and operated by Borsa Italiana S.p.A., the parent company incurred specific costs, such as (i) the fees that are to be paid to the banks which coordinated the offering, (ii) the fees pertaining to assistance by consultants, specialists and attorneys; (iii) other costs such as, for example, communications costs, the costs of printing prospectuses, and the other costs and sundry expenses directly pertaining thereto.
In a listing in which the Issuer is expected to issue new shares and to list both the new shares and the existing shares, some costs are incurred jointly both for the capital increase and sale of new shares, and for the sale of existing shares. In this situation, the criteria for their allocation to the two activities must be identified in accordance with reasonable criteria that reflect the provisions of IAS 32, recognising them in part as a decrease in shareholders' equity and in part in the income statement.
Listing costs definable as incremental costs directly attributable to the share capital increase transaction that otherwise would have been avoided such as, for example, brokerage fees were recognised in 2015 as a reduction to shareholders' equity in the share premium reserve; the remaining portion, such as costs

pertaining to assistance by consultants, specialists and attorneys, was charged in part to the income statement and in part to shareholders' equity in accordance with the aforementioned criterion.

Cash Flow Statement

The Company presents its cash flow statement by employing the indirect method, which is allowed by IAS 7. The Company reconciled the before tax profit with net cash flows from operating activities. Paragraph 33 of IAS 7 allows classifying interest income and interest expense as operating or lending activities on the basis of the presentation that the company deems relevant; the Company classifies interest income received and interest expense paid as cash flows from operating activities.

Accounting Standards, Amendments and Interpretations Approved by the European Union and Adopted by the Group

Starting in 2017, the following new accounting standards, amendments and interpretations revised by the IASB go into effect:

- Amendments to IAS 12 - Income taxes. The IASB published several amendments to this standard. The document “Recognition of deferred tax assets for unrealised losses”, (Amendment to IAS 12) aims to clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- Amendments to IAS 7 – Statement of Cash Flows. On 29 January 2016, the IASB published an amendment to the standard covering the “Disclosure Initiative” to provide better disclosure on changes in financial liabilities.
- 2014-2016 annual cycle of IFRS improvements - On 08 December 2016 the IASB issued several minor changes to IFRS 12 (Disclosure of Interests in Other Entities). The goal of the annual improvements is to cover necessary issues related to inconsistencies found in the IFRSs or term-related clarifications. These are not urgent measures, but were discussed by the IAS during the plan cycle.

As at the authorisation date of this consolidated report, the appropriate bodies of the European Union have completed the approval process for the new standards and amendments applicable to financial statements for financial years beginning on or after 1 January 2017. The amendments do not have an impact on the Group’s financial position and operating results.

As compared with 31 December 2016, in 2017 the IASB issued the following interpretation that will enter into force after 31 December 2017:

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. On 08 December 2016, the IASB published this interpretation that addresses the use of exchange rates in transactions in which consideration in foreign currency is paid or received in advance. These amendments will be applied to financial years beginning on or after 1 January 2018.

New accounting standards and amendments not yet applicable and not adopted in advance by the Group

IFRS 15 Revenue from Contracts with Customers

The Group continued the analysis, initiated in 2016, of the potential impact that the application of the new IFRS 15 Revenue from Contracts with Customers may have on the Group’s financial position, operating results and cash flow.

IFRS 15 was issued in May 2014 and introduces a new five-step analysis model that applies to revenues from contracts with customers starting from 1 January 2018. IFRS 15 calls for recognising revenues in an amount that reflects the consideration to which the Company believes it is entitled in exchange for the transfer of goods or services to the customer. The new standard replaces all current requirements contained in the IFRS with regard to recognition of revenue. The Group applies the new standard starting from the mandatory effective date, using the modified retroactive method.

As part of the process to assess the accounting impact from the adoption of the new standard, the following revenue streams have been identified from analyses performed in relation to Aeroporto Guglielmo Marconi di Bologna S.p.A. and the Group's subsidiaries:

1. Airport fees
2. Sub-licensing/Lease of commercial and non-commercial space
3. Parking
4. Construction services
5. Other.

Detailed breakdown:

1. Airport fees include the fees for services provided by the infrastructure and services provided exclusively by the Group for landing, take-off, lighting and aircraft parking, boarding, disembarking, and the processing of passengers and cargo, as well as for the use of centralised infrastructure.

They include:

- passenger boarding fees;
- aircraft landing and departure fees;
- aircraft stopover and recovery fees;
- freight loading and unloading charges;
- fees for security checks on departing passengers;
- fees for security checks on checked luggage;
- fees for PRM;
- fees due for the use of certain centralised infrastructure.

For further details, see the Description of the Business paragraph of the Directors' Report.
Given the public utility nature of airport services, airport charges are subject to regulation, in compliance with the current regulatory framework and the tariff models developed by the Airport Regulatory Authority ("ART").

The Group fulfils its obligations in relation to airport fees by providing carriers with airport infrastructure for landing, take-off, lighting and parking of aircraft, boarding and disembarking of passengers and cargo, as well as use of centralised infrastructure (e.g., de-icing). These fees are billed on a bi-monthly and/or monthly basis, and the standard payment terms are 30 days from the end of the invoicing month, except for the municipal surcharge on passenger boarding fees, whose payment is immediately upon invoicing.

2. Revenues from sub-licensing/commercial leases are not included in the fees for provision of the areas and commercial and operating space within the airport (so-called sub-concessions) and outside of it (so-called leases).

This category includes sub-licensing/leases at commercial tariffs (retail sub-concessions, sub-concession of parking spaces, etc.) and regulated tariffs (fees for the exclusive use of assets or fees due for the use of airport infrastructure dedicated to individual carriers or operators, such as check-in desks, offices and operating premises). The Group fulfils its obligations in relation to these types of services by providing its customers (carriers, handlers, etc.) with operating and/or commercial space. These fees are generally billed in advance on a quarterly and/or half-yearly basis, and the standard payment terms for this type of contract are 30 days from the end of the invoicing month.

The sub-licensing agreements stipulated between ADB and its customers are included within the definition of IAS 17 and are therefore excluded from the application of IFRS 15 (ref. IFRS 15.5). Starting from 1 January 2019, therefore, they will fall under the definition and governance of IFRS 16, which will replace IAS 17.
The analysis therefore focused on verification that the sub-licensing contracts whose main subject was the leasing of specifically identified areas did not also include other services such as advertising and administrative/utilities services pursuant to the definitions envisaged by IFRS 15. In this case, no impacts are envisaged from an accounting standpoint, but only a reclassification of the presentation in the financial statements of revenues by Revenue Stream subject to IFRS 15.

3. Parking revenues comprise the fees for use of parking spots within and outside of the airport, based on a public rate applied to all sales made.

The Group fulfils its obligations in relation to this service by providing its customers with parking spots. This service is billed only upon request by the customer; the parking service is usually settled in cash. The analysis did not identify any impacts from application of IFRS 15.

4. Revenues from Construction Services pertain to the expansion of the construction services provided by the Company to the concession grantor authority, for implementation of the investments in connection with Concession Rights. AdB, which is not a construction company, subcontracts infrastructure construction and improvement activities to third parties. As such, the fair value of the consideration for construction/improvement services performed by Aeroporto di Bologna is equal to the fair value of the consideration for construction/improvement services performed by third parties, plus a mark-up representing the internal “Project Management” costs incurred for the planning and coordination activities performed by the appropriate internal unit. This mark-up was determined by taking into account the historic impact of the cost of internal personnel dedicated to planning and coordination activities over the total investments in Concession Rights. This analysis involved a mark-up of 5%. IFRIC 12 has undergone amendments in terminology and definitions in order to include the update of the new accounting standards issued; based on this update, AdB shall no longer account for construction services according to IAS 11 but according to IFRS 15. In conclusion, however, the revenue recognition method is not deemed to undergo any variation based on what is envisaged by application of IFRS 15.

5. Other revenues: this revenue stream includes the residual obligations compared to the previous categories of contracts (security services, MBL services, training courses, trolley collection services, luggage storage service, etc.). Billing for the various services within this category is generally done on a summary monthly basis for ongoing services and/or individual orders. A number of services also envisage immediate billing. The standard payment terms for this type are 30 days from the end of the invoicing month. Advance payment is required for some types of services (e.g., courses, issue of cards).

   In summary, in addition to the above, the contract analysis activity and the regrouping of revenue accounts based on the new revenue streams, after separating the fees underlying the various contractual obligations, have allowed the analysis of the impacts of IFRS 15 to be completed, summarising the following impacts:

- Disclosure on revenues regrouped according to the new revenue streams;
- Disclosure on revenues by revenue stream, including changes in the relative credit;
- Contracts with customers do not include significant financing components, as the payment conditions are generally 30 days from the end of the invoicing month;
- No cases were identified in which the fee was settled other than in cash;
- No change in the timing of revenue recognition.

With regard to contracts with variable fees, the following is noted: commercial incentive contracts with carriers recognised as an offset to revenues from airport fees may envisage variable fees based on achievement of a specific traffic volume and/or quantity of new routes during the validity period (typically measured in Iata seasons). From 2018, even the one-off promotional incentives, such as those for the start-up of new flights until now recognised in services costs will be stated as a reduction of revenues from airport fees, as already occurs for variable incentives based on traffic. With regard to 2017, this amounts to Euro 0.1 million.

Apart from the aforementioned assessment, no impacts are envisaged on the operating results, financial position and cash flows of the Company and of the Group.

IFRS 9 Financial Instruments

The Company continued and completed the analysis, initiated in 2016, of the potential impact that the application of the new IFRS 9 - Financial Instruments may have on the Company's financial position, operating results and cash flow.

On 24 July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39. The main new features concern a new classification and measurement model, impairment, hedge accounting and the company's liabilities. With the exception of hedge accounting, retrospective application of the standard is required, but comparative reporting is not mandatory. With regard to hedge accounting, the standard generally applies on a prospective basis, with a number of limited exceptions. IFRS 9 shall take effect on 1 January 2018 and the Group shall apply the new standard from the mandatory effective date.

The standard introduces the need to conduct a business model analysis to determine the classification of financial instruments. A company's business model reflects how financial instruments are managed in order to generate cash flow; its business model indicates whether cash flows are due to contractual cash flows, sales or both. This assessment is performed on the basis of expected future scenarios.

From the assessment performed, which is based on currently available information and may be subject to change following any information that becomes available to the Group in 2018, when IFRS 9 is adopted, the Group expects that the main impact will concern the model for classifying financial assets and liabilities, which are currently classified in the AVS category, no longer specified in the standard in effect on 1 January 2018, and the adoption of a predictive model for the impairment of financial assets; the Group has already made qualitative and quantitative comments on this model for its implementation as of 1 January 2018.

From the assessment performed, no significant impact is projected on the Group's financial position following the adoption of the new rules specified in the standard, including the new hedge accounting model. The biggest impact concerns the allocation to the Provisions for doubtful receivables, which increases with adoption of the Provision Matrix method, although for an insignificant amount. As the impacts of IFRS 9 are not significant, the Group will not provide comparative reporting.

IFRS 16 Leasing (effective from 1 January 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 the new standard, which will become effective on 1 January 2019, is all lease agreements, with a few exceptions. The accounting treatment for all leases follows the model specified in IAS 17, but it excludes leases for low value assets (e.g., computers) and short-term agreements (e.g., under 12 months). Thus, on the date the lease is recorded, a liability must be recorded for payments to be made, and the asset must be recorded that the entity is entitled to use, with financial expenses and amortisation/depreciation related to the asset recorded separately. The liability may be re-determined (e.g., due to changes in contractual terms or a change in the indices to which lease payments for the use of the asset are linked), and this change must be recorded on the underlying asset. Lastly, from the standpoint of the lessor, the accounting treatment model is largely unchanged from the provisions of the current IAS 17. The standard must be applied using the modified retroactive method, while early application is allowed concurrently with IFRS 15.

As anticipated in the paragraph on IFRS 15, the AdB Group has leasing contracts in place and therefore acts as lessor when it sub-licenses airport areas and space to its customers, and it takes out leasing contracts and acts as lessee with regard to equipment, facilities, machinery, motor vehicles and land; in this respect, see the paragraph Commitments and risks for measurement of minimum lease payments receivable and payable to which the Group is already contractually committed in the upcoming years. . The new standard will not be applied in advance. In 2018, the impacts of application of the new accounting standard will be analysed in greater detail although, on the receivable side, which is also the most significant one in terms of amounts, the new standard does not envisage variations compared to the current method of accounting for leasing contracts. On the payables side, the Group foresees an increase in EBITDA due to the shift in leasing payables from rental fees to amortisation/depreciation and financial expenses, and a decrease in the Net Financial Position due to recognition of leasing payables rather than trade payables.

IFRS 2 – Share-based payments

On 21 June 2016, the IASB published amendments to the standard, with the objective of clarifying the accounting of certain types of transactions with share-based payment. The amendments regard: (i) the effects of vesting conditions and non-vesting conditions with regard to measurement of share-based payments settled in cash; (ii) share-based payment transactions with a net settlement function for withholding tax obligations and (iii) a change in the terms and conditions of a share-based payment that changes the classification of the transaction from cash settlement to capital settlement. The amendments will be applicable from 1 January 2018; early adoption is permitted, but the Group will adopt these amendments on a prospective basis from 1 January 2018, and a significant impact on the consolidated financial statements or on the supplementary information following adoption of the amendments is not envisaged.

Improvements to the IFRS - The series of improvements, issued in December 2016, concerned the elimination of short-term exemptions specified for *First Time Adoption* under IFRS 1, the classification and measurement of investments measured at fair value through profit or loss in accordance with *IAS 28 - Investments in Associated Companies and Joint Ventures*, and clarifications on the purpose of disclosures specified in *IFRS 12 - Disclosure of Interests in Other Entities*. The amendments introduced must be applied starting in years ending after 1 January 2017 and 1 January 2018.

As at the authorisation date of this consolidated report, the appropriate bodies of the European Union had not completed the approval process for the new standards and amendments applicable to financial statements for financial years beginning on or after 1 January 2018 and outlined below:

- *IFRIC 22 – Foreign Currency Transactions and Advance Consideration*. On 8 December 2016, the IASB published this interpretation that addresses the use of exchange rates in transactions in which consideration in foreign currency is paid or received in advance. These amendments will be applied to financial years beginning on or after 1 January 2018.

- *IFRIC 23 - Uncertainty over Income Tax treatments* (applicable to financial years closing after 1 January 2019). The interpretation clarifies application of the requirements of recognition and measurement in *IAS 12 - Income taxes* in the event of uncertainty on the treatment of income taxes. The interpretation specifically regards: (i) the case in which an entity considers uncertain tax treatments separately, (ii) the assumptions that an entity makes on the examination of tax treatment by the tax authorities, (iii) how an entity determines taxable income (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates and (iv) how an entity considers changes in facts and circumstances. The interpretation does not add new disclosure requirements, although it highlights the existing requirements in IAS 1 with regard to disclosure on judgements, information on assumptions made and other estimates and information on tax contingencies within *IAS 12 - Income taxes*. The interpretation provides a choice between two transition methods: (i) retroactive application, which uses *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*, only if application is possible, or (ii) retroactive application with cumulative effect of the initial adoption recognised as an adjustment to shareholders' equity as at the date of initial adoption and without restating the comparative information. The date of initial adoption is the beginning of the annual period in which an entity applies this Interpretation for the first time. No significant impact on the consolidated financial statements is envisaged as a result of application of the new standard.

- Changes to *IFRS9 - Prepayment Features with Negative Compensation* (applicable to financial years closing after 1 January 2019). It allows companies to measure specific financial assets advanced through so-called negative offsetting at amortised cost or fair value from "other comprehensive income", if a specific condition is satisfied, rather than at fair value in the income statement. The impact of adoption of said amendments on the consolidated financial statements are currently being assessed.

- In February 2018, the IASB issued amendments to *IAS 19 - Plan Amendment, Curtailment or Settlement*, which specifies how companies must determine pension costs when there are changes to a certain pension plan. *IAS 19 - Employee Benefits* specifies how a company accounts for a defined-benefit pension plan. When a plan amendment, adjustment, curtailment or settlement is made, IAS 19 requires the net defined-benefit asset or liability to be remeasured. The amendments require a company to use the assumptions updated by this recalculation to determine the cost of the current service and the net interest for the rest of the reference period following modification of the plan. The amendments shall be effective from 1 January 2019. The impact of adoption of said amendments on the consolidated financial statements are currently being assessed.

- Changes to *IAS 28 - Long-term interests in associates and joint ventures* (applicable to financial years closing after 1 January 2019). It clarifies how entities should use IFRS 9 to represent long-term interest in an associated company or joint venture, to which the equity method is not applied. The impact of adoption of said amendments on the consolidated financial statements are currently being assessed.

- Amendments to *IAS 40 - Investment property*. The amendments clarify when an entity should transfer a property, including properties under construction or development, within or outside the "investment property" category. It clarifies that a change in the intended use does not occur simply if Management's intentions change.

- Improvements to the IFRS - In December 2017, the IASB also issued the Annual Improvements to the IFRS 2015-2017, which are a series of amendments to the IFRS in response to questions raised, predominantly on: (I) *IFRS 3 – Business combinations*, clarifying that a company must remeasure the investment previously held in a business combination when it acquires control of the business; (II) *IFRS 11 – Joint arrangements*, whereby a company does not revalue the investment previously held in a joint arrangement when it obtains joint control of the business; (III) *IAS 12 - Income taxes*, which clarifies that the impact on income taxes from dividends (i.e., distribution of profits) should be recognised in the income statement, regardless of how the tax arises; (IV) and *IAS 23 - Borrowing costs*, which states that a company shall treat as part of its general indebtedness any debt originally acquired for the development of an asset, when the asset itself is ready for the expected use or for sale. The amendments shall be effective from 1 January 2019.

No significant impact on the consolidated financial statements is envisaged as a result of application of the amendments and interpretations to the accounting standards.

Excluded from the list are *IFRS 17 – Insurance contracts* and the amendments to *IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*, as these accounting standards no longer apply to the activities carried out by the Group.

Discretionary Measurements and Significant Accounting Estimates

The preparation of the Group's financial statements requires directors to make discretionary judgements, perform estimates, and make assumptions that have an impact on the amounts of revenues, costs, assets and liabilities and related disclosures, as well as the statement of contingent liabilities. The uncertainty regarding such assumptions and estimates could produce results that in the future shall require a significant adjustment to the book value of such assets and/or liabilities.

IAS 8 Corrections of Accounting Estimates and Errors

Certain elements of the financial statements cannot be measured precisely and are therefore based on estimates that depend on future uncertain conditions for carrying out the company's business. Over time these estimates are revised to reflect data and information that later become available. The impact of a change in accounting estimates must be recognised prospectively in the year it occurs, by including it in the operating result for the current and future years if the change also affects the latter. The prospective recognition of the impact of the estimate means that the change is applied to transactions that occurred starting with the change in the estimate. The revision or change in accounting estimates originates from new information or new developments in operating transactions, and therefore is not a correction of errors.

Errors in previous years are omissions and incorrect measurements of the entity's financial statements for one or more periods resulting from the failure to use, or improper use, of reliable information that was available when the financial statements for those years were authorised to be issued, and it could be reasonably assumed that they were obtained and used in the preparation and presentation of such financial statements. These errors include the effects of arithmetic errors, errors in the application of accounting standards, oversights or distorted interpretations of facts and fraud. Financial statements are

not in compliance with IFRS when they contain significant or insignificant errors if committed intentionally to achieve a certain presentation of the capital and financial structure, operating result or cash flows of the entity. Potential errors in the current year, which are recognised in the same year, are corrected before financial statements are authorised for publication. Errors discovered in subsequent years, if deemed significant, and if correction is deemed feasible, must be corrected in the comparative information provided in the financial statements for the subsequent year, and opening balances of assets, liabilities and shareholders' equity must be restated.
The restatement is not applied, and the error is recognised going forward when errors and omissions are deemed to be insignificant.
Omissions and incorrect measurements of items are relevant if, individually or collectively, they could affect operating decisions that users make on the basis of the financial statements. Significance depends on the size and nature of the omission or incorrect measurement assessed based on circumstances.

Estimates and Assumptions

The following are examples of assumptions regarding the future and the other principal causes of uncertainty in estimates that, as of the reporting date, present a significant risk of causing significant adjustments to the book values of assets and liabilities no later than the following financial year. The Group has based its estimates and assumptions on parameters available at the time the consolidated financial statements were prepared. However, present circumstances and assumptions regarding future developments could be altered as a result of changes in the market or events beyond the Group's control. Such changes, should they occur, are reflected in the assumptions.

Impairment of Non-Financial Assets

See comments provided above in the principle "impairment of non-financial assets" and comments provided below in Note 1 - Intangible assets.

Fair Value of Investment Properties

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

Fair Value of Financial Instruments

The Group provides the fair value of financial instruments in the Notes. When the fair value of an asset or liability cannot be measured based on prices in an active market, the fair value is to be determined by employing various measurement techniques, including the discounted cash flow model. The inputs to the latter model are found in observable markets, where possible, but should that not be possible, a certain amount of estimation is required in order to determine fair values. Estimates include considerations regarding variables such as liquidity risk, credit risk and volatility. Changes in the assumptions for these items could have an impact on the fair value of the recognised financial instrument.

IAS 10 Events after the Reporting Period

After assessing events occurring after the reporting period, the Group analyses the conditions that should lead to an appropriate change in accounting records and related disclosure, depending on whether the events occurring after the reporting period relate to:

- existing transactions on the reporting date that must be adjusted in the financial statements (adjusting events);
- transactions originating after the reporting date, for which it is not necessary to make any adjustment in the financial statements (non-adjusting events).

Information Regarding Operating Segments

The Aeroporto Guglielmo Marconi di Bologna Group, in application of IFRS 8, has identified its operating segments as the business areas that generate revenues and costs, whose results are periodically reviewed by the highest decision-making level in order to assess the performance and decisions regarding resource allocation, and for which separate financial statement information is available.
The following are the Group’s operating segments that have been identified in accordance with IFRS 8:

- Aviation;
- Non-Aviation;
- Other.

It should be noted that the information regarding operating segments is provided for continuing operations in order to reflect the Group’s future operating structure, and separately, for assets held for sale.

The Group assesses the performance of its operating segments based on revenues per passenger, making a distinction between revenues attributable to the aviation segment and those attributable to the non-aviation segment.

The item "Other" encompasses everything that is not directly attributable to the segments identified.

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

Segment activities are those employed by the segment in carrying out its characteristic activity or which may be reasonably allocated to it as a function of its characteristic activity.
The segment activities presented are measured using the same accounting criteria employed for the preparation of the Group's consolidated financial statements.

in thousands of Euro	**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)
Gross operating profit	**14,174**	**20,047**	**0**	**34,221**
Depreciation, amortisation and impairment	(5,970)	(2,853)	0	(8,823)
Provisions	(2,339)	(433)	0	(2,772)
Operating result	**5,865**	**16,761**	**0**	**22,626**
Financial income	0	0	274	274
Financial expenses	0	0	(852)	(852)
Result before taxes	**5,865**	**16,761**	**(578)**	**22,048**
Taxes for the period	0	0	(5,865)	(5,865)
Profit (Loss) for the period	**5,865**	**16,761**	**(6,443)**	**16,183**
Minority interests in profit (loss)	**0**	**0**	**0**	**214**
Group profit (loss)	**0**	**0**	**0**	**15,969**

in thousands of Euro	for the year ended 31.12.2016 Aviation	for the year ended 31.12.2016 Non-Aviation	for the year ended 31.12.2016 Other	Total for the year ended 31.12.2016
Revenues	54,405	36,037	0	90,442
Costs	(44,766)	(17,464)	0	(62,230)
Gross operating profit	**9,639**	**18,573**	**0**	**28,212**
Depreciation, amortisation and impairment	(5,407)	(2,534)	0	(7,941)
Provisions	(2,643)	(356)	0	(2,999)
Operating result	**1,589**	**15,683**	**0**	**17,272**
Financial income	0	0	362	362
Financial expenses	0	0	(1,223)	(1,223)
Non-recurring income and expenses	0	0	0	0
Result before taxes	**1,589**	**15,683**	**(861)**	**16,411**
Taxes for the period	0	0	(5,006)	(5,006)
Profit (Loss) for the period	**1,589**	**15,683**	**(5,867)**	**11,405**
Minority interests in profit (loss)	**0**	**0**	**0**	**94**
Group profit (loss)	**0**	**0**	**0**	**11,311**

The following tables provide segment information on assets:

in thousands of Euro	as at 31.12.2017 Aviation	at 31.12.2017 Non-Aviation	at 31.12.2017 Other	Consolidated total at 31.12.2017
Non-current assets	**151,737**	**26,120**	**28,017**	**205,874**
Intangible assets	**145,701**	**12,606**	**0**	**158,307**
Concession Rights	144,841	11,682	0	156,523
Other intangible assets	860	924	0	1,784
Tangible assets	**5,941**	**13,461**	**0**	**19,402**
Property, plant and equipment	5,941	8,729	0	14,670
Investment property	0	4,732	0	4,732
Other non-current assets	**96**	**52**	**28,017**	**28,165**
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
Current assets	**12,622**	**4,744**	**37,406**	**54,772**
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
Assets held for sale	0	0	117	**117**
Total assets	**164,360**	**30,863**	**65,541**	**260,763**

in thousands of Euro	at 31.12.2016 Aviation	at 31.12.2016 Non-Aviation	at 31.12.2016 Other	Consolidated total at 31.12.2016
Non-current assets	**150,427**	**23,210**	**26,852**	**200,489**
Intangible assets	**145,111**	**11,600**	**0**	**156,711**
Concession Rights	144,529	11,066	0	155,595
Other intangible assets	582	534	0	1,116
Tangible assets	**5,243**	**11,587**	**0**	**16,830**
Property, plant and equipment	5,243	6,855	0	12,098
Investment property	0	4,732	0	4,732
Other non-current assets	**73**	**23**	**26,852**	**26,948**
Investments	0	0	147	147
Other non-current financial assets	0	0	17,990	17,990
Deferred tax assets	0	0	7,427	7,427
Other non-current assets	73	23	1,288	1,384
Current assets	**12,753**	**4,210**	**42,604**	**59,567**
Inventories	329	190	0	519
Trade receivables	9,845	3,609	0	13,454
Other current assets	2,579	411	409	3,399
Current financial assets	0	0	22,085	22,085
Cash and cash equivalents	0	0	20,110	20,110
Total assets	**163,180**	**27,420**	**69,456**	**260,056**

The segment information pertaining to identified operating segments is prepared in the manner described in more detail below.

Aviation: includes aeronautical activity, which represents the airport's core business. This aggregate includes the aircraft landing, take-off and parking fees, passenger boarding fees, freight loading and unloading fees, as well as fees for passenger and luggage security checks. It also incorporates freight handling, customs clearance and fuelling. Lastly, this segment encompasses all centralised infrastructure and assets for exclusive use: the centralised infrastructure represents the revenues received in connection with infrastructure, the management of which is assigned exclusively to the airport management company, for safety and security reasons or for reasons of its economic impact. On the other hand, assets for exclusive use are made up of check-in counters, gates and spaces rented to airport operators to carry out their business.

Non-Aviation: represents those activities not directly related to the aviation business. These consist of sub-licensed retail, food outlets and car rental activities, as well as the management of car parks, the Marconi Business Lounge and advertising.

The distribution of revenues and costs between the Aviation SBU and the Non-Aviation SBU follows the guidelines set out by ENAC for the preparation of analytical and regulatory reporting data for airport management companies in accordance with the provisions of Article 11-decies of Law 248/05 and the Minister of Transport Guidance Document of 31 December 2006.

The remaining items not included in regulatory reporting were subsequently allocated according to management criteria.

The main differences are as follows:

- items considered not relevant for the purposes of regulatory accounting, which are allocated on the basis of a specific examination of the individual cost/revenue item;

- construction services revenues and costs allocated on the basis of a detailed distribution of financial year investments between the two Strategic Business Units (SBU) according to regulatory criteria;
- incentives for the expansion of air traffic allocated entirely to the Aviation SBU in line with what is done in the financial statements.

Information about the Main Customers

The Group generates most of its revenues with the following customers:

Description
RYANAIR LTD
WIZZ AIR HUNGARY LTD
TRAVEL RETAIL ITALIANA SRL
ALITALIA-SAI SPA (pre and post special administration)
LUFTHANSA GERMAN AIRLINES
EMIRATES
BRITISH AIRWAYS PLC
SOCIETE' AIR FRANCE S.A.
AIR DOLOMITI SPA
TURKISH AIRLINES

ANALYSIS OF THE MAIN ITEMS ON THE STATEMENT OF CONSOLIDATED FINANCIAL POSITION

ASSETS

1. Intangible assets

The following table presents a breakdown of intangible assets as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Concession Rights	156,523	155,595	928
Software, licences and similar rights	1,105	885	220
Other intangible assets	71	76	(5)
Energy Certificates	321	0	321
Other intangible assets under development	287	155	132
TOTAL INTANGIBLE ASSETS	**158,307**	**156,711**	**1,596**

The following table shows changes in intangible assets for the year ended 31 December 2017, along with a comparison with the year ended 31 December 2016, presented by individual intangible asset category.

	31.12.2016			Changes for the Period				31.12.2017		
in thousands of Euro	Historical cost	Historical cost	Book Value	Increases/Acquisitions	Depreciation	Decreases/Disposals/ Write-downs	Decrease in accum. deprec.	Historical cost	Accumulated depreciation	Book Value
Concession Rights	179,991	(24,396)	155,595	6,736	(5,541)	(275)	8	186,452	(29,929)	156,523
Software, licences and similar rights	8,872	(7,987)	885	1,184	(964)	0	0	10,056	(8,951)	1,105
Other intangible assets	250	(174)	76	0	(5)	0	0	250	(179)	71
Energy Certificates	0	0	0	321	0	0	0	321	0	321
Other intangible assets under development	155	0	155	152	0	(20)	0	287	0	287
TOTAL INTANGIBLE ASSETS	**189,268**	**(32,557)**	**156,711**	**8,393**	**(6,510)**	**(295)**	**8**	**197,366**	**(39,059)**	**158,307**

As at 31 December 2017, the Concession Rights item rose by Euro 6.74 million (which represents the fair value of the construction services performed during the period), mainly due to work to:

- complete a new inter-company restaurant in the passenger terminal;
- build a new transformer room to support airport beacon towers installed in the airside area to be used for general aviation traffic;
- upgrade several terminal areas and the underground level in order to improve services offered to passengers, airport staff and sub-licensees;
- build a canopy near the area outside the cargo terminal adjacent to the customs enclosure;
- replace and expand various equipment items and facilities serving the General Aviation Terminal.

Moreover, the final design for the new expansion of the passenger terminal is in the conclusion stage.

Amortisation of concession rights for the period under review totalled Euro 5.54 million, and it was applied on the basis of the remaining duration of the Airport concession.

The item "Software, licences and similar rights," which consists of software used to manage services, rose by Euro 1.18 million mainly due to work to create the new BLQ platform, in addition to software licences to manage data bases and user access to the company domain.

The item "Energy Certificates", for Euro 0.32 million, regards the measurement of 925 White Certificates (hereinafter also TEE) for the trigeneration plant for which the Parent Company obtained recognition from the Energy System Operator (GSE) in October 2017. The offsetting entry to this intangible asset is under the item Other revenues and income of the income statement. AdB has decided to proceed with the direct sale of TEEs on the free market and was admitted to the environmental market on the GME portal on 22 December 2017. The TEEs were valued at Euro 347.51, corresponding to the average of the sales of the last 2017 market session (19 December). In January 2018, 700 White Certificates were sold, at a price of Euro 367.82, and the remaining 225 were sold on 6 February 2018 at Euro 415 each, for a total of Euro 0.35 million.

Other intangible assets under development included amounts incurred for projects not completed as at 31 December 2017.

Test of the Recoverable Value of Assets or Asset Groups

For 2017, the Group performed impairment tests to assess the existence of possible impairments with respect to the Euro 157 million recognised as Concession Rights as of 31 December 2017 (which represented, respectively, 60.02% of total assets and 90.83% of total shareholders' equity as of 31 December 2017). Said Intangible Assets are subjected to an impairment test at least once a year in connection with approval of the financial statements.

The test, as defined by IAS 36, is performed by comparing the book value of the asset or the group of assets making up the cash flow generating unit with the recoverable value of same, which is determined as the higher of its fair value (net of any selling expenses) and the amount of discounted net cash flows that are expected to be produced by the assets or group of assets comprising the CGU (value in use). In consideration of the fact that the airport concession ends in 2044, explicit economic and financial forecasts for the period 2018-2044 were employed, and a "Terminal Value" was not employed.

This method is based upon the assumption that the value of a company's economic capital at a given date (in this case, 31 December 2017) is represented by the algebraic sum of the following items:

- operating value, equal to the present value of the cash flows generated by the company's operating activities over a specific period of time (explicit forecast period; in this case, it coincides with the end of the airport concession envisaged for 2044)
- value of the ancillary operations that are not strategic or instrumental at the reporting date.

For the purposes of performing the impairment test, the Group established a single CGU, which is the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group.
For the purposes of the impairment test the cash flows generated from the 2018-2044 economic and financial forecasts formulated by the Board of Directors on 21 February 2018 were applied and extrapolated from the 2018-2022 economic and financial plan approved by the Board of Directors on 29 January 2018, which is commented hereinafter. On 21 February 2018, the Board of Directors also approved the method for the impairment test.

Note that the rates used to calculate the cash flows for impairment test purposes, with regard to aeronautical revenues, were simulated based on the works envisaged in the new 2018-2022 Capex Plan and on the works expected to be carried out from 2023 to 2044. For subsidiaries, revenues were estimated based on the 2018-2022 Plans drawn up starting from the detailed forecasts of expected traffic volumes.
Non-Aeronautical Revenues and Other Revenues were determined on the basis of precise estimates for 2018-2022 with regard to existing contracts, historic data and forecasts of passenger traffic, which represent a key element for these types of revenue as well. For the period 2023-2044, in line with the historic data and on a conservative basis compared to the 2018-2022 forecasts, an annual increase of 4.1% was estimated from 2023 to 2044.

The objectives and assumptions of the 2018-2044 economic-financial forecasts were determined by taking into account the historical operating results, and they were formulated on the basis of precise estimates of passenger traffic and related revenues, as well as estimates calculated on the basis of the principal sector analyses and studies, and also by applying increases consistent with and not exceeding those forecast for the relevant sector. In this respect, it is highlighted that:

(i) said objectives and assumptions are based on the annual results, which therefore include the Company's interim results and take into account the trends in historic results during the year;

(ii) these long-term forecasts were calculated based on growth and improvement objectives with respect to the historic results and therefore include some uncertainty and can be considered as challenges;

(iii) the sector studies to which the Group referred in making the aforementioned long-term forecasts take into account both intra-European as well as global traffic. The Bologna Airport has mainly European traffic and recently has been developing intercontinental routes; therefore, it is nevertheless deemed to be consistent the use of sector studies.

The operational cash flows were discounted using the UDCF (Unlevered Discounted Cash Flow) method at a rate equal to the Weighted Average Cost of Capital (WACC), which was 5.10%, determined through the Capital Asset Pricing Model ("CAPM") with:

- Italian risk-free rate of 2.0% (12-month average);
- Equity risk premium of 5.50%;
- Average beta of identified peers (panel of listed airport companies) equal to 0.43.

The cost of third-party capital was determined by applying to the 10-year IRS the spread applied in the last loan subscribed, net of taxes (24%), equal to 2.28%.

The weight assigned to shareholders' equity and debt capital, equal to 80.9% and 19.1% respectively, was on the basis of sector peers' average gearing of 23.6%.

Lastly, an additional risk premium of 1.0% was assigned in order to take into account the following factors:

- level of inherent risk on the economic and financial forecasts for 2018-2044, particularly in consideration of the forecasts for such a broad period of time like 2023-2044;
- smaller size of the Company compared to the listed companies of the sample used.

Based on the above considerations, the Company therefore calculated a WACC of 5.10%.

The impairment test did not show a permanent loss of value with reference to the amounts booked among Concession Rights for the year 2017 and, as a result, there were no write-downs of these assets.

The Group has deemed it appropriate to carry out a number of sensitivity analyses in order to verify the impacts on recoverable amount of changes in the following parameters, considered to be significant:

- Average EBITDA for the period of the plan from 27% to 40%;
- WACC from 4% to 7.3%

and analysing the impacts of said variation in relation to the difference with the value of net invested capital (“NIC") and intangible assets.

Both sensitivity analyses did not identify any evidence of impairment.

The gross operating profit margin that makes the CGU value equal to the book value of net invested capital is 26.75%.

The WACC that makes the CGU value equal to the book value of net invested capital is 8.6%.

The Group did not consider it necessary to obtain specific fairness opinions on the impairment test carried out on the Concession Rights recorded under intangible assets, also in consideration of the accounting criterion based on costs sustained and not based on the specific market values or fair value of said intangible fixed assets.

An impairment test simulation was also performed by considering in the determination of the WACC a 30-year term for interest rates (free risk rate and swap rate), which term approximates the remaining duration of the airport concession. Also in this case, the test did not identify any impairment.

2. Tangible assets

The following table presents a breakdown of tangible assets as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Land	2,763	2,758	5
Buildings and minor construction and improvements	4,500	2,348	2,152
Machinery, equipment and facilities	3,299	3,486	(187)
Furniture, office machinery, transport equipment	1,952	1,965	(13)
Property, plant and equipment under construction and advances	2,156	1,541	615
Investment property	4,732	4,732	0
TOTAL TANGIBLE ASSETS	**19,402**	**16,830**	**2,572**

The following table shows changes in tangible assets for the year ended 31 December 2017, along with a comparison with the year ended 31 December 2016, presented by individual tangible asset category.

	31.12.2016			Changes for the Period				31.12.2017		
in thousands of Euro	Historical cost	Accumulated depreciation	Book Value	Increases/Acquisitions	Depreciation	Decreases/Disposals/ Write-downs	Decrease in accum. deprec.	Historical cost	Accumulated depreciation	Book Value
Land	2,758	0	2,758	5	0	0	0	2,763	0	2,763
Buildings and minor construction and improvements	5,862	(3,514)	2,348	2,522	(370)	0	0	8,384	(3,884)	4,500
Machinery, equipment and facilities	12,611	(9,126)	3,486	995	(1,170)	(72)	60	13,534	(10,236)	3,299
Furniture, office machinery, transport equipment	8,368	(6,403)	1,965	534	(545)	(204)	202	8,698	(6,746)	1,952
Property, plant and equipment under construction and advances	1,541	0	1,541	630	0	(15)	0	2,156	0	2,156
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
TOTAL TANGIBLE ASSETS	**35,872**	**(19,043)**	**16,830**	**4,686**	**(2,085)**	**(291)**	**262**	**40,267**	**(20,866)**	**19,402**

In 2017, this category increased by a total of Euro 4.68 million.
Other than fittings and electronic office equipment installed in certain passenger terminal areas and offices, the most significant increase (Euro 2.5 million) was for the category “Buildings and minor construction and improvements.” This was primarily for the purchase of an industrial building built on land owned by AdB adjacent to the airport by the company to which AdB granted surface rights in an agreement dated 28 December 2006. Ten years after entering into the agreement, the other party took advantage of the contract termination option, which was why AdB exercised the purchase option on the property becoming its owner in May 2017.

With regard to the item Machinery, equipment and facilities, an increase of Euro 0.99 million was recorded, mainly due to the purchase of:

- 1 ambulift elevator for boarding and disembarking of passengers with reduced mobility (PRM) and a new snow plough;
- 4 SelfBagDrop counters;
- 1 electric tractor;
- devices to print boarding passes and labels;
- passport readers.

Lastly, with regard to Furniture, office machinery, transport equipment, mention goes to the purchase of new company vehicles, as well as furniture, electronic machines and radio equipment. This item recorded an increase of Euro 0.53 million.

“Tangible assets under construction” include amounts incurred for unfinished projects as at 31 December 2017. These include the first two tranches totalling Euro 1.78 million of the Parent Company’s contribution to Marconi Express S.p.A. to build the “Aeroporto” station of the People Mover corresponding to work progress of 66% in the airport area.

Tangible assets depreciated by Euro 2.08 million during the period under review.

The item "Investment property" includes the total value of land owned by the Group for real estate investments; this land was initially recognised at acquisition cost and subsequently measured using the cost method.
The aforementioned land is not subject to depreciation but, as indicated in IAS 40, an expert valuation is performed to support the fair value measurement. This expert valuation performed internally at the Company confirms that the cost at which it was recognised approximates the fair value of the land, due to its nature and strategic value.

3. Investments

The following table presents a breakdown of investments as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2016	Increases/Acquisitions	Decreases/Disposals	Write-downs	at 31.12.2017
Other investments	147	0	(104)	0	43
TOTAL INVESTMENTS	**147**	**0**	**(104)**	**0**	**43**

The investment held in associated company Ravenna Terminal Passeggeri S.r.l., taking into account the forecast of negative results for 2015 and 2016, had been fully written down in 2014. The results for the

subsequent years confirmed this projection (loss in 2015 of Euro 47 thousand, loss in 2016 of Euro 27 thousand and profit in 2017 of Euro 1 thousand).
The value of Other investments decreased as a result of reclassifications of the investment in Bologna Congressi S.p.A. to Assets held for sale (Note 12), to which reference is made for further details.

in thousands of Euro	Share held	at 31.12.2017	at 31.12.2016	Change
Consorzio Energia Fiera District	14.30%	3	3	0
CAAF dell'Industria S.p.A.	0.07%	0	0	0
Bologna Welcome Srl	10%	40	40	0
Bologna Congressi S.p.A.	10%	0	104	(104)
TOTAL OTHER INVESTMENTS		**43**	**147**	**(104)**

4. Other non-current financial assets

The following table shows changes in other non-current financial assets for the year ended 31 December 2017, compared with the data as at 31 December 2016.

in thousands of Euro	at 31.12.2016	Increases	Decreases / Reclassifications	Write-downs	at 31.12.2017
Equity financial instruments	7,000	3,000	0	0	10,000
Bonds	4,668	0	(4,668)	0	0
Deposit accounts/Savings bonds	6,070	13,500	(10,000)	0	9,570
Other financial assets	252	5	0	0	257
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**17,990**	**16,505**	**(14,668)**	**0**	**19,827**

As at 31 December 2017, the item "Other non-current financial assets" includes:

- Euro 10 million for the equity financial instrument in Marconi Express S.p.A., the company licensed to build and manage the infrastructure for the express railway link (People Mover) between the airport and Bologna's main train station. This financial instrument was:
  - subscribed on 21 January 2016 for a total of Euro 10.9 million;
  - recorded as at 31 December 2017 at Euro 10 million, equal to the amount actually paid (in three tranches: the first of Euro 4 million at the same time as the subscription, the second of Euro 3 million in October 2016 corresponding to work progress of 20%, and the third of Euro 3 million in July 2017 corresponding to work progress of 51%).

  The carrying value corresponds to the amount actually paid or the cost incurred as at 31 December 2017. Pursuant to IAS 39, this financial asset was classified under available-for-sale financial assets. According to IAS 39, subsequent measurement following initial recording should be at fair value, and related changes should be posted to shareholders' equity and reported in the statement of comprehensive income as OCI (other comprehensive income), whereas impairment should be posted to the income statement. However, in this case, in view of the difficulty in measuring the fair value of this equity financial instrument, the Group elected to take advantage of the exemption allowed for equity instruments for which fair value cannot be reliably measured. As a result, subsequent measurements of this equity financial instrument will be at cost and any impairment, which is quantified by comparing the book value with the present value of cash flows discounted at the market rate for similar instruments, will be posted to the income statement and cannot be reversed;
- Euro 9.6 million to "time deposits", of which:
  - Euro 8 million in time deposits purchased in December 2017 and maturing in June 2019;
  - Euro 1.5 million in time deposits purchased in November 2017 and maturing in May 2019.

Of the Euro 6 million invested in savings bonds as at 31 December 2016, Euro 2 million were sold in June 2017 and Euro 4 million, maturing in August 2018, were reclassified under current financial assets (Note 10). Moreover, the changes in the subject item also include Euro 4 million in time deposits purchased in March 2017 and maturing in September 2018, also classified under current financial assets as at 31 December 2017;

- Euro 0.25 million for a capitalisation product with a term of five years that the Group elected to classify, pursuant to IAS 39, under investments held to maturity with the related initial recognition and periodic measurement as described above.

Lastly, the senior bond with a par value of Euro 4.5 million recognised under this item as at 31 December 2016 is reclassified to current financial assets (see Note 10), given the short-term maturity (September 2018).

Fair value - hierarchy

All assets and liabilities for which fair value is to be measured or stated in financial statements are categorised on the basis of a fair value hierarchy, as required by IFRS 13 and described below:

- Level 1: prices obtained in an active market;
- Level 2: inputs other than quoted prices as indicated in the item above that are observable directly (prices) or indirectly (price derivatives) in the market;
- Level 3: inputs that are not based on observable market data.

The following tables indicate the assets and liabilities measured as at 31 December 2017 and 31 December 2016 by fair value hierarchy level:

in thousands of Euro	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets	4,831	0	0	4,831
Available-for-sale financial assets	0	25,570	10,000	35,570
Derivative	0	0	0	0
Total as at 31.12.2017	**4,831**	**25,570**	**10,000**	**40.401**

in thousands of Euro	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets	7,967	0	967	8,934
Available-for-sale financial assets	0	24,070	7,000	31,070
Derivative	0	0	0	0
Total as at 31.12.2016	**7,967**	**24,070**	**7,967**	**40,004**

5. Deferred tax assets

The following table shows the overall change in deferred tax assets for the year ended 31 December 2017, compared with the data as at 31 December 2016.

in thousands of Euro	at 31.12.2016	Provisions	Amounts used/Adjustments	at 31.12.2017
DEFERRED TAX ASSETS	**7,427**	**1,218**	**(1,846)**	**6,799**

The following tables provide a breakdown of taxable amounts that result in the recording of receivables for deferred tax assets, with IRES and IRAP shown separately.

Specifically:

- the item "Other costs with deferred deductibility" mainly includes the maintenance costs covered by Article 107 of the TUIR, which are deductible in subsequent financial years;
- the item "Deferred tax provisions" mainly includes the provision for doubtful receivables, other provisions for litigation, future costs that are deductible in subsequent financial years, and airport infrastructure renewal provisions, with respect to the portion deductible in subsequent financial years;
- the item "Listing Costs" includes costs connected to the listing of shares in the Star Segment of the Borsa Italiana Electronic Stock Exchange on 14 July 2015, recorded in part in the income statement and in part as an offset to shareholders' equity reserves and deductible over 5 years starting in 2015.

IRES rate 24%	***Taxable Amount***				***Tax***			
in thousands of Euro	**at 31.12. 2016**	**Increases**	**Uses**	**at 31.12.2017**	**at 31.12. 2016**	**Increases**	**Amounts used/ Adjustments**	**at 31.12. 2017**
Other costs with deferred IRES deductibility	7,873	2,318	(2,402)	7,789	1,888	557	(576)	1,869
Provisions with deferred IRES/IRAP taxes	4,134	1,150	(1,554)	3,730	995	276	(373)	898
Provisions for renewal of airport infrastructure	9,495	0	(30)	9,465	2,278	0	(7)	2,271
Amortisation of FTA system and expansion costs	22	0	(2)	20	4	0	0	4
Amortisation of Concession Rights, ENAC-ENAV agreement	249	0	(14)	235	60	0	(3)	57
Listing Costs	2,774	0	(925)	1,849	666	0	(222)	444
Tax losses with unlimited reversal	1,129	0	(337)	792	271	0	(81)	190
Discounting of severance and other personnel provisions	507	67	(82)	492	92	16	(20)	88
Total IRES	**26,183**	**3,535**	**(5,346)**	**24,373**	**6,254**	**849**	**(1,282)**	**5,821**

IRAP rate 4.20% - 3.90%	***Taxable Amount***				***Tax***			
in thousands of Euro	**at 31.12. 2016**	**Increases**	**Uses**	**at 31.12. 2017**	**at 31.12. 2016**	**Increases**	**Amounts used/ Adjustments**	**at 31.12. 2017**
Provisions with deferred IRAP taxes	4,509	2,593	(3,081)	4,021	190	109	(130)	169
Provisions for renewal of airport infrastructure	9,489	57	(59)	9,487	399	2	(2)	399
Amortisation of FTA system and expansion costs	22	-	(2)	20	1	-	0	1
Amortisation of Concession Rights. ENAC-ENAV agreement	177	-	(14)	163	7	-	0	7
Other personnel provisions	106	64	(52)	118	5	2	(2)	5
Total IRAP	**14,303**	**2,714**	**(3,208)**	**13,810**	**602**	**113**	**(134)**	**581**

The following table, on the other hand, shows the tax credits due to the parent company for taking advantage of tax benefits in relation to: energy upgrade measures; investments in new capital assets pursuant to Article 18 of Decree-Law 91/2014; investments in research and development activities referenced in Article 1, paragraph 35 of Law 190/2014. In relation to taking advantage of tax credits for research and development activities, in 2017, the Parent Company continued its R&D activities and focused its efforts specifically on projects deemed to be particularly innovative, and specifically on: the research, design and development of software solutions based on new IT technologies for creating new services related to the management, care and safety of passengers and ground traffic. The Parent Company incurred a total of Euro 0.49 million in 2017 for the development of these projects. For the total incremental cost of Euro 0.48 million, AdB will use the tax credit for "Research and Development" (envisaged pursuant to Article 1, paragraph 35 of Law 190/2014), which can be used in accordance with the methods envisaged by the aforementioned regulation. These credits have been recorded in the financial statements under review. Research and development activities continue in 2018.

Other	*Tax credit*			
in thousands of Euro	**at 31.12.2016**	**Increases**	**Amounts used/ Adjustments**	**at 31.12.2017**
Other credits	571	256	(430)	397
Total "Other credits"	**571**	**256**	**(430)**	**397**

6. Other non-current assets

The following table shows the breakdown of other non-current assets as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	**at 31.12.2017**	**at 31.12.2016**	**Change**
Non-current prepayments and accrued income	108	57	51
Security deposits	84	83	1
Non-current tax receivables	1,304	1,244	60
OTHER NON-CURRENT ASSETS	**1,496**	**1,384**	**112**

The main item under non-current tax receivables regards the receivable recognised following the IRES refund request for non-deduction of IRAP on the cost of personnel (Decree-Law 201/2011 and Revenue Agency Order no. 2012/140973 of 2012) for Euro 1 million. This amount includes the amounts attributable to subsidiaries Tag Bologna and Fast Freight Marconi and to former subsidiary Marconi Handling as part of the group's tax consolidation, which will be collected directly by the Parent Company, under the tax consolidation agreement in effect during the year in which this item was recognised in the financial statements.

7. Inventories

The following table presents the breakdown of inventories as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	**at 31.12.2017**	**at 31.12.2016**	**Change**
Inventories of raw materials, supplies and consumables	487	476	11
Inventory of finished products	51	43	8
INVENTORIES	**538**	**519**	**19**

Inventories of raw materials, supplies and consumables did not change significantly and refer to inventories of workshop materials, heating oil, runway and aircraft de-icing fluid, stationery supplies and printed materials. Inventories of finished products refer to aircraft fuel (aviation fuel).

8. Trade receivables

The following table provides a breakdown of trade receivables and related provisions:

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Trade receivables	14,128	14,822	(694)
Provision for doubtful receivables	(908)	(1,368)	460
TRADE RECEIVABLES	**13,220**	**13,454**	**(234)**

Despite the increase in revenues in 2017, as at 31 December, trade receivables were down from the end of the previous year, due to higher collections and greater offsets of receivable and payable items than in 2017, as well as to elimination of receivables considered uncollectible.

Trade receivables are restored to their face value through a provision for doubtful receivables determined in each period on the basis of a specific analysis of both items subject to disputes and items that, even though not in dispute, have been outstanding for a significant period.
This measurement requires estimating the probability of collecting the receivables in question, including with the support of lawyers assigned to pursue disputes, and taking into account sureties received from customers.
Measurement of provisions at Euro 0.9 million as of 31 December is deemed appropriate for the purpose of adjusting the face value of trade receivables to the presumed realisation value.

Changes in provisions for doubtful accounts were as follows:

in thousands of Euro	at 31.12.2016	Provisions	Uses	Releases	at 31.12.2017
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(1,368)**	**(364)**	**763**	**61**	**(908)**

in thousands of Euro	at 31.12.2015	Provisions	Uses	Releases	at 31.12.2016
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(1,594)**	**(254)**	**361**	**119**	**(1,368)**

Provisions for the financial year were in the total amount of Euro 0.36 million, Euro 0.49 million of which were classified in the provisions item of the income statement, and the remaining Euro 0.3 million was applied as a direct reduction of revenues, as this amount matured in 2017 and is deemed uncollectible.

The following is an ageing analysis of the Group's trade receivables outstanding as at 31 December 2017, as compared with 2016.

in thousands of Euro	Falling due	Past due	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
TOTAL TRADE RECEIVABLES	**8,203**	**5,925**	**14,128**

in thousands of Euro	Falling due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE RECEIVABLES	**8,179**	**3,314**	**933**	**133**	**1,545**	**14,104**

in thousands of Euro	Falling due	Past due	Total as at 31.12.2016
Trade receivables for invoices/credit notes issued	7,606	7,303	14,909
Trade receivables for invoices/credit notes to be issued	(87)	0	(87)
TOTAL TRADE RECEIVABLES	**7,519**	**7,303**	**14,822**

in thousands of Euro	Falling due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE RECEIVABLES	**7,606**	**4,082**	**1,018**	**92**	**2,111**	**14,909**

9. Other current assets

The following table shows the breakdown of other current assets as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
VAT credit	303	118	185
Direct tax receivables	5	13	(8)
Other tax receivables	26	3	23
Receivables from personnel	74	73	1
Other receivables	3,780	3,192	588
OTHER CURRENT ASSETS	**4,188**	**3,399**	**789**

In detail, the item “Other receivables” consists of:

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Accrued income and prepayments	316	361	(45)
Advances to suppliers	14	59	(45)
Receivables from retirement and social security institutions	60	28	32
Receivables for municipal surcharge	3,897	3,155	742
Provisions for other doubtful current receivables	(1,085)	(875)	(210)
Other current receivables	578	464	114
TOTAL OTHER RECEIVABLES	**3,780**	**3,192**	**588**

With regard to the item “receivables for the municipal surcharge,” the Group charges the airlines the municipal surcharge on passenger boarding fees established by article 2, paragraph 11 of Law No. 350/2003, as subsequently amended and supplemented, and once collected, allocates it as appropriate to the government and INPS respectively, in the amount of Euro 1.50 and Euro 5.00 per passenger boarded. This amount is valid up until 31 December 2015 and starting 1 January 2017.
The receivable for the municipal surcharge increased during the year in question due to the increase in traffic, as there were no tariff changes in 2017, considering that Article 55 of the draft “2017 Budget Law” called for the final abolition, effective 1 January 2017, of the portion of the municipal surcharge equal to Euro 2.41 for 2017 and Euro 2.34 for 2018, introduced by Art. 13, paragraphs 21 and 23 of Decree-Law 145/2013.
The provisions for other doubtful current receivables, also up in 2017, were obtained by reclassification to assets, with offsetting entry in the respective receivable, of the municipal surcharge whose collection is deemed highly unlikely, due to the insolvency procedure of the carrier and/or the disputes, such as those that arose after Article 1 of Decree-Law 357 of 29/10/2015 increased the amount designated for INPS by an additional Euro 2.50 from 1 January 2016. This increase was subsequently suspended from 1 September 2016 to 31 December 2016 by Decree-Law 113/2016 “Urgent Financial Measures for Local Authorities and Local Areas” (the so-called Decree-Law of Local Authorities published in the Official Journal of 20 August 2016), until the aforementioned abolition pursuant to the “2017 Budget Law”.
The change in provisions for other doubtful current receivables during the year, presented in the table below, is predominantly due to the receivable for the municipal surcharge from customer Alitalia prior to special administration effective from 2 May 2017.

in thousands of Euro	at 31.12.2016	Provisions/Increases	Uses	Releases	at 31.12.2017
Provisions for doubtful receivables for municipal surcharge	(875)	(210)	0	0	(1,085)
TOTAL PROVISIONS FOR OTHER DOUBTFUL RECEIVABLES	**(875)**	**(210)**	**0**	**0**	**(1,085)**

10. Current Financial Assets

The following table presents a breakdown of current financial assets as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Bonds	4,574	3,047	1,527
Time deposits	16,000	18,000	(2,000)
Receivables from the sale of investments	0	967	(967)
Other financial receivables	43	71	(28)
CURRENT FINANCIAL ASSETS	**20,617**	**22,085**	**(1,468)**

Other current financial assets changed as indicated in the table below:

in thousands of Euro	at 31.12.2016	Increases/Acquisitions	Decreases/Disposals	Write-downs	at 31.12.2017
Bonds	3,047	4,574	(3,047)	0	4,574
Deposit accounts	18,000	16,000	(18,000)	0	16,000
Receivables from the sale of investments	967	71	(1,038)	0	0
Other financial receivables	71	0	(28)	0	43
TOTAL OTHER CURRENT FINANCIAL ASSETS	**22,085**	**20,645**	**(22,113)**	**0**	**20,617**

Detailed breakdown:

- bonds: the item increased due to reclassification from non-current financial assets (Note 4) of a senior bond with face value of Euro 4.5 million, purchased in 2016 with maturity in September 2018. Pursuant to IAS 39, the Group elected to classify this financial asset under investments held to maturity (HTM) since it has the intention and capability to hold it in its portfolio until maturity. After initial recognition at acquisition cost, these investments are measured at amortised cost, using the effective interest rate method and thus recognising any discounts or premiums on the purchase or other costs that are an integral part of the effective interest rate. There were no impairment indicators in relation to the value of these financial assets as at 31 December 2017; The decrease in the item is due to collection of another senior bond purchased in 2016 with a face value of Euro 3 million, which matured in October 2017;

- deposit accounts: this item regards temporary uses of liquidity in:
  - certificates of deposit in the amount of:
    - Euro 7 million subscribed in December 2017 and maturing in December 2018;
  - time deposits in the amount of:
    - Euro 1 million subscribed in April 2017 and maturing in October 2018;
    - Euro 4 million subscribed in March 2017 and maturing in September 2018;
  - savings bonds for
    - Euro 4 million subscribed in August 2016 and maturing in August 2018.

  The amounts as at 31 December 2016 for Euro 18 million were collected upon maturity during the year under review.
- receivables from the sale of investments: this item included the receivable for disposal of the investment in Marconi Handling (now GH Bologna S.p.A.) based on an instalment agreement of 15 November 2016, bearing interest at a rate of 4%. The item was reduced to zero as a result of full collection of principal and interest, the latter of which amounted to Euro 0.07 million for 2017.

11. Cash and cash equivalents

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Bank and postal deposits	16,182	20,085	(3,903)
Cash on hand	27	25	2
CASH AND CASH EQUIVALENTS	**16,209**	**20,110**	**(3,901)**

The item "Bank and postal accounts" represents balances of bank current accounts.

12. Assets held for sale

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

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Investment in Bologna Congressi S.p.A.	117	0	117
ASSETS HELD FOR SALE	**117**	**0**	**117**

Comprises the 10% investment in Bologna Congressi S.p.A., recognised under the item Investments in fixed assets until 2016 and recognised in this category following acceptance of the proposal by Bologna Fiera S.p.A., majority shareholder of Bologna Congressi S.p.A., to purchase the 300 shares owned by AdB for a total value of Euro 0.117 million. The Euro 0.013 million gain compared to the recognition value of the investment as at 31 December 2016, equal to Euro 0.104 million, is recognised in a Shareholders' equity reserve as at 31 December 2017, given the completion of the deal on 23 February 2018.

Net financial position

The following table shows the composition of the net financial position as at 31 December 2017 and 31 December 2016, in accordance with the provisions of the Consob Communication of 28 July 2006, and in compliance with the ESMA/2011/81 Recommendations:

	in thousands of Euro	at 31.12.2017	at 31.12.2016
A	Cash	27	25
B	Other cash equivalents	16,182	20,085
C	Securities held for trading	0	0
D	**Liquidity (A)+(B)+(C)**	**16,209**	**20,110**
E	**Current financial receivables**	**20,617**	**22,085**
F	Current bank debt	(54)	(70)
G	Current portion of non-current debt	(5,807)	(5,800)
H	Other current financial debt	(1,806)	(2,970)
I	**Current financial debt (F)+(G)+(H)**	**(7,667)**	**(8,840)**
J	**Net current financial position (I)-(E)-(D)**	**29,159**	**33,355**
K	Non-current bank debt	(19,109)	(24,896)
L	Bonds issued	0	0
M	Other non-current liabilities	0	0
N	**Non-current financial debt (K)+(L)+(M)**	**(19,109)**	**(24,896)**
O	**Net financial position (J+N)**	**10,050**	**8,459**

Items A + B represent the balance of the item "Cash and cash equivalents"; please see Note 11 for further details.
Item C + E is equal to the item "Current financial assets"; please see Note 10 for further details.
Items F + G + H represent the balance of the item "Current financial liabilities"; please see Note 23 for further details.
Item K represents the balance of the item "Non-current financial liabilities"; please see Note 18 for further details.

For a detailed analysis in regard to trends in net financial debt in the period 2017-2016, please see the Directors' considerations outlined in the Directors' Report.

LIABILITIES AND SHAREHOLDERS' EQUITY

13. Shareholders' equity

The following table presents a breakdown of Shareholders' equity as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Share capital	90,314	90,314	0
Reserves	65,218	63,882	1,336
Profit (Loss) for the period	15,969	11,311	4,658
GROUP SHAREHOLDERS' EQUITY	**171,501**	**165,507**	**5,994**

i. Share capital

As at 31 December 2017, the Parent Company's share capital totalled Euro 90,314,162; it was fully paid up and consisted of 36,125,665 ordinary shares with no par value.

The following information was used as the basis for calculating undiluted and diluted earnings per share:

in units of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016
Group profit/(loss) for the period	15,987,383	11,131,110
Average number of outstanding shares	36,125,665	36,107,223
Average number of shares including bonus shares	36,125,665	36,107,223
Undiluted earnings/(losses) per share	**0.44**	**0.31**
Diluted earnings/(losses) per share	**0.44**	**0.31**

ii. Reserves

The following table details reserves as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Share premium reserve	25,683	25,683	0
Legal Reserve	5,545	5,018	527
Extraordinary reserve	35,600	34,923	677
FTA Reserve	(3,222)	(3,222)	0
Profits (losses) carried forward	2,513	2,413	100
OCI reserve	(914)	(933)	19
Reserve for assets held for sale	13	0	13
TOTAL RESERVES	**65,218**	**63,882**	**1,336**

The share premium reserve consisted of the following:

- Euro 14.35 million as a result of the paid capital increase approved by the Shareholders' Meeting on 20 February 2006;
- Euro 11.33 million as a result of the Public Subscription and Sale Offer in July 2015.

In compliance with Article 2431 of the Italian Civil Code, this reserve is available but cannot be distributed until the legal reserve has reached the limit established by Article 2430 of the Italian Civil Code.

The legal reserve and extraordinary reserve rose as a result of the allocation of profit for the previous year, and, with regard to the Parent Company, net of the distribution of dividends approved by the Shareholders' Meeting of 27 April 2017 totalling Euro 10 million, corresponding to a gross dividend of Euro 0.277 for each of the 36,125,665 ordinary shares outstanding on the ex-dividend date (2 May 2017).
The extraordinary reserve is made up entirely of profits from prior financial years.
The profits/losses carried forward reserve increased as a result of the allocation of the profits/losses resulting from the IAS accounting records of subsidiaries as well as the proportional share of the TAG result for the previous period.
The OCI reserve shows the changes arising from the discounting of severance and other staff-related provisions (Note 14) in accordance with revised IAS 19, net of the related tax impact.

The following table shows details of the reserve as at 31 December 2017 and the relative comparison:

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Actuarial gains/losses as per IAS 19	(1,209)	(1,232)	23
Deferred taxes on actuarial gains/losses as per IAS 19	289	295	(6)
OCI RESERVE	**(920)**	**(937)**	**17**
of which minority interests	**(6)**	**(4)**	**2**
of which pertaining to the Group	**(914)**	**(933)**	**19**

Lastly, the assets held for sale reserve includes the gain between the book value of the investment in Bologna Congressi S.p.A. and the sales value, which was carried out on 23 February 2018.

The **minority interests** represent the portion of shareholders' equity and the profit/loss for the year of subsidiaries that are not wholly owned, which breaks down as follows:

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Share capital – Minority interests	155	155	0
Reserves – Minority interests	451	358	93
Profit (Loss) for the period – Minority interests	215	94	121
MINORITY INTERESTS	**821**	**607**	**214**

Changes in minority shareholders' equity are mainly attributed to the results achieved during the year.

14. Severance and other personnel provisions

The following table presents a breakdown of severance and other personnel provisions as at 31 December 2017, compared with the data as at 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Severance	4,287	4,489	(202)
Other personnel provisions	118	107	11
TOTAL SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,405**	**4,596**	**(191)**

The following table shows changes in these provisions during the year:

in thousands of Euro	at 31.12.2016	Service Cost	Net Interest	Benefits Paid	Actuarial Gains (Losses)	at 31.12.2017
Severance	4,489	14	65	(261)	(20)	4,287
Other personnel provisions	107	91	0	(77)	(3)	118
TOTAL SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,596**	**105**	**65**	**(338)**	**(23)**	**4,405**

The actuarial evaluation of severance provisions was performed on the basis of "accrued benefits" methodology, with the support of expert actuaries.

The following is a summary of the principal assumptions made for the process of the actuarial estimation of severance, for the years presented in the table:

a) discount rate: 1.30% for the evaluation as at 31 December 2017 and 1.31% as at 31 December 2016;
b) projected inflation rate: 1.50% for both years;
c) demographic bases (mortality/disability): the RG 48 mortality tables published by the Italian General Accounting Service were utilised for mortality. An INPS table broken down by age and gender was employed for disability;
d) personnel turnover rate: 1%.

As with any actuarial evaluation, the results depend upon the technical bases adopted, which included, among other factors, the interest rate, inflation rate, and expected turnover. The following table shows the sensitivity analysis for each significant actuarial assumption at the end of the financial year and indicates the impacts of reasonably possible changes in actuarial assumptions at that date, in absolute terms.

	Evaluation Parameter					
in thousands of Euro	+1% in turnover rate	-1% in turnover rate	+ 0.25% in annual inflation rate	- 0.25% in annual inflation rate	+ 0.25% in annual discount rate	- 0.25% in annual discount rate
Severance	4,260	4,319	4,358	4,219	4,178	4,401

As additional information, the following table shows the payments forecast by the plan over a 5-year period.

Years	Estimated future payments (in thousands of Euro)
1	280
2	145
3	228

4	183
5	249

The other personnel provisions pertain to the liability as at 31 December 2017 for the long-term incentives plan and the non-compete agreement of the Managing Director and Chief Executive Officer, as governed by the Remuneration Policy commented upon in the Report on Corporate Governance and Ownership Structure, to which you are referred for further details.

The actuarial evaluation of the long-term incentives plan as at 31 December 2017 (1st cycle July 2015-December 2017, 2nd cycle 2016-2018 and 3rd cycle 2017-2019) and the non-compete agreement was performed with the support of expert actuaries employing the "vested benefits" methodology on the basis of IAS 19 (Paragraphs 67-69) and employing the "Project Unit Credit" criterion. This method consists of evaluations that express the average present value of bonds accrued based on the employee's period of services until the moment of the evaluation. The main evaluation parameters were:

a) discount rate: 1.30% for the evaluation as at 31 December 2017 (1.03% for the evaluation as at 31 December 2016) of the liability for the non-compete agreement as the yield for a comparable term of the sector collective agreement, and -0.03% for the evaluation as at 31 December 2017 (0.05% for the evaluation as at 31 December 2016) for long-term incentives, a yield in line with the three-year term of the plan concerned;
b) demographic bases (mortality/disability): the RG 48 mortality tables published by the Italian General Accounting Service were utilised for mortality. With regard to disability, an INPS table was used for the 2010 projections;
c) frequency of voluntary resignations and terminations of employment by the company: 1%;
d) 60-70% probability of achieving objectives depending on the cycles.

Lastly, the sensitivity analysis is provided which shows the impacts on other personnel provisions, and specifically on the provision related to the non-compete agreement, in the event of an employment termination, with a probability of 10%:

in thousands of Euro	Service Cost
Other personnel provisions	60

15. Deferred Tax Liabilities

The following table details deferred tax liabilities as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2016	Provisions	Uses	at 31.12.2017
DEFERRED TAX LIABILITIES	**2,216**	**155**	**0**	**2,371**

Provisions for deferred tax liabilities totalled Euro 2.4 million. Deferred tax liabilities were recognised at the time of the transition to IFRS as the result of applying IFRIC 12 - Service Concession Arrangements, as detailed in the note on the transition to IFRS in the 2014 Financial Report. The increase during the year is also attributable to the application of IFRIC 12 on investments in concession rights without tax relevance.

IRES rate - 24% *in thousands of Euro*	Taxable Amount				Tax			
	at 31.12.2016	Increases	Uses	at 31.12.2017	at 31.12.2016	Increases	Uses	at 31.12.2017
Amortisation of concession rights	7,861	605	0	8,466	1,885	145	0	2,030
Total IRES	**7,861**	**605**	**0**	**8,466**	**1,885**	**145**	**0**	**2,030**

IRAP rate 4.2% - 3.90% *in thousands of Euro*	Taxable Amount				Tax			
	at 31.12.2016	Increases	Uses	at 31.12.2017	at 31.12.2016	Increases	Uses	at 31.12.2017
Amortisation of concession rights	7,861	233	0	8,094	331	10	0	341
Total IRAP	**7,861**	**233**	**0**	**8,094**	**331**	**10**	**0**	**341**

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

Provisions for renewal of airport infrastructure refer to the coverage of future costs of conservative maintenance and renewal of concession assets that the Group is required to return at the scheduled end of the concession in 2044, in perfect working condition.
The following table shows the changes in provisions for the year ended 31 December 2017.

in thousands of Euro	at 31.12.2016	Provisions	Uses	Reclassifications	at 31.12.2017
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	**10,631**	**2,600**	**0**	**(3,656)**	**9,575**

The increases totalled Euro 2.6 million, of which Euro 2.54 million were classified under provisions of the income statement and the remaining Euro 0.06 million were classified under financial expenses from discounting. The decreases from reclassifications relate to the periodic reclassification to current liabilities of the portion of costs whose disbursement is expected in the year following the period concerned. Amounts used during the period in question were recognised under current liabilities in Note 21.
To supplement the required information, the following table shows the interest rate sensitivity analysis performed on the discounting of provisions for airport infrastructure renewal as at 31 December 2017:

in thousands of Euro	Balance of interest for the year	Sensitivity (+0.5%)	Sensitivity (-0.1%)
Provisions for renewal of airport Infrastructure	56	127	42

The discounting curve employed for the measurement includes the applicable country risk. In this particular case, the input data employed was the yields on government zero-coupon bonds with short-, medium- and long-term maturities (from 3 months to 30 years) obtained from information provider Bloomberg.

17. Provisions for risks and charges

The following table shows the changes in provisions for risks and charges as at 31 December 2017:

in thousands of Euro	at 31.12.2016	Provisions	Uses	at 31.12.2017
Provisions for ongoing disputes	853	10	(21)	842
Provisions for employee back pay	0	270	0	270
Provisions for other risks and charges	153	0	0	153
PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)	**1,006**	**280**	**(21)**	**1,265**

The main change concerned the provision for employee back pay, which, while awaiting the renewal of the National Collective Agreement of Airport Operators (which expired on 31 December 2016) and of Assohandlers (which expired on 30 June 2017), arises from the estimate of the liability for the lump-sum/employee back pay for the year under analysis.

Contingent liabilities

On 26 July 2016, following a comprehensive audit started on 18 May 2016 for the Parent Company's 2013 financial year, the Revenue Agency of Bologna prepared a Tax Audit Report with a single observation. The observation consists of a presumed disallowance of IRES deductibility for the Euro 5 million loss resulting from the May 2013 declaration of bankruptcy of SEAF, the management company of Forlì Airport. This insolvency procedure resulted in the execution of the surety related to the strong patronage letter issued in 2007 by AdB to the credit institutions that financed SEAF in the form of an unsecured loan, which the Parent Company carried out with a schedule of repayments to lending institutions. This debt was fully repaid in April 2016 with the full payment of remaining instalments.

Bearing in mind the Parent Company's arguments in fact and law that were formalised in appropriate briefs submitted to the Revenue Agency regarding the economic, and thus tax-related, reasons for the decisions made, the Directors have chosen to classify these merely as contingent liabilities and include only appropriate information in the Notes.

Lastly, with respect to Alitalia's special administration procedure, the Group has assessed the contingent liability related to the risk of the revocation of receivables collected in the six months prior to the procedure in the amount of Euro 1.49 million net of the municipal surcharge. As at the date of this document, taking into account known information and defence elements to which an objection can be made if such a request is made, the directors have decided to provide appropriate disclosure of this in the notes without making any provision and, in the meantime, will continue to closely monitor the carrier's situation.

18. Non-current financial liabilities

The following table presents a breakdown of non-current financial liabilities as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Loans - non-current portion	19,109	24,896	(5,787)
NON-CURRENT FINANCIAL LIABILITIES	**19,109**	**24,896**	**(5,787)**

At 31 December 2017, the item concerned consisted solely of the non-current portion of loans, i.e., the medium to long-term portions of loans obtained by the Group and outstanding on that date. The decrease during the period was due to the repayment of maturing instalments totalling Euro 5.8 million.

At 31 December, total liabilities for loans were Euro 24.9 million, of which Euro 19.1 million under the subject item, Loans - non-current portion, and Euro 5.8 million under Loans - current portion (Note 23).

The following is the breakdown of loans, including the current portion, by calendar year of maturity:

- a fifteen-year loan, with a total outstanding balance of Euro 4.1 million as at 31 December 2017 (Euro 6.9 million in 2016) provided by Banca OPI S.p.A (now Intesa Sanpaolo S.p.A.) and to be used to implement the infrastructure investment plan. Euro 1.38 million of this debt (Euro 4.14 million in 2016) was classified under Loans – non-current portion, and Euro 2.76 million, representing the principal to be repaid in 2018, under Loans – current portion;

- a fifteen-year loan, with a total outstanding amount of Euro 4.27 million as at 31 December 2017 (Euro 4.77 million as at 31 December 2016), granted by Monte dei Paschi di Siena (formerly Banca Agricola Mantovana) to support the costs of constructing the General Aviation Terminal. Euro 3.77 million of this debt was classified under Loans – non-current portion (Euro 4.27 million in 2016), and Euro 0.5 million, representing the principal to be repaid in 2018, under Loans – current portion (Euro 0.5 million in 2016);
- a ten-year loan, with a total outstanding amount as of 31 December 2017 of Euro 16.5 million (Euro 19.02 million in 2016), granted by Banca Intesa for the purpose of making infrastructure investments. Euro 13.96 million of this debt (Euro 16.49 million in 2016) was classified under Loans – non-current portion, and Euro 2.54 million (unchanged compared to 2016), representing the principal to be repaid in 2018, under Loans – current portion. In connection with this loan, in 2014 the parent company paid Euro 0.3 million as an arrangement and structuring fee, which was recognised under other current assets as at 31 December 2014, and once the loan was subsequently received, in 2015, fees were treated in accordance with IAS 39. Due to the revision of economic conditions of the loan, signed by the parties on 6 April 2017, the rates have been redefined as indicated in the table below.
  The Company must comply with the following financial covenants, which are calculated annually:
  - Ratio of Net Financial Liabilities to Gross Operating Margin (less than 1.8 in 2017 – complied)
  - Ratio of Net Financial Liabilities to Shareholders' Equity (less than 0.3 in 2017 – complied)

The following are the contractual terms and conditions of loans outstanding as at 31 December 2017:

Financial Institution	**Debt**	**Interest Rate Applied**	**Instalments**	**Maturity**	***Covenants***
Intesa San Paolo S.p.A. (formerly Banca OPI S.p.A.)	Loan	Rate applied to the Bank by the EIB + 0.45%	Six-monthly	2019	No
Intesa San Paolo S.p.A.	Loan	Fixed rate of 3.693% until 10/4/2017; 3.3% from 11/04 to 10/06/2017; 3% from 11/06/2017 to 10/06/2024	Six-monthly	2024	Yes
Monte dei Paschi di Siena (formerly Banca Agricola Mantovana)	Loan	Variable rate 3-month Euribor + 0.9% spread	Quarterly	2026	No

Note that the loans are not secured by collateral.

The following is a sensitivity analysis performed on the interest rates applied to variable rate loans outstanding as at 31 December 2017.

			in thousands of Euro			
Financial Institution	**Type of Financing**	**Interest Rate Applied**	**Balance at 31.12.2017**	**Balance of interest for the year**	**Sensitivity (+0.5%)**	**Sensitivity (-0.1%)**
Intesa Sanpaolo S.p.A. (formerly Banca OPI S.p.A.)	Bank	rate applied to the Bank by the EIB + 0.45%	4,138	28	59	22
Monte dei Paschi di Siena (formerly Banca Agricola Mantovana)	Bank	3-month/360 Euribor + 0.9% spread	4,272	26	49	22

With regard to the cross-default clauses in the Company's loan agreements, if the borrowing company is in breach of its credit or loan obligations or guarantees assumed in relation to any party, the acceleration clause will be invoked. As at 31 December 2017, the Company had not received any communication for the application of cross default clauses by its lenders.

Lastly, the table required by the amendments to IAS 7 - Cash Flow Statement is provided below, for better disclosure on the changes in financial liabilities:

in thousands of Euro	Bank loans
Balance at 31.12.2016	**30,697**
Cash flow	(5,820)
Other changes:	
IAS 39 Financial expenses	39
Balance at 31.12.2017	**24,916**

19. Trade payables

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
TRADE PAYABLES	**16,208**	**15,669**	**539**

Payables are mainly with domestic suppliers and posted an increase of Euro 0.5 million due to the increase in external costs.
Below is a breakdown of trade payables as at 31 December 2017 and 31 December 2016 by due dates:

in thousands of Euro	Falling due	Past due	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
TOTAL TRADE PAYABLES	**13,256**	**2,953**	**16,208**

in thousands of Euro	Falling due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE PAYABLES	**7,285**	**2,505**	**40**	**1**	**407**	**10,238**

in thousands of Euro	Falling due	Past due	Total as at 31.12.2016
Invoices/credit notes received	3,915	2,522	6,437
Invoices/credit notes to be received	9,232	0	9,232
TOTAL TRADE PAYABLES	**13,147**	**2,522**	**15,669**

in thousands of Euro	Falling due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE PAYABLES	**3,915**	**2,378**	**60**	**39**	**45**	**6,437**

20. Other Liabilities

The following table presents a breakdown of current liabilities as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Current tax payables	1,671	2,420	(749)
Current payables to personnel and social security institutions	4,034	4,169	(135)
ENAC concession fees and other state payables	14,556	13,050	1,506
Other current payables, accrued expenses and deferred income	3,913	3,163	750
TOTAL OTHER CURRENT LIABILITIES	**24,174**	**22,802**	**1,372**

The following are comments regarding the main changes:

i. Current tax payables

The following table shows a breakdown of current tax payables as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
VAT payables	0	249	(249)
Direct tax payables	762	1,330	(568)
Other tax payables	909	841	68
TOTAL CURRENT TAX PAYABLES	**1,671**	**2,420**	**(749)**

Apart from the absence of VAT payables, compared to Euro 0.25 million in 2016, the decrease in tax payables is due to the lower IRES (Euro 0.5 million compared to Euro 1 million in 2016) and IRAP (Euro 0.2 million compared to Euro 0.3 million in 2016), due to higher advances paid during the year.

Other tax payables are mainly due to IRPEF (Personal Income Tax) debt for employee withholding.

ii. Current payables to personnel and social security institutions

The following table presents a breakdown of current payables to personnel and social security institutions as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Payables to personnel for salaries	921	971	(50)
Payables to personnel for deferred compensation	2,069	2,034	35
Payables to social security institutions	1,044	1,164	(120)
CURRENT PAYABLES TO PERSONNEL AND SOCIAL SECURITY INSTITUTIONS	**4,034**	**4,169**	**(135)**

iii. ENAC concession fees and other state payables

The payable to ENAC for concession fees and other State payables mainly includes:

- Euro 11.36 million (Euro 9.96 million in 2016) in relation to the debt for the firefighting prevention services as regulated by Article 1, Section 1328 of the 2007 Finance Act, as amended by Article 4, Section 3-bis of Law 2/2009. For further details, see the Disputes paragraph of the Directors' Report;
- Euro 2.87 million (Euro 2.83 million in 2016) as a payable for the airport concession fee.

iv. Other current payables, accrued expenses and deferred income

The following table shows other current payables, accrued expenses and deferred income as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Payables for municipal surcharge	2,811	2,280	531
Other current payables	986	749	237
Current accrued expenses and deferred income	116	134	(18)
TOTAL OTHER CURRENT PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME	**3,913**	**3,163**	**750**

The main item included in other current payables consists of the municipal surcharge payable relating to receivables from carriers not yet collected as at 31 December. In view of the fact that several carriers contested the effective date of the Euro 2.50 increase for 2016 that was required by the Interministerial Decree of 29 October 2015, the portion of the receivable for the municipal surcharge related to this contested increase was reclassified to provisions for other doubtful current receivables (Note 9).The portion of the municipal surcharge payable pertaining to receivables collected from carriers but not yet paid to creditors is instead classified among current financial liabilities (Note 23).

Other current payables also include security deposits from customers.

21. Provisions for renewal of Airport infrastructure (current)

The following table details changes in provisions for renewal of airport infrastructure for the years ended 31 December 2017.

in thousands of Euro	at 31.12.2016	Provisions	Uses	Reclassifications	at 31.12.2017
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)	**2,933**	**0**	**(3,091)**	**3,656**	**3,498**

This item includes the current portion of provisions for renewal of Airport infrastructure.
The uses refer primarily to the following interventions:
- the restoration of a section of a taxiway of a portion of "Piazzale Apron 2";
- extraordinary maintenance works on a section of the taxiway, including short connectors;
- fire-fighting and function modification of fire escapes in the P2 multi-level car park, in addition to the flooring and roof of several airport buildings;
- control and supervision systems for technological facilities, in addition to air treatment units located on the first floor of the passenger terminal;

- redevelopment and extraordinary maintenance of the baggage delivery system at Schengen arrivals.
Allocations to the provisions for renewal of airport infrastructure are stated in Note 16 (non-current portion).

22. Provisions for risks and charges (current)

The following table shows the changes provisions for risks and charges as at 31 December 2017:

in thousands of Euro	at 31.12.2016	Provisions	Uses	at 31.12.2017
Provision for ENAC-ENAV agreement	159	0	(159)	0
PROVISIONS FOR RISKS AND CHARGES (CURRENT)	**159**	**0**	**(159)**	**0**

The item, reduced to zero as at 31 December 2017, included the contractual liability provisions recognised on the basis of the 2009 agreement between AdB-ENAV-ENAC. This agreement envisaged an additional area in the inventory of assets received on a concession basis with respect to which the Parent Company had assumed the following two obligations:

1) demolition of pre-existing capital assets;
2) construction of a new building on behalf of the original concessionaire.

In view of this obligation, the Parent Company quantified the increase in Concession Rights as at 31 December 2009 on the basis of the present value of the estimated cost of the fulfilment of its obligations with respect to a liability recognised in accordance with IAS 37.
The new building was constructed in 2016, with the exception of some residual works completed in 2017 for Euro 0.139 million; the difference compared to the initial fund was released to the income statement.

23. Current financial liabilities

The following table presents a breakdown of current financial liabilities for the year ended 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Loans - current portion	5,807	5,801	6
Payables for municipal surcharge	1,806	2,969	(1,163)
Other current financial debt	54	70	(16)
CURRENT FINANCIAL LIABILITIES	**7,667**	**8,840**	**(1,173)**

For details of the items “Loans – current portion” and “Other current financial debt,” see Note 18 Non-Current Financial Liabilities, which provides a detailed explanation of the loans taken out by the Group and other outstanding financial debt as at 31 December 2017, in addition to changes during the year.
Lastly, the subject item comprises payables for the municipal surcharge on passenger boarding fees, for the portion received from the airlines in December and paid on to lenders in January.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

The following are comments on the principal items of the income statement for the period ended 31 December 2017, compared with those posted for the period ended 31 December 2016.

REVENUES

24. Revenues

The following table shows a breakdown of revenues by business segment for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Revenues from aeronautical services	53,212	48,224	4,988
Revenues from non-aeronautical services	38,222	35,296	2,926
Revenues from construction services	6,735	5,999	736
Other operating revenues and income	977	923	54
TOTAL REVENUES	**99,146**	**90,442**	**8,704**

i. Revenues from aeronautical services

The following table shows a breakdown of revenues from aeronautical services for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Revenues from centralised infrastructure/other airport services	555	531	24
Revenues from fees/exclusive-use assets	1,228	1,263	(35)
Revenues from airport fees	65,446	62,384	3,062
Revenues from PRM fees	4,291	4,024	267
Incentives for the development of air traffic	(23,575)	(24,262)	687
Handling services	2,846	2,353	493
Other aeronautical revenues	2,421	1,931	490
TOTAL REVENUES FROM AERONAUTICAL SERVICES	**53,212**	**48,224**	**4,988**

The increase in revenues from aeronautical services is due to growth in traffic and, in parallel, renegotiation of a number of incentive agreements.
The breakdown in Revenues from airport fees is provided below:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Passenger boarding fees	33,182	31,391	1,791
Landing, take-off and parking fees	18,272	17,510	762
Passenger security fees	10,472	9,783	689
Hold luggage security fees	2,942	2,913	29
Freight loading and unloading charges	837	787	50
Fee reduction due to doubtful receivables	(259)	0	(259)
TOTAL REVENUES FROM AIRPORT FEES	**65,446**	**62,384**	**3,062**

The item “Fee reduction due to doubtful receivables” includes the amount allocated to the provision for doubtful receivables as a precautionary measure on receivables accrued in 2017 in relation to Alitalia before special administration.

ii. Revenues from non-aeronautical services

The following table presents a breakdown of revenues from non-aeronautical services for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	**for the year ended 31.12.2017**	**for the year ended 31.12.2016**	**Change**
Sub-licensing of areas and premises	17,158	15,697	1,461
Sub-licensing revenue reduction due to doubtful receivables	(52)	0	(52)
Parking	15,095	14,218	877
Other commercial revenues	6,021	5,381	640
TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES	**38,222**	**35,296**	**2,926**

Revenues from non-aeronautical services show growth linked to good performance by all components of this category and, in particular, local sub-concessions and retail areas of the retail sector, parking and MBL services. The item “Sub-licensing revenue reduction due to doubtful receivables” includes the amount allocated to the provision for doubtful receivables as a precautionary measure on receivables accrued in 2017 in relation to customers for non-aeronautical services.

Other commercial revenues are itemised below:

in thousands of Euro	**for the year ended 31.12.2017**	**for the year ended 31.12.2016**	**Change**
Ticketing	44	55	(11)
Marconi Business Lounge	2,280	1,939	341
Advertising	1,397	1,387	10
Miscellaneous commercial revenues	2,301	2,000	301
Reduction in other commercial revenues due to doubtful receivables	(1)	0	(1)
TOTAL OTHER COMMERCIAL REVENUES	**6,021**	**5,381**	**640**

iii. Revenues from Construction Services

Revenues from construction services pertain to the expansion of the construction services provided by Aeroporto Guglielmo Marconi di Bologna S.p.A. to the concession grantor authority ENAC, for the purpose of the implementation of the investments previously commented upon in connection with Concession Rights in Note 1.
These revenues were equal to Euro 6.7 million in 2017 and Euro 6 million in 2016.

iv. Other revenues and income

The following table provides details on other revenues and income for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Compensation, reimbursements and other income	910	798	112
Capital gain	48	121	(73)
Capital losses	19	4	0
TOTAL OTHER REVENUES AND INCOME	**977**	**923**	**39**

Other revenues and income did not change significantly from the previous year.
The item "Compensation, reimbursements and other income" shows growth in revenues from energy efficiency (from Euro 0.08 million to Euro 0.35 million) linked to the White Certificates obtained from energy savings on the trigeneration plant. This revenue item was reclassified compared to its recognition among revenues from non-aeronautical services at the end of 2016. A decrease was recorded, again within the item "Compensation, reimbursements and other income", in income from compensation and other reimbursements.

COSTS

25. Costs

i. Consumables and goods

The following table shows details of consumables and goods for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Consumables and goods	493	386	107
Maintenance materials	191	150	41
Fuels	1,168	931	237
TOTAL CONSUMABLES AND GOODS	**1,852**	**1,467**	**385**

This category highlights an increase attributable to greater purchases of all components indicated in the table.

ii. **Services costs**

The following table provides details of services costs for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Maintenance costs	4,206	4,568	(362)
Utilities	1,834	3,002	(1,168)
Cleaning and similar services	1,949	1,939	10
Third-party services	5,848	5,231	617
Marconi Business Lounge services	301	278	23
Advertising, promotion and development	919	867	52
Insurance	713	710	3
Professional and consultancy services	2,014	1,621	393
Fees and reimbursements for statutory bodies	553	536	17
Other services costs	357	401	(44)
TOTAL SERVICES COSTS	**18,694**	**19,153**	**(459)**

Services costs show an overall decrease mainly due to lower costs for:

- maintenance, due to the lack of work related to the reconfiguration of space done in the year being compared;
- utilities, resulting from the reversal of one-off energy costs related to the cogeneration plants recorded in the previous year for Euro 0.72 million, applying the regulations in effect at the time. With regard to these energy costs, during 2017, the Parent Company used specialised consulting services to obtain clarifications regarding the provisions of Decree-Law 19/2017 and Resolution 276/2017/R/ee of the Authority for Electricity and Gas and Water System which provided confirmation regarding the implementation of the new procedures for the administration of utility systems and the new procedures for allocating system expenses just for taking electricity from grids with mandatory third-party connections (for the systems allowed). Based on the above, AdB deemed these energy costs to be no longer due and released the payable recognised as at 31 December 2016, recognising a lower cost in the utilities category;

On the other hand, third-party services increased due to higher costs for:

- PRM services linked to the traffic increase
- shuttle service to transport passengers from car parks to the terminal
- freight storage services due to higher volumes handled
- professional and advisory services.

Below are further details of maintenance costs:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Maintenance costs of owned assets	1,017	818	199
Maintenance costs of airport infrastructure	2,731	3,310	(579)
Maintenance costs of third-party assets	458	440	18
TOTAL MAINTENANCE COSTS	**4,206**	**4,568**	**(362)**

The following shows a breakdown of third-party services:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Snow clearance	441	353	88
Porterage, transport and third-party services	423	192	231
PRM services	1,512	1,394	118
De-icing services and other public service costs	355	425	(70)
Security services	1,211	1,168	43
Other third-party services	1,906	1,699	207
TOTAL THIRD-PARTY SERVICES	**5,848**	**5,231**	**617**

With regard to the disclosure required by Art. 38, paragraph 1, letter o) of Legislative Decree 127/91, note that in 2017, no fees were paid to directors and statutory auditors of the parent company to perform said functions, even in subsidiaries.

The following table shows fees owed to the Board of Statutory Auditors and the Audit Firm for the audit required by law and for regulatory reporting:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Fees to the Board of Statutory Auditors	150	132	18
Fees to the Auditing Firm	110	112	(2)
Total	**260**	**244**	**16**

iii. Costs for construction services

These were costs for construction services related to the reporting of construction costs incurred by the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group due to the implementation of the investments previously commented upon in Note 1 in connection with Concession Rights.

iv. Leases, rentals and other costs

The following table provides details of fees, rentals, and other costs for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Concession fees	5,658	5,340	318
Rental fees	401	392	9
Payable rents	541	525	16
Data processing fees	1,098	983	115
Other costs for using third-party assets	(30)	0	(30)
TOTAL LEASES, RENTALS AND OTHER COSTS	**7,668**	**7,240**	**428**

Overall, the item “Leases, rentals and other costs” reflected an increase in airport concession fees and security service fees caused by greater traffic, as well as higher data processing fees due to new investments in technology.

v. Other operating expenses

The following table shows a breakdown of other operating expenses for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Tax charges	1,307	1,305	2
Fire-fighting service contribution	1,403	1,399	4
Losses on receivables	0	4	(4)
Capital losses	48	17	31
Other operating costs and expenses	389	429	(40)
Non-recurring expenses (and income)	318	(34)	352
TOTAL OTHER OPERATING EXPENSES	**3,465**	**3,120**	**345**

The only significant change in this cost category regards ancillary fees for exercising the purchase option for a property, as outlined in Note 2 Tangible assets.

vi. Personnel costs

The following table shows a breakdown of personnel costs for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Salaries and wages	18,354	17,798	556
Social security contributions	4,923	4,877	46
Severance	1,324	1,273	51
Pension and similar	191	186	5
Other personnel costs	2,040	1,403	637
TOTAL PERSONNEL COSTS	**26,832**	**25,537**	**1,295**

Personnel costs show an increase, mainly due to:

- increase in the workforce (20 average resources; 13 full-time equivalents) due to the hiring of resources in areas particularly sensitive to growth in traffic, such as security and increased oversight of certain security activities requested by the competent authorities on several areas on the perimeter of the airport grounds;
- application of the last tranche of the new National Collective Labour Agreement entered into force on 1 July 2016, with impacts on the entire year under analysis.

Other personnel costs break down as follows:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Staff canteen	569	611	(42)
Personnel training and refresher courses	284	174	110
Personnel travel expenses	259	199	60
Other personnel provisions	91	86	5
Miscellaneous personnel costs	837	333	504
TOTAL OTHER PERSONNEL COSTS	**2,040**	**1,403**	**637**

The increase in the item “Miscellaneous personnel costs” is due to higher costs mainly from incentives for early retirement, as well as for medical exams and check-ups, costs for internships and social utility charges.

The following is the average staffing level broken down by category for the years in question:

Average workforce (no. of staff)	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Executive Managers	10	10	0
White-collar workers	386	366	20
Blue-collar workers	96	96	0
TOTAL PERSONNEL	**492**	**472**	**20**

Below is a breakdown of the workforce by category at the end of the two years being compared:

Workforce (no. of staff)	at 31.12.2017	at 31.12.2016	Change
Executive Managers	9	10	(1)
White-collar workers	384	374	10
Blue-collar workers	79	95	(16)
TOTAL PERSONNEL	**472**	**479**	**(7)**

26. Depreciation, amortisation and impairment

The following table shows details of amortisation and depreciation for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Amortisation/impairment of concession rights	5,749	5,347	402
Amortisation/impairment of other intangible assets	989	758	231
Depreciation of tangible assets	2,085	1,836	249
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	**8,823**	**7,941**	**882**

The subject item comprises Euro 8.6 million in amortisation/depreciation and Euro 0.2 million in impairment of Concession Rights and other intangible assets for the elimination of projects that are no longer usable and other costs recognised under intangible assets as at 31 December 2016. The increase in amortisation/depreciation is consistent with ongoing implementation of the Group's amortisation and depreciation plan, also as a result of the gradual placement into service of investments made.

27. Provisions for risks and charges

The following table shows details of provisions for risks and charges for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Provisions for doubtful accounts	(12)	63	(75)
Provisions for renewal of airport infrastructure	2,544	2,925	(381)
Provisions for other risks and charges	240	11	229
TOTAL PROVISIONS FOR RISKS AND CHARGES	**2,772**	**2,999**	**(227)**

The decrease is due to lower allocations to the provision for renewal of airport infrastructure due to the updating of scheduling with certain air side projects being delayed. With regard to the provisions for doubtful accounts, release to the income statement (Euro 0.061 million) for termination of the risks on positions written down in prior years exceeded the provisions for the period (Euro 0.049 million). The provisions for doubtful receivables increased as a result of this last item, as well as of the reduction in revenues from receivables maturing during the year for Euro 0.315 million, as stated in Note 8 of Trade receivables.
Lastly, the allocation to the provisions for other risks and charges predominantly comprises the estimated portions of employee back pay following expiry of the National Collective Agreement of the airport operators and of Assohandlers, respectively on 31 December 2016 and 30 June 2017.

28. Financial income and expenses

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Income from securities	38	117	(79)
Financial income other than the previous items	236	245	(9)
TOTAL FINANCIAL INCOME	**274**	**362**	**(88)**
Interest expenses and bank charges	(661)	(940)	279
Expenses from discounting provisions	(159)	(278)	119
Other financial expenses	(32)	(5)	(27)
TOTAL FINANCIAL EXPENSES	**(852)**	**(1,223)**	**371**
TOTAL FINANCIAL INCOME AND EXPENSES	**(578)**	**(861)**	**283**

An improvement was recorded in financial performance, due to the decrease in financial expenses as a result of lower overall debt levels and the reduction in the interest rate on the Intesa San Paolo loan maturing in 2024. The expenses from discounting provisions also declined compared to the prior year. The decrease in financial expenses for the aforementioned reasons was higher than the decline in financial income, mainly due to the collection in December 2016 of a capitalisation policy that in 2016 had generated income from securities for Euro 0.08 million.

29. Taxes for the period

The following table shows a breakdown of taxes for the period for the years ended 31 December 2017 and 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Current taxes	5,262	4,583	679
Deferred tax assets and liabilities	603	423	180
TOTAL TAXES FOR THE PERIOD	**5,865**	**5,006**	**859**
Current taxes as a % of result before tax	**23.87%**	**27.93%**	**-4.06%**
Taxes for the period as a % of result before taxes	**26.60%**	**30.50%**	**-3.90%**

The effective tax rate for 2017 was 26.60%, compared with 30.50% reported in 2016. This positive shift is essentially due to the reduction by 3.5 percentage points of the IRES rate starting from 2017, in addition to use of the tax benefits on investments in new capital assets (so-called super amortisation pursuant to Art. 1, paragraph 91, of Law no. 208/2015) and to the benefit, by the parent company, in terms of the ACE (Aiuto alla crescita economica - Aid for Economic Growth, Decree-Law 201/2011), arising from the amendments introduced with Ministerial Decree of 3 August 2017 and relative Explanatory Report, which discusses the rules for reducing the ACE tax base for investments in securities; the positive shift is partly offset by the progressive penalisation of the ACE, in particular through the reduction in the rate of return.

The following table shows the reconciliation of the effective IRES rate with the theoretical rate:

Reconciliation between actual/theoretical tax rate (IRES)	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Result before taxes	22,048	16,411	5,637
Ordinary tax rate	**24%**	**27.50%**	**-3.50%**
Theoretical tax charge	5,292	4,513	779

Effect of increase or decrease in the ordinary tax rate:	**for the year ended 31.12.2017**	**for the year ended 31.12.2016**	
Taxed provisions deductible in subsequent financial years	470	476	(6)
Costs deductible in subsequent financial years	2,736	3,363	(627)
Other Costs deducted in prior financial years	31	31	0
Other non-deductible costs	1,131	1,237	(106)
Use of provisions taxed in prior financial years	(624)	(861)	237
Costs not deducted in prior financial years	(3,560)	(3,430)	(130)
Other differences	(2,304)	(2,132)	(172)
Release of deferred assets/Allocation of deferred liabilities	(265)	(262)	(3)
Total increases/decreases	**(2,385)**	**(1,578)**	**(807)**
Tax effect on changes at 24% (2017) - 27.5% (2016)	**(572)**	**(434)**	**(138)**
IRES for the period	4,723	4,078	645
Effective tax rate	**21.42%**	**24.85%**	**-3.43%**

Lastly, the following table shows a breakdown of current taxes for the two periods:

Breakdown of taxes for the period	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
IRES	4,723	4,078	645
IRAP	1,079	861	218
Income from Research & Development and Energy savings bonuses	(256)	(362)	106
Taxes for previous financial years	(284)	6	(290)
TOTAL	***5,262***	**4,583**	**679**

Related party transactions

A definition of "Related Parties" can be found in IAS 24, approved by EC Regulation 1725/2003.
Intercompany transactions are executed as part of ordinary operations and under normal market conditions. Related party transactions mainly pertain to commercial and financial transactions, as well as compliance with the tax consolidation regime.
None of those relationships is of particular economic or strategic importance for the Group since the receivables, payables, revenues and expenses with regard to related parties do not represent a significant share of the total amounts in the financial statements.
The shareholder Bologna Chamber of Commerce has been identified as a government entity making it exempt from related party disclosure under IAS 24. Classifying the Bologna Chamber of Commerce as Government therefore limited the scope of checks to identify related parties to the identification of only the Bologna Chamber of Commerce. Furthermore, the financial statements contain no further information regarding the Group's relationship with the Bologna Chamber of Commerce, because there are no significant transactions with that shareholder.
In 2017, related party transactions refer exclusively to transactions among group entities. Therefore, please refer to the "Related party transactions" chapter of the Parent Company's Financial Statements.

Obligations and risks

Operating lease obligations

At 31 December 2017, the Group had irrevocable leases in place pursuant to IAS 17 for equipment, facilities and machinery, vehicles, land and software licences, for which future lease payments are indicated below that mature by the end of 2018, in the next five years or beyond that time period.

in thousands of Euro	*in thousands of Euro*
By the end of 2018	713
Beyond the year but within 5 years (2019-2023)	2,121
After 5 years (2024 and beyond)	230
Total	**3,064**

Operating leases with Group as lessor

As at 31 December 2017 the Group had agreements in place to sub-licence areas, offices and operating and commercial space in the passenger and cargo terminal and other airport infrastructure as indicated in greater detail in Section 2 of the Directors' Report. The following table indicates minimum future payments on irrevocable leases pursuant to IAS 17 in place as at 31 December 2017 and maturing by the end of 2018, in the next five years or beyond that time period. The amounts indicated below do not include variable payments or sub-licensing agreements at administered rates since they are subject to potential upward or downward rate changes.

in thousands of Euro	*in thousands of Euro*
By the end of 2018	8,932
Beyond the year but within 5 years (2019-2023)	21,410
After 5 years (2024 and beyond)	575
Total	**30,917**

Environmental investment obligations

The Group's specific obligations in the area of the environment were stipulated with the signing, by the Parent Company, of the Regional Agreement for the Decarbonisation of the Airport with local authorities in 2015. This agreement will require AdB to make investments totalling Euro 6.5 million over a period of time consistent with the timing for the completion of work contained in the airport Master Plan, i.e., by the end of 2023. In the last quarter of 2017 work was begun to create an air quality monitoring system, which will more precisely assess the environmental impact of airport operations.

People Mover investment obligations

As at 31 December, "Tangible assets under construction" included the first two tranches of Euro 1.78 million of AdB's contribution to Marconi Express S.p.A. (Note 2) to build the "Aeroporto" station of the People Mover, corresponding to work progress of 66% in the airport area. The total contribution owed by the Parent Company is Euro 2.7 million, and the last tranche of Euro 0.92 million to be disbursed is scheduled at the time the project is tested. As a part of the same agreement (signed by AdB, the municipality of Bologna, the Province of Bologna and the Emilia Romagna Region on 23 July 2007), AdB also undertook to build the connecting bridge to link the "Aeroporto" stop and the airport. Based on this obligation, tangible assets under construction as at 31 December 2017 included design costs for the project totalling Euro 0.13 million.
At 31 December 2017, non-current financial assets included Euro 10 million for the equity financial instrument in Marconi Express S.p.A. subscribed by AdB in January 2016 for a total of Euro 10.9 million. The last tranche of Euro 0.9 million is scheduled when work is completed.

See the pertinent section in the Directors' Report (Section 12) for information on guarantees provided.

Other risk classification and management

For information regarding the financial risk classification and management procedures required by article 2428, paragraph 2, sub-paragraph 6-bis of the Civil Code, as well as comments on the Group's other risks, please see the pertinent section of the Directors' Report.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

After the closing of the period, no events occurred so as to justify changes to the economic, capital and financial situation shown in the statements and therefore to require adjustments and/or amendments to the financial statement.
Note, however, that certain significant events occurred after the end of the period or will occur in the next few months.

Traffic trends and launch of new flights

In February 2018, the Airport saw an increase in passenger traffic of 12.4% over February 2017, for a total of 542,489 passengers.
In the first two months of 2018, total passengers came to 1,141,342 (+11.7%). Movements totalled 9,584, an increase of 6.3%.

With regard to the launch of new connections and additional flights:

- KLM introduced a fourth daily flight on the Bologna-Amsterdam route starting from February 2018;
- Ural Airlines will launch new connections for six destinations in Russia, with a weekly frequency, in summer 2018;
- Blue Panorama will launch new direct connections (60 arriving flights and the same number departing) from/to China, starting from 15 June 2018;
- Georgian Airways will launch a new flight to Tbilisi with 2 weekly flights starting in summer 2018;
- Aegean Airlines will launch a new seasonal flight to Athens, with 2 weekly flights in summer 2018;
- Alitalia will introduce:
    - a new seasonal flight for Palermo, with two daily flights from June to September 2018;
    - the second daily flight on the Bologna-Catania route in summer 2018;
- Aeroflot will introduce the third daily flight on the Bologna-Moscow route in July 2018;
- Vueling will introduce the second daily flight on the Bologna-Barcelona route in summer 2018.

The Chairman of the Board of Directors

(Enrico Postacchini)

Bologna, 15 March 2018

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, 2017, 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, 2017 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, 2017:
      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, 15 march 2018

The Chief Executive Officer	**Officer in charge of preparing the corporate accounting documents**
(Nazareno Ventola)	(Patrizia Muffato)

Aeroporto Guglielmo Marconi di Bologna S.p.A.

Consolidated financial statements as at December 31, 2017

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

EY S.p.A.
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40123 Bologna

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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, 2017, 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, 2017, 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.

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Key Audit Matter	Audit Response
Valuation of the provisions for renewal of airport infrastructure The provisions for renewal of airport infrastructure accounted for in the consolidated financial statements as of December 31, 2017 amounts to Euro 13,1 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. 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. 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. 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".	Our audit procedures performed in response to this Key Audit Matter included, among others: · assessment of the process and key internal controls implemented by the Group; · understanding of the concession agreement from which the obligation arises; · analysis of the supporting report prepared by the Group's technical departments; · test of details on a sample of provisions' utilizations accounted for during the fiscal year; · analysis of the consistency of the assumptions used in estimating the provisions against the Business Plan 2018-2022 approved by the Directors; · assessment of the discount rate used in the analysis. 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.

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, 2017, 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, 2017 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, 2017 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.

Bologna, March 30, 2018

EY S.p.A.
Signed by: Andrea Nobili, Partner

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

Financial Statements for the year ended 31 December 2017

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

Statement of Financial Position

in units of Euro	Notes	at 31.12.2017	at 31.12.2016
Concession Rights		151,211,671	150,172,332
Other intangible assets		1,783,374	1,090,845
Intangible assets	**1**	**152,995,045**	**151,263,177**
Property, plant and equipment		14,441,053	11,855,126
Investment property		4,732,016	4,732,016
Tangible assets	**2**	**19,173,069**	**16,587,142**
Investments	**3**	726,407	830,065
Other non-current financial assets	**4**	18,257,445	17,920,439
Deferred tax assets	**5**	6,487,304	7,037,622
Other non-current assets	**6**	1,448,795	1,332,088
Other non-current assets		**26,919,951**	**27,120,214**
NON-CURRENT ASSETS		**199,088,065**	**194,970,533**
Inventories	**7**	487,640	476,157
Trade receivables	**8**	12,560,881	12,778,664
Other current assets	**9**	3,969,722	3,423,754
Current financial assets	**10**	19,610,165	21,078,678
Cash and cash equivalents	**11**	13,947,469	17,049,876
CURRENT ASSETS		**50,575,877**	**54,807,129**
Assets held for sale	**12**	117,000	0
TOTAL ASSETS		**249,780,942**	**249,777,662**

in units of Euro	Notes	at 31.12.2017	at 31.12.2016
Share capital		90,314,162	90,314,162
Reserves		61,997,661	61,428,457
Profit (Loss) for the period		14,908,504	10,542,980
TOTAL SHAREHOLDERS’ EQUITY	**13**	**167,220,327**	**162,285,599**
Severance and other personnel provisions	**14**	4,060,893	4,273,710
Deferred tax liabilities	**15**	2,003,009	1,913,638
Provisions for renewal of airport infrastructure	**16**	9,476,363	10,550,419
Provisions for risks and charges	**17**	1,254,019	998,171
Non-current financial liabilities	**18**	15,345,021	20,625,859
Other non-current liabilities		191,954	217,454
NON-CURRENT LIABILITIES		**32,331,259**	**38,579,251**
Trade payables	**19**	15,738,941	15,056,538
Other liabilities	**20**	23,836,963	22,453,774
Provisions for renewal of airport infrastructure	**21**	3,497,801	2,911,531
Provisions for risks and charges	**22**	0	158,527
Current financial liabilities	**23**	7,155,651	8,332,442
CURRENT LIABILITIES		**50,229,356**	**48,912,812**
TOTAL LIABILITIES		**82,560,615**	**87,492,063**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**249,780,942**	**249,777,662**

Income Statement

in units of Euro	Notes	for the year ended 31.12.2017	for the year ended 31.12.2016
Revenues from aeronautical services		47,635,859	43,698,864
Revenues from non-aeronautical services		37,686,981	34,800,399
Revenues from construction services		6,649,770	5,999,175
Other operating revenues and income		1,005,182	891,586
Revenues	**24**	**92,977,792**	**85,390,024**
Consumables and goods		(808,373)	(732,729)
Services costs		(17,269,511)	(17,870,387)
Costs for construction services		(6,333,114)	(5,713,499)
Leases, rentals and other costs		(7,528,711)	(7,128,191)
Other operating expenses		(3,406,934)	(3,068,855)
Personnel costs		(25,522,132)	(24,263,957)
Costs	**25**	**(60,868,775)**	**(58,777,618)**
Amortisation/impairment of Concession Rights		(5,551,504)	(5,153,318)
Amortisation of other intangible assets		(964,286)	(753,305)
Depreciation of tangible assets		(2,010,039)	(1,751,587)
Depreciation, amortisation and impairment	**26**	**(8,525,829)**	**(7,658,210)**
Provisions for doubtful accounts		16,808	(57,617)
Provisions for renewal of airport infrastructure		(2,536,965)	(2,903,332)
Provisions for other risks and charges		(235,848)	(3,268)
Provisions for risks and charges	**27**	**(2,756,005)**	**(2,964,217)**
Total costs		**(72,150,609)**	**(69,400,045)**
Operating result		**20,827,183**	**15,989,979**
Financial income	**28**	262,303	350,292
Financial expenses	**28**	(813,227)	(1,180,200)
Result before taxes		**20,276,259**	**15,160,071**
Taxes for the period	**29**	(5,367,755)	(4,617,091)
Profit (Loss) for the period		**14,908,504**	**10,542,980**

Undiluted earnings/(loss) per share (in Euro)	**0.41**	**0.29**
Diluted earnings/(loss) per share (in Euro)	**0.41**	**0.29**

Statement of Comprehensive Income

in units of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016
Profit/(loss) for the period (A)	**14,908,504**	**10,542,980**
Other profits (losses) that will be reclassified in the net result for the period	**0**	**0**
Total other profits (losses) that will be reclassified in the net result for the period (B1)	**0**	**0**
Other profits (losses) that will not be reclassified in the net result for the period		
Actuarial gains (losses) on severance and other personnel provisions	**26,082**	**(176,120)**
Tax impact on actuarial gains (losses) on severance and other personnel provisions	**(6,391)**	**7,828**
Total other profits (losses) that will not be reclassified in the net result for the period (B2)	**19,691**	**(168,292)**
Total other profits (losses) net of taxes (B1 + B2) = B	**19,691**	**(168,292)**
Total comprehensive profit (loss) net of taxes (A + B)	**14,928,195**	**10,374,688**

Cash Flow Statement

in units of Euro	at 31.12.2017	at 31.12.2016
Core income-generating operations		
Result for the period before taxes	20,276,259	15,160,071
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(316,656)	(285,676)
+ Depreciation and amortisation	8,525,829	7,658,210
+ Provisions	3,071,337	2,964,217
+ Interest expense on discounting provisions and severance	147,784	271,313
+/- Interest income and financial charges	403,140	558,594
+/- Losses/gains and other non-monetary costs/revenues	29,089	13,046
+/- Severance provisions and other personnel costs	92,052	92,714
Cash flow generated/(absorbed) by operating activities before changes in working capital	**32,228,834**	**26,432,489**
Change in inventories	(11,483)	(48,951)
(Increase)/decrease in trade receivables	678,117	763,311
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	(317,450)	4,242,130
Increase/(decrease) in trade payables	682,404	1,775,844
Increase/(decrease) in other liabilities, various and financial	754,778	3,360,901
Interest paid	(674,999)	(975,937)
Interest collected	440,908	317,708
Taxes paid	(5,544,105)	(3,561,874)
Severance paid	(338,856)	(229,004)
Use of provisions	(3,973,897)	(4,006,673)
Cash flow generated/(absorbed) by net operating activities	**23,924,251**	**28,069,944**
Purchase of tangible assets	(4,625,384)	(3,930,423)
Payment from sale of tangible assets	31,309	10,059
Purchase of intangible assets/concession rights	(7,989,929)	(6,706,181)
Purchase/capital increase of equity investments	0	0
Payment from sale of equity investments	878,323	292,774
Change in investment in current and non-current financial assets	0	(30,258,145)
Cash flow generated/(absorbed) by investment activities	**11,705,681**	**(40,591,916)**
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(10,006,809)	(6,137,000)
Loans received	0	0
Loans repaid	(5,314,168)	(11,634,669)
Cash flow generated/(absorbed) by financing activities	**(15,320,977)**	**(17,771,669)**
Final cash change	**(3,102,407)**	**(30,293,641)**
Cash and cash equivalents at beginning of period	**17,049,876**	**47,343,517**
Final cash change	**(3,102,407)**	**(30,293,641)**
Cash and cash equivalents at end of period	**13,947,469**	**17,049,876**

Statement of Changes in Shareholders' Equity

in units of Euro	*Share capital*	*Share Premium Reserve*	*Legal Reserve*	*Other Reserves*	*FTA Reserve*	*Actuarial Gain (Loss) Reserve*	*Profits (Losses) Carried Forward*	*Reserve for assets held for sale*	*Profit (Loss) for the period*	*Shareholders' equity*
Shareholders' Equity as at 31.12.2015	**90,250,000**	**25,747,296**	**4,575,633**	**32,850,188**	**(3,205,671)**	**(709,774)**	**1,991,758**	**0**	**6,548,481**	**158,047,911**
Allocation of the 2015 financial year result	0	0	327,424	84,057	0	0	6,137,000	0	(6,548,481)	0
Share capital increase	64,162	(64,162)	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(6,137,000)	0	0	(6,137,000)
Total comprehensive profit (loss)	0	0	0	0	0	(168,292)	0	0	10,542,980	10,374,688
Shareholders' Equity as at 31.12.2016	**90,314,162**	**25,683,134**	**4,903,057**	**32,934,245**	**(3,205,671)**	**(878,066)**	**1,991,758**	**0**	**10,542,980**	**162,285,599**
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
Shareholders' Equity as at 31.12.2017	**90,314,162**	**25,683,134**	**5,430,206**	**32,943,267**	**(3,205,671)**	**(858,375)**	**1,991,758**	**13,342**	**14,908,504**	**167,220,327**

Notes to the Financial Statements for the year ended 31 December 2017

Information on the Company's business

Aeroporto Guglielmo Marconi di Bologna S.p.A. (referred to hereinafter as "AdB" or "Parent Company") is the agent of the total management of Bologna Airport according to Total Concession Management No. 98 of 12 July 2004 and seq., approved by Ministry of Transport and Infrastructure and Ministry of the Economy and Finance Decree dated 15 March 2006, for a forty-year duration starting on 28 December 2004. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Registry.

Accounting Standards Applied in the Preparation of the Financial Statements as at 31 December 2017

Preparation Criteria

These financial statements refer to the year ended 31 December 2017 and include the comparative data referring to the year ended 31 December 2016 (hereinafter, "the Company's financial statements", "separate financial statements" or "financial statements").
The financial statements were prepared on the basis of historical cost, with the exception of financial assets held for sale and the intangible assets comprised of energy certificates, which were recorded at their fair value, and on the basis of a "going concern" assumption. The Company has assessed that, despite the difficult economic and financial scenario, there are no significant uncertainties (as defined by paragraph 25 of IAS 1) about the company's ability to continue as a going concern.

The financial statements are presented in Euro, which is also the Company's operating currency, and all the amounts in this Note are rounded off in thousands of Euro unless otherwise indicated.

Statement of compliance with the IAS/IFRS and the directives promulgated in implementation of Article 9 of Legislative Decree 38/2005

These financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), adopted by the European Union and in effect as of the date of the preparation of the financial statements, as well as on the basis of directives promulgated in implementation of Article 9 of Legislative Decree 38/2005 (Consob Resolutions 15519 and 15520 of 27 July 2006).

In 2014 the Company voluntarily chose to prepare the consolidated and separate financial statements in accordance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and considered 1 January 2012 to be the date of the transition to the IFRS Standards (First Time Adoption, "FTA").

The publication of the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. for the year ended 31 December 2017 was authorised by the Board of Directors on 15 March 2018.

Content and form of the financial statements

The Company has chosen the Separate and Comprehensive Income Statement presentation indicated as preferable in the IAS 1 Accounting Standard and deems it to be more effective in representing business events.

In particular, the presentation of the Statement of Financial Position utilised a format that divides assets and liabilities into current and non-current assets and liabilities.

An asset is current when:

- it is assumed that it will be realised, or that it is held for the purpose of sale or consumption during the normal operating cycle;
- it is held principally for the purpose of trading it;
- it is assumed that it will be realised within twelve months following the end of the financial year;
- it consists of cash or cash equivalents unless it is prohibited to exchange or use it to settle a liability for at least twelve months following the end of the financial year.

All other assets are classified as non-current.

A liability is current when:

- it is planned that it will be paid off within its normal operating cycle;
- it is held principally for the purpose of trading it;
- it must be paid no later than twelve months following the end of the financial year or
- the entity has no unconditional right to postpone payment of the liability for at least twelve months following the end of the financial year.

The Company classifies all other liabilities as non-current.

Assets and liabilities for prepaid and deferred taxes are classified as non-current assets and liabilities.

The presentation of the Income Statement employed a format that allocates revenues and costs by type, and the presentation of the Cash Flow Statement employs the indirect method, which divides cash flows among operating, investing and financing activities.

Information on investments in associated and subsidiary companies

The following is information as at 31 December 2017 and 31 December 2016 regarding the names, share capital and percentage stake held in subsidiaries:

			% Owned	
in thousands of Euro	**Currency**	**Share capital**	**at 31.12.2017**	**at 31.12.2016**
Fast Freight Marconi S.p.A. Single-shareholder company	Euro	520	100.00%	100.00%
Tag Bologna S.r.l.	Euro	316	51.00%	51.00%

The following is information as at 31 December 2017 and 31 December 2016 regarding the names, share capital and percentage stake held in associated companies:

			% Owned	
in thousands of Euro	**Currency**	**Share capital**	**at 31.12.2017**	**at 31.12.2016**
Ravenna Terminal Passeggeri S.r.l.	Euro	165	24.00%	24.00%

The share capital of the associated company Ravenna Terminal Passeggeri S.r.l. was reduced for losses from Euro 300 thousand to Euro 165 thousand by the Shareholders' Meeting on 4 April 2017. This transaction had no impact on the period under review since the value of the investment was fully written down in previous periods.

Measurement Criteria

Business Combinations and Goodwill

Business combinations are recorded using the acquisition method. Acquisition cost is determined as the total consideration transferred, measured at fair value as of the acquisition date, and the amount of the minority investment in the acquired company. For each business combination the Company determines whether to measure the minority interest in the acquiree at fair value, or in proportion with the minority interest's share in the acquiree's identifiable net assets. Acquisition costs are expensed during the year and classified under administrative expenses.

When the Company acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions, and other conditions relevant as of the acquisition date. That process includes an examination to establish whether an embedded derivative must be separated from the primary contract.

If the business combination is carried out in several phases, the previously held investment is returned to its fair value as of the acquisition date and any resulting profit or loss is recorded in the income statement. It is therefore considered in the determination of goodwill.

Any consideration to be paid is recognised by the buyer at fair value as of the acquisition date. Changes in the fair value of the potential consideration classified as an asset or liability must be recognised in the income statement or in the statement of other components of the statement of comprehensive income. In instances where the potential consideration does not fall within the scope of IAS 39, it shall be measured in accordance with the appropriate IFRS. If the potential consideration is classified under shareholders' equity, its value is not to be re-determined and its subsequent adjustment shall be recorded under shareholders' equity.

Goodwill shall be initially recognised as the cost consisting of the amount in excess of the entire amount of the consideration paid and the amount recognised as minority interest with respect to the identifiable net assets acquired and the liabilities assumed by the Company. If the fair value of the net assets acquired exceeds the entire consideration paid, the Company again determines whether it has correctly identified all the assets acquired and all the liabilities assumed, and it reviews the procedures employed to determine the amounts to be recognised as of the acquisition date. If the new valuation also shows a fair value for the net assets acquired that exceeds the consideration paid, the difference (profit) is recorded in the income statement.

After initial recognition, goodwill shall be measured at cost net of accumulated impairment. For the purposes of impairment testing, the goodwill acquired in a business combination is allocated at the acquisition date to each cash generating unit (CGU) of the Company expected to benefit from combination synergies, irrespective of whether other assets or liabilities of the acquiree are assigned to these units.
If the goodwill was allocated to a CGU, and the entity divests part of the assets of that unit, the goodwill associated with the divested assets shall be included in the book value of the assets when the profit or loss from the divestment is determined. The goodwill associated with the divested asset shall be determined on the basis of the values pertaining to the divested asset and the retained portion of the CGU.

Investments in subsidiaries, associated companies and joint ventures
A subsidiary is a company over which the company may exercise control.
More specifically, if and only if it has:

- power over the entity in which it has invested (or in which it has valid rights that give it the actual ability to direct the significant activities of the entity in which it has invested);

- exposure or rights to variable income generated by the relationship with the entity in which it has invested;
- the ability to exercise its power over the entity in which it has invested in order to have an impact on the amount of its income.

When a company holds less than a majority of the voting rights (or similar rights) in an investee company, it considers all relevant facts and circumstances in establishing whether the investee entity is controlled, including:

- contractual agreements with other parties holding voting rights;
- rights arising from contractual agreements;
- voting rights and potential voting rights.

The Company reconsiders whether or not there is control of an investee company and if the facts and circumstances indicate that there have been changes in one or more of the three components that are relevant for the purposes of determination of control.

The Company's investments in subsidiaries are measured using the cost method, adjusted by any impairment.

An associated company is a company over which a company exerts significant influence and which cannot be classified as a subsidiary or joint venture.
The Company's investments in associated companies are measured using the equity method.

Under the equity method, the investment in an associated company is initially recognised at cost, and the book value is increased or decreased to recognise the investor's share of the investee company's profits and losses realised after the acquisition date.
The goodwill pertaining to the associated company is included in the book value of the investment and is not subject to amortisation nor to an individual impairment test.
The income statement shall reflect the Company's share of the financial year profit/loss of the affiliated company. In the event that an associated company recognises adjustments that are charged directly to shareholders' equity, the Company shall recognise its share and present it, where applicable, in the statement of changes in shareholders' equity. Profits and losses generated by transactions between the Company and the associated company shall be eliminated in proportion to the investment in the associated company.
The Company's share of an associated company's financial year profit/loss shall be reflected in the income statement. The share belonging to the Group represents the associated company's profit/loss that is attributable to shareholders; this is therefore the after-tax profit/loss net of the shares belonging to other shareholders of the associated company.
The associated company's reporting date must be the same as the Company's reporting date. The associated company's financial statements must be prepared employing accounting standards that are uniform for similar transactions and events in similar circumstances.
After the application of the equity method, the Company shall assess whether it is necessary to recognise an impairment of its equity stake in the associated company. The Company shall assess on every reporting date whether there is objective evidence that the investment in the associated company has suffered an impairment. If this is the case, the Company shall calculate the amount of the loss as the difference between the recoverable value of the associated company and its book value recording the difference in the income statement for the period.
Once it has lost significant influence over an associated company, the Company shall assess and recognise any remaining equity investment at fair value. Any difference between the book value of the investment at the date of loss of significant influence and the fair value of the remaining investment and the consideration received must be recorded in the income statement.

Conversion of Entries in Foreign Currencies

Transactions and Balances

Transactions in foreign currency shall be initially recognised in the operating currency, applying the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency shall be converted into the operating currency at the exchange rate at the reporting date. The gain or loss generated by conversion shall be charged to the income statement.

Non-monetary items measured at historic cost in foreign currency shall be converted using the exchange rates in effect on the date of the initial recognition of the transaction. Non-monetary items recorded at fair value in a foreign currency are converted using the exchange rate on the date when this value was determined. The gain or loss arising from the reconversion of non-monetary items is treated in a manner consistent with the recognition of gains and losses pertaining to the aforementioned items' changes in fair value (conversion differences with respect to items whose changes in fair value were recognised in the statement of comprehensive income or in the income statement are recognised in the statement of comprehensive income or the income statement, respectively).

Intangible assets

Intangible assets pertain to assets that have no identifiable physical substance, which are controlled by the company and capable of producing future economic benefits, as well as those assets created by business combination transactions.

The useful life of intangible assets is determined to be definite or indefinite.

Intangible assets that have a definite useful life are recorded at acquisition or production cost or, if they are generated by business combination transactions, they are capitalised at fair value as of the acquisition date; they are inclusive of accessory costs, systematically amortised over the period of their remaining useful life in accordance with the provisions of IAS 36, and are subject to an impairment test any time that there are indications of a possible loss of value.

The remaining value at the end of useful life is presumed to be equal to zero unless there is a commitment by third parties to purchase the asset at the end of its useful life or if there is an active market for the asset. The directors shall review the estimate of the useful life of intangible assets at the end of every financial year.

Amortisation charges related to intangible assets with a definite useful life shall be recognised in an appropriate item in the income statement.

The Company has not identified intangible assets with an indefinite useful life among its intangible assets.

The item "Concession Rights" contains the amount recognised under intangible assets consisting of airport infrastructure held by the company in connection with the concession rights acquired to manage such infrastructure in exchange for the right to charge users for said infrastructure's use in performing a public service, in accordance with the provisions of IFRIC 12 – Service Concession Agreements.

The Concession on the basis of which the Company operates meets the requirements that the concession holder construct, manage and operate the infrastructure on behalf of the concession grantor; consequently, there is no basis for recognising said infrastructure in its financial statements as a tangible asset.

The Company subcontracts infrastructure construction and improvement activities to third parties. As such, the fair value of the consideration for construction/improvement services performed by the Company is equal to the fair value of the consideration for construction/improvement services performed by third parties, plus a mark-up representing the internal costs incurred for the planning and coordination activities performed by the appropriate internal unit.

The external costs incurred to provide construction services are therefore recognised under the item “Cost of construction services”, in the income statement.

At the same time that those costs are recognised, the Company recognises an increase in the item “Concession Rights” in an amount representing the fair value of the service performed, with revenues from construction services as an offsetting entry.

The Concession Rights determined in the above manner shall be subject to a straight-line amortisation process during the entire term of the Concession, beginning at the time the pertinent asset created on behalf of the concession grantor was placed in service.

The useful life of an intangible asset arising from contractual rights or other legal rights is determined on the basis of the term of the contractual or legal rights (term of the concession) or the period of the utilisation of the assets, whichever is less. The ability to recover the carrying value, reduced by amortisation, is verified annually by employing impairment test criteria.

The item "Software, Licences and Similar Rights" mainly pertains to costs for the implementation and customisation of operating software as well as the purchase of software licenses, which are amortised at a rate of 33%.

The item “Energy Certificates” regards the White Certificates for the trigeneration plant for which the Company obtained recognition from the Energy System Operator (GSE). These are measured at fair value, represented by the average sale prices in the last annual trading session of the energy efficiency certificates market.

Gains or losses generated by the derecognition of an intangible asset shall be measured as the difference between the net proceeds from divestment and the book value of the intangible asset and shall be recognised in the income statement for the financial year in which the derecognition occurs.

Tangible assets

Tangible assets are initially recognised at the acquisition cost or realisation value; the value shall include the price paid to purchase or construct the asset (after discounts and rebates) and any costs directly attributable to the acquisition and necessary to place the asset in service.
Land, whether unbuilt or adjoining office and industrial buildings, was recorded separately and is not depreciated because it is an item with an unlimited useful life.
Tangible assets shall be stated net of accumulated depreciation and any impairments determined in accordance with the procedures described below. Depreciation shall be calculated using the straight-line method, on the basis of the estimated useful life of the asset. When the tangible asset is made up of several significant components that have different useful lives, depreciation shall be applied to each component. Land and tangible assets held for sale, which are measured at the lower of their carrying value or fair value after divestment costs, are not depreciated.

The following are the annual depreciation rates applied:

- Buildings and light structures: from 3% to 10%;
- Machinery, plant and equipment: from 10% to 31.5%;

- Furniture, office equipment, and transport equipment: from 12% to 25%.

The remaining value of the asset, its useful life, and the methods employed shall be reviewed annually and adjusted if necessary at the end of every financial year.

Losses in value shall be recorded in the income statement as depreciation costs. Such losses in value shall be restored in the event that the reasons that caused them to no longer apply.
At the time of sale or when there are no expected future economic benefits from the use of an asset, it shall be derecognised in the financial statements, and any possible gain or loss (calculated as the difference between the sales price and the book value) shall be recognised in the income statement in the year of said derecognition.
Maintenance and repair costs that do not potentially increase the value and/or extend the remaining life of assets, shall be costed in the financial year in which they are incurred; otherwise they shall be capitalised.

Investment property

The Company classifies as investment properties land purchased for the purpose of making real estate investments which have not yet been determined.
The aforementioned land shall initially be recognised at the purchase cost, and subsequent measurements shall be in accordance with the cost criterion.
Such tangible assets are not subject to depreciation because they pertain to land. The Company monitors changes in fair value through expert valuations to identify any permanent impairment.
Investment properties are derecognised in the financial statements when they have been sold or when the investment is unusable over the long term and no future economic benefits are expected from their sale. Any gains or losses generated by the derecognition or divestment of an investment property shall be recorded in the income statement for the financial year in which the derecognition or divestment occurs.

Leasing

The definition of a contractual agreement as a leasing transaction (or containing a leasing transaction) is based on the substance of the agreement and requires an assessment as to whether the performance of the agreement depends on one or more specific assets, or whether the agreement transfers the right to use such asset. Verification as to whether an agreement contains a lease is done at the beginning of the agreement.
A lease agreement is classified as a finance lease or operating lease at the beginning of the lease. A lease agreement that transfers substantially all risks and benefits from owning the leased asset is classified as a finance lease.
An operating lease is a lease agreement that cannot be qualified as a finance lease. As lessee, the Company recognises operating lease payments as costs in the income statement in equal amounts over the life of the lease. As lessor, the Company recognises lease agreements as operating leases substantially all risks and benefits of owning the asset remain with the Company. Initial negotiating costs are added to the book value of the asset leased and recognised on the basis of the term of the agreement on the same basis as lease income. Unbudgeted rents are recognised as revenues in the period in which they accrue.

Impairment of Non-Financial Assets

The book values of non-financial assets are subject to measurement any time that there are evident indications inside or outside the company that indicate the possibility of a loss in the value of the assets or a group of assets (defined as Cash Generating Units or CGU).
The recoverable value is the greater of the fair value of the asset or cash generating unit, after sales costs, and its value in use. The recoverable value shall be determined for each asset, except when said asset generates cash flows that are not fully independent of the cash flows generated by other assets or groups of assets.
If the book value of an asset exceeds its recoverable value, that asset has suffered an impairment, and consequently it shall be written down to bring it in line with its recoverable value. In determining value in use, the Company discounts estimated future cash flows to their present value, using a pre-tax discount rate that reflects market valuations of the present value of funds and the specific risks of the asset. An appropriate measurement model is employed to determine fair value after deducting sale costs. These calculations are performed utilising appropriate valuation multipliers, the prices of listed shares for investee companies whose shares are publicly traded, and other available indicators of fair value.
Impairments of operating assets shall be recognised in the income statement under cost categories consistent with the intended use of the asset which has been impaired.
For assets other than goodwill, at the end of every financial year the Company shall also assess any existing indications of the elimination (or reduction) of the previously recorded impairment, and if such indications exist, shall estimate the recoverable value. The value of a previously impaired asset may be restored only if there have been changes in the estimates which were the basis for the calculation of the recoverable value that was determined subsequent to the recognition of the most recent impairment. The recovery of the value may not exceed the book value that would have been determined, net of depreciation, in the event that no impairment had been recognised in prior financial years. Said recovery shall be recognised in the income statement unless the asset has been recognised at the remeasured value, in which case the recovery shall be treated as a re-measurement increase.

The following criteria are used to recognise impairments for specific categories of assets:

Concession Rights

The Company subjects the book value of Concession Rights to impairment tests at the end of every financial year, or more frequently if events or changes in circumstances indicate that the book value may have been impaired (any time that impairment indicators appear).
An impairment of the aforementioned intangible assets is determined by assessing the recoverable value of the cash generating unit (or group of cash generating units) to which it is attributable. In instances where the recoverable value of the cash generating unit (or group of cash generating units) is less than the book value of the cash generating unit (or group of cash generating units) to which the intangible assets have been allocated, an impairment shall be recognised.
For the purposes of performing impairment tests, the Company has defined a single CGU (cash generating unit) which is the entity Aeroporto G. Marconi di Bologna S.p.A.
Impairment tests are performed by comparing the book value of the asset or CGU with its recoverable value, which is determined as the greater of the fair value (less costs to sell) and the amount of discounted net cash flows that are projected to be generated by the asset or CGU.
Each unit or group of units to which the specific intangible asset is allocated represents the lowest level within the group in which the asset is monitored for the purposes of internal management.

The terms, conditions and procedures for any reversal of value of a previously impaired asset by the Company, in any case excluding any possibility of reversing goodwill impairment, are those established by IAS 36.

Financial assets

IAS 39 establishes the following categories of financial instruments: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets.
Initially all financial assets are recognised at fair value plus, in the instance of assets not measured at fair value through profit or loss, transaction costs. At the time of entering into a contract, the Company considers whether it contains embedded derivatives.
Embedded derivatives are separated from the host contract if the contract is not measured at fair value, when the analysis demonstrates that the economic characteristics and risks of the embedded derivative are not strictly correlated to those of the host contract.
The Company determines the classification of its financial assets after initial recognition and, if appropriate and allowable, it reviews that classification at the end of each financial year.

Financial assets at fair value through profit and loss

This category includes assets held for trading and assets initially recognised as financial assets at fair value; after initial recognition, changes in fair value are recognised to the income statement.
Assets held for trading are all those assets purchased for the purpose of short-term sale. Derivatives, including those separated out, are classified as financial instruments held for trading unless they have been designated as effective hedging instruments. Gains and losses on assets held for trading are recognised in the income statement.
In instances where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, with the exception of those instances in which the embedded derivative does not significantly alter cash flows or it is evident that separation of the derivative is not allowed.
At the time of initial recognition, it is possible to classify financial assets as financial assets at fair value through profit or loss if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency in treatment that would otherwise result from measuring the asset or recognising gains or losses that the asset generates using a different criterion; or (ii) the assets are part of a group of managed financial assets and their yield is measured on the basis of their fair value, based upon a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that must be separated out and recognised separately.

Held-to-maturity investments

Financial assets that are not derivative and which are characterised by payments at a fixed or determinable maturity, are classified as "held-to-maturity investments" in instances where the Company has the intention and the ability to hold them until maturity. After initial recognition, held-to-maturity investments are measured at amortised cost, using the effective interest rate method, after deducting impairments. The amortised cost is calculated by recognising any possible discounts, purchase premiums, fees or costs that are an integral part of the effective interest rate. The effective interest rate is included in financial income in the income statement. Impairments are recognised as financial expense in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. After initial recognition, such assets are measured at amortised cost, using the effective discount rate method, net of any impairment provisions.

The amortised cost is calculated taking into account any discount or purchase premium and includes the fees that are an integral part of the effective interest rate and transaction costs. Short-term trade receivables are not discounted because the effect of discounting cash flows is immaterial. Gains and losses are recognised in the income statement when loans and receivables are derecognised for accounting purposes or upon the occurrence of impairment other than through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those financial assets, excluding derivative, which have been designated as such and are not classified in any other of the foregoing categories. After initial recognition, available-for-sale financial assets are measured at fair value and gains and losses are recognised in a separate item of shareholders' equity. When the assets are derecognised, the gains or losses accumulated in shareholders' equity are recognised in the income statement. Interest accrued or paid on such investments is recognised as interest income or expense using the effective interest rate. Dividends accrued on these investments are recognised in the income statement as "dividends received" when their right to collection comes due.

Fair value

The Company provides in an accompanying note the fair value of financial instruments measured at amortised cost and non-financial assets, such as investment properties.

Fair value is the price that would be received for the sale of an asset, or that would be paid for the transfer of a liability, in a regular transaction between market operators as of the measurement date.

A measurement at fair value assumes that the asset sale or liability transfer transaction occurs:

(a) in the principal market for 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 to the Company.

The fair value of an asset or liability is measured by making the assumptions that market operators would employ in determining the price of the asset or liability, assuming that the latter act in such a way as to best serve their own economic interest.

A measurement of the fair value of a non-financial asset considers the capacity of a market operator to generate economic benefits through the optimal investment or optimal utilisation of the asset, or by selling it to another market operator that would optimally invest and optimally utilise it.

The Company employs measurement techniques that are appropriate to the circumstances and for which there is sufficient data available in order to measure fair value, by maximising the use of observable relevant inputs and minimising the use of non-observable inputs.

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

- Level 1 - the (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 – inputs other than listed prices included in Level 1, which are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which input data is not observable for the asset or liability.

The measurement of fair value is classified entirely at the same level of the fair value hierarchy as the classification of the lowest hierarchical level input employed for the measurement.

In the instance of assets and liabilities recognised in the financial statements on a recurring basis, the Company determines whether transfers among levels of the hierarchy occurred by reviewing the categorisation (based on the lowest level input that is significant for purposes of the measurement of the fair value in its entirety) at the end of every financial statement period.

Impairment of Financial Assets

At each reporting date, the Company determines whether a financial asset or group of financial assets has been impaired.

Assets measured according to the amortised cost criterion

If there is an objective indication that a loan or receivable recorded at amortised cost has been impaired, the amount of the impairment shall be measured as the difference between the book value of the assets and the present value of estimated future cash flows (excluding future losses on receivables that have not yet been incurred) discounted at the original effective interest rate of the financial assets (which is to say, the effective interest rate calculated at the initial recognition date). The book value of the assets shall be reduced through the use of a provision, and the impairment shall be recognised in the income statement.

The Company, first of all, determines the existence of objective indications of impairments on an individual level, for financial assets that are individually significant, and then at an individual or collective level for financial assets that are not. In the absence of objective indications of impairment of a financial asset measured individually, whether or not it is significant, said asset shall be included in a group of financial assets with similar credit risk characteristics, and that group shall be collectively subjected to an impairment test. Assets measured individually for which an impairment is recognised or continues to be recognised shall not be included in a collective measurement.

If, during a subsequent period, the amount of the impairment is reduced and that reduction can be objectively attributed to an event that occurred after the recognition of the impairment, the previously reduced value may be recovered. Any subsequent recoveries of value shall be recognised in the income statement, to the extent that the book value of the assets does not exceed the amortised cost as of the date of recovery.

In the instance of trade receivables, an impairment provision is made when there is an objective indication (such as, for example, the likelihood of the debtor's insolvency or significant financial difficulties) that the Company will not be able to collect all the amounts owed on the basis of the original terms and conditions of the receivable. The receivable's book value shall be reduced through an appropriate provision. Impaired receivables shall be written off when it is determined that they are uncollectible.

Available-for-Sale Financial Assets

In the instance of equity instruments classified as available-for-sale, the objective evidence of impairment would include a significant or prolonged reduction in the fair value of the instrument below its cost. The term 'significant' is assessed in relation to the original cost of the instrument and the term 'prolonged' is assessed in relation to the period during which the fair value remained below the original cost.

In the event of impairment of an available-for-sale financial asset, an amount is transferred from shareholders' equity to the income statement which represents the difference between its cost (net of

repayment of principal and amortisation) and its current fair value net of any impairments recognised previously in the income statement.
Recoveries of the values of equity instruments classified as available-for-sale shall not be recognised in the income statement. Recoveries of value related to debt instruments are recognised in the income if the increase in the fair value of the instrument can be objectively attributed to an event that occurred after the impairment was recognised in the income statement.

Non-Current Held-for-Sale Assets and Discontinued Operations

Non-current assets classified as held for sale must be measured at either the book value or the fair value net of sales costs, whichever is lower. They are classified as such if their book value will be recovered through a sales transaction instead of through their ongoing use. This condition is considered to be met only when a sale is highly probable and the assets or group of assets to be divested is available for immediate sale under their current conditions. Management must be committed to the sale, the completion of which must be scheduled no later than one year after the date of classification.
In the income statement and for the prior year used as a comparison period, the profits and losses from discontinued operations shall be reported separately from profits and losses from operating activities, in the line item for profit after tax, including when the Company retains a minority stake in the subsidiary after the sale. The resulting after-tax profit or loss shall be stated separately in the income statement.
Once property, plant and equipment and intangible assets are classified as held for sale, they must no longer be depreciated/amortised.

Derecognition of Financial Assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised (e.g. removed from the statement of financial position) first of all when:

- the rights to receive cash flows on the asset are extinguished, or
- the Company has transferred to a third party the right to receive the asset's cash flows, or has assumed a contractual obligation to pay them in full and without delay and (a) has basically transferred all the risks and benefits of ownership of the financial asset, or (b) has not transferred nor substantially retained all the risks and benefits of the asset, but has transferred control of same.

Construction Services and Contracts in Progress

Construction contracts in progress are measured on the basis of the contractual consideration accrued with reasonable certainty in relation to the progress of the work, and according to a percentage completion criterion, determined by the methodology of physical measurement of the work performed, so as to allocate the revenues and the profit/loss from the work contract to the individual financial years in which they are accrued, in proportion to progress in the work. The positive or negative difference between the completed amount of the contracts and the amount of prepayments received is recognised as balance sheet assets or liabilities, respectively, also taking into account any possible impairments in view of the risk connected to the client's failure to pay for the work performed.
Contract revenues, in addition to contractual consideration, include project changes, price revisions, as well as any possible claims, to the extent that it is probable that they represent actual revenues that can be reliably determined.
In the event that a loss is anticipated from completion of the contract activities, said loss shall be immediately recognised in full in the financial statements, regardless of the contract's state of progress.
Specifically, construction services for the concession grantor pertaining to the concession agreement that the Company holds, shall also be recognised in the income statement on the basis of the state of progress of the

work. Specifically, revenues from construction and/or improvement services, which represent the consideration owing for the work performed, are measured at fair value, determined on the basis of the total costs incurred, which mainly consist of the cost of outside services and the cost of benefits for the employees assigned to that work.
The offsetting entry for such construction services revenues consists of a financial asset or airport concession asset recognised in Concession Rights under intangible assets, as was explained in that paragraph.

Inventories

Inventories are recorded at the lesser of acquisition or production cost and the net realisation value, which consists of the amount that the company expects to receive from sale of the inventory pursuant to normal operations. The cost of inventories is determined by applying the weighted average cost method.

Cash and Cash Equivalents

Cash and cash equivalents include readily liquid cash instruments, which is to say, cash instruments that meet the requirements for payment at sight or within an extremely short period of time, which can be successfully executed, and have no collection expenses.

Employee Benefits

The benefits guaranteed for employees that are provided at the same time as or subsequent to termination of employment through defined-benefit programs (severance pay) or other long-term benefits (such as, for example, Non-Compete Agreements and long-term Incentive Plans) are recognised in the period when the right accrues.
The pertinent liability, net of any possible assets to service the plan, is determined on the basis of actuarial assumptions and is recognised on an accrual basis, consistent with work in employment necessary to receive the benefits; the liability is measured by independent actuaries, utilising the unit credit projection method.
The amount reflects not only the payable accrued as of the reporting date for the consolidated financial statements, but also future salary increases and related statistical movements.

Re-measurements, which include actuarial gains and losses, changes in the impact of the maximum amount of the assets, excluding net interest (not applicable to the Company) and the income from assets servicing the plan (excluding net interest), are immediately recognised in the statement of financial position by debiting or crediting the profits carried forward through other components of the comprehensive income statement, in the financial year in which they occur. Re-measurements are not reclassified in the income statement in subsequent financial years.
The cost of past work in employment is recognised in the income statement as at the later of the following dates:

(a) the date on which a change or reduction in the plan occurs; and
(b) the date on which the Company recognises the related restructuring costs.

Net interest on net liabilities/assets for defined benefits must be determined by multiplying net liabilities/assets by the discount rate. The Company recognises the following changes in net obligations for defined benefits in the cost of sales, administrative overhead expenses, and in the costs of sale and distribution in the consolidated income statement (according to type):

- Labour costs, including current and past labour costs, gains and losses on non-routine reductions and terminations;
- Net interest income or expense.

As a result of the changes made to severance pay by Law No. 296 of 27 December 2006 (2007 Finance Law) and subsequent Decrees and Regulations, the severance pay of Italian companies with more than 50 employees that has been accrued since 1 January 2007 or the date employees chose to exercise the option, falls within the category of defined contribution plans, both in the instance of the supplementary retirement option, and in the instance of allocation to the Treasury Fund at the National Social Security Agency (INPS). The severance pay accrued up to 31 December 2006 is recognised as a defined benefit.

The contributions to be paid to a defined contribution plan instead of a work in employment plan are recognised as liabilities (payables), after deducting in the contributions possibly already paid, and as a cost.

Provisions for risks and charges

Provisions for risks and charges concern costs and charges of a specific nature that are certain or likely to occur, the total amount of which and date of occurrence cannot be determined as of the reporting date of these financial statements.
Provisions are recognised when:

(i) it is likely that there is a current legal or implied obligation arising from a past event;
(ii) it is likely that the fulfilment of the obligation will require payment;
(iii) the total amount of the obligation can be reliably estimated.

Provisions are recorded in an amount that represents the best estimate, provided at times with the support of experts, of the amount that the company would pay to extinguish the obligation or to transfer it to third parties, as of the reporting date. When the financial impact over time is significant and the payment dates for obligations can be reliably estimated, the provision is discounted; an increase in the provision connected to the passage of time is recognised in the income statement under the item "Financial income (expenses)".
When the liability pertains to tangible assets (demolition of capital assets), the provision is recognised in an offsetting entry to the asset to which it pertains; it is charged to the income statement through the depreciation process.
Provisions are periodically updated to reflect changes in cost estimates, completion times, and the discount rate; revisions to estimated provisions are recognised in the same income statement item that previously contained the provision or, when the liability pertains to tangible assets, as an offsetting entry to the asset to which they pertain.

Provisions for renewal of airport infrastructure
In keeping with existing contractual obligations, as of the reporting date, airport infrastructure renewal provisions contain provisions for extraordinary maintenance, restorations and replacements to be performed in the future for the purpose of ensuring the proper functionality and safety of the airport infrastructure. Allocations to this provision are calculated as a function of the degree of utilisation of the infrastructure, which is indirectly reflected in the planned date for its replacement/renewal in the most recently company plan 2018-2022 approved by the Board of Directors on 29 January 2018. The determination of the amounts that change this financial statement item also takes due account of a financial component, to be applied as a function of the amount of time between the various renewal cycles, for the purpose of ensuring the sufficiency of the provisions allocated. The estimate of provisions for renewal of airport infrastructure therefore requires a complex technical and professional opinion, particularly with regard to the nature of costs to be sustained, their total amount and the timing of the works envisaged.

Trade Payables and Other Non-Financial Liabilities

Short-term trade payables, the maturities of which fall within normal commercial time frames, are recorded at cost (their face value) and they are not discounted because the impact of discounting cash flows is immaterial.
Other non-financial liabilities are recognised at cost (identified as face value).

Loans

Other financial liabilities, with the exception of derivatives, are initially recognised at cost, which corresponds to the fair value of the liability net of transaction costs which are directly attributable to said liability.
After initial recognition, financial liabilities are measured using the amortised cost criterion, and employing the original effective interest rate method; this is the rate that makes the present value of cash flows, at the time of initial recognition, equal to the initial recognition value (referred to as the amortised cost method).
Any gain or loss is recognised in the income statement when the liability is extinguished, including through the amortisation process.

Financial Guarantees Issued
Financial guarantees issued by the Company are contracts that require a payment to reimburse the holder of a debt instrument in the event the holder suffers a loss as a result of the debtor's default on payment at the contractually established maturity. Financial guarantee contracts are initially recognised as a liability at fair value, plus the transaction costs directly attributable to the issuance of the guarantee. Subsequently, the liability is measured as the greater of the best estimate of the expenditure required to fulfil the guaranteed obligation as of the reporting date, and the initially recognised amount, net of accumulated amortisation.

Derecognition of Financial Liabilities

The financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or honoured. In instances where an existing financial liability is replaced by another from the same lender, under substantially different terms and conditions, or the terms and conditions of an existing liability are substantially amended, this exchange or amendment shall be treated as an accounting derecognition of the original liability, accompanied by the recognition of a new liability, with any differences between the book values recorded in the income statement for the period.

Recognition of Revenues

Revenues are recognised to the extent that it is possible to reliably determine their value (fair value), and it is probable that the pertinent economic benefits will materialise.

Depending upon the type of transaction, revenues are recognised on the basis of the following specific criteria:

- revenues from the sale of goods are recognised when the significant risks and benefits of ownership of the goods are transferred to the buyer;
- revenues from providing services are recognised when the service is rendered;

- revenues from the performance of services connected with work under contract are recognised on the basis of the state of progress of the work, based upon the same criteria established for contract work in progress.

Revenues are recognised net of returns, discounts, rebates, bonuses and promotional costs directly related to sales revenues, as well as directly connected taxes.

Commercial discounts that directly reduce revenues are determined on the basis of contracts entered into with airlines and tour operators.
Royalties are recognised on an accrual basis according to the substance of contractual agreements.

Interest income is recognised on an accrual basis, taking into account the actual income on the asset in question.

Dividends are recognised when the shareholders' right to receive payment is established.

Recognition of Costs and Expenses

Costs are recognised when they pertain to goods and services sold or consumed during the period or through a systematic distribution, which is to say when it is not possible to identify the future usefulness of same.

Interest expense is recognised on an accrual basis, taking into account the actual rate of return of the liability in question. Interest expense directly chargeable to the purchase, construction or production of an asset that requires a rather long period before being available for use, is capitalised on the basis of the cost of the asset.

Income Taxes

Current taxes

Current taxes for the financial year in progress are measured as the amount representing anticipated rebates from or payments to tax authorities. The rates and provisions of tax law employed to calculate the amount are those promulgated or substantially promulgated as of the reporting date for the consolidated financial statements. Current taxes pertaining to items directly recognised as shareholders' equity are recognised directly as shareholders' equity and not in the income statement. The Directors periodically evaluate the position taken in the tax return in instances where the provisions of tax law are subject to interpretation and, where appropriate, they direct the allocation of provisions.

Deferred taxes

Deferred taxes are calculated by applying the liability method to the temporary differences generated as of the date of these financial statements, between the tax amounts used as a reference for assets and liabilities, and the amounts stated in the financial statements. Deferred tax liabilities are recognised with respect to all taxable temporary differences, with the exception of:

- the initial recognition of goodwill or an asset or liability in a transaction other than a business combination and which, at the time of said transaction, has no impact on either the profit for the period calculated for financial statements purposes, nor upon the profit or loss calculated for tax purposes;
- the transfer of taxable temporary differences associated with investments in subsidiaries, associated companies and joint ventures may be controlled and inspected, and it is probable that the latter will not occur in the foreseeable future.

Deferred tax assets are recognised with respect to all deductible temporary differences and for all tax losses carried forward, to the extent it is probable that there will be sufficient future profits for tax purposes to enable the utilisation of deductible temporary differences and tax assets and liabilities carried forward, except in instances in which

- the deferred tax asset connected to deductible temporary differences is based on the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of said transaction, has no impact on either the profit for the period calculated for financial statement purposes nor upon the profit or loss calculated for tax purposes;
- in the instance of deductible temporary differences associated with investments in subsidiaries, associated companies and joint ventures, deferred tax assets are recognised only to the extent it is probable that they shall be applied in the foreseeable future and that there shall be sufficient taxable amounts that enable the recovery of such temporary differences.

The book value of deferred tax assets is re-examined at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable amounts shall be available in the future to enable the utilisation of all or a part of that receivable. Deferred tax assets not recognised shall be re-examined at every reporting date and are recognised to the extent that it becomes probable that income stated for tax purposes shall be sufficient to enable the recovery of those deferred tax assets.

Deferred tax assets and liabilities are measured on the basis of the tax rate expected to be applied in the financial year in which such assets shall be realised or such liabilities shall be extinguished, considering the rates currently in effect and the rates previously issued, or substantially in effect, as of the reporting date.

Deferred taxes pertaining to items recognised outside the income statement are also recognised outside the income statement and consequently under shareholders' equity or in the comprehensive income statement, in a manner consistent with the item in question.

Deferred tax assets and deferred tax liabilities shall be used to offset each other in instances where there is a legal right to use current tax assets to offset current tax liabilities, and the deferred taxes pertain to the same taxpayer and the same tax authority.

The tax benefits acquired as a result of a business combination, but which do not meet the criteria for separate recognition as of the acquisition date, are recognised subsequently, as necessary, at the time additional information is received regarding changes in facts and circumstances. The adjustment is recognised as a reduction in goodwill (up to the entire amount of goodwill) to the extent that it is recognised during measurement, or in the income statement, if recognised subsequently.

The rates used to calculate deferred taxes, which reflect future rates based on current national laws, are as follows:

- IRES 24%;
- IRAP 4.2%.

Indirect Taxes
Costs, revenues, assets and liabilities are recognised after indirect taxes, such as the value added tax, with the following exceptions:

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

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

Earnings Per Share

Base or Undiluted
Earnings (loss) per share is the ratio between the Group's profit (loss) and the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

Diluted
Diluted earnings (loss) per share is the ratio between the Group's profit (loss) and the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. For the purposes of the calculation of diluted earnings per share, the weighted average of shares outstanding is modified assuming the conversion of all shares that potentially have a diluting effect, whereas the Group profit (loss) is adjusted to take into account the after-tax effects of conversion.

Dividends and Distribution of Assets Other Than Cash and Cash Equivalents

The Company recognises a liability with respect to the distribution to shareholders of cash, cash equivalents or assets other than cash and cash equivalents when the distribution is properly authorised and is no longer at the discretion of the company. Based on applicable corporate law in Europe, a distribution is authorised when it is approved by the shareholders. The corresponding amount is recognised directly in shareholders' equity.
Distributions of assets other than cash and cash equivalents are measured at the fair value of the assets to be distributed; re-calculations of fair value are directly recognised in shareholders' equity.
At the time, the dividend payable is paid, any difference between the book value of the assets distributed and the book value of the dividend payable shall be recognised in the income statement for the period.

Listing Costs

Pursuant to the listing plan which was completed on 14 July 2015 with the start-up of trading of shares in the Star Segment of the Electronic Stock Exchange organised and operated by Borsa Italiana S.p.A., the parent company incurred specific costs, such as (i) the fees that are to be paid to the banks which coordinated the offering, (ii) the fees pertaining to assistance by consultants, specialists and attorneys; (iii) other costs such as, for example, communications costs, the costs of printing prospectuses, and the other costs and sundry expenses directly pertaining thereto.

In a listing in which the Issuer is expected to issue new shares and to list both the new shares and the existing shares, some costs are incurred jointly both for the capital increase and sale of new shares, and for the sale of existing shares. In this situation, the criteria for their allocation to the two activities must be identified in accordance with reasonable criteria that reflect the provisions of IAS 32, recognising them in part as a decrease in shareholders' equity and in part in the income statement.
Listing costs definable as incremental costs directly attributable to the share capital increase transaction that otherwise would have been avoided such as, for example, brokerage fees were recognised in 2015 as a reduction to shareholders' equity in the share premium reserve; the remaining portion, such as costs pertaining to assistance by consultants, specialists and attorneys, was charged in part to the income statement and in part to shareholders' equity in accordance with the aforementioned criterion.

Cash Flow Statement
The Company presents its cash flow statement by employing the indirect method, which is allowed by IAS 7. The Company reconciled the before tax profit with net cash flows from operating activities. Paragraph 33 of IAS 7 allows classifying interest income and interest expense as operating or lending activities on the basis of the presentation that the company deems relevant; the Company classifies interest income received and interest expense paid as cash flows from operating activities.

Accounting Standards, Amendments and Interpretations Approved by the European Union and Adopted by the Company

Starting in 2017, the following new accounting standards, amendments and interpretations revised by the IASB go into effect:

- Amendments to IAS 12 - Income taxes. The IASB published several amendments to this standard. The document "Recognition of deferred tax assets for unrealised losses", (Amendment to IAS 12) aims to clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- Amendments to IAS 7 – Statement of Cash Flows. On 29 January 2016, the IASB published an amendment to the standard covering the "Disclosure Initiative" to provide better disclosure on changes in financial liabilities.
- 2014-2016 annual cycle of IFRS improvements - On 08 December 2016 the IASB issued several minor changes to IFRS 12 (Disclosure of Interests in Other Entities). The goal of the annual improvements is to cover necessary issues related to inconsistencies found in the IFRSs or term-related clarifications. These are not urgent measures, but were discussed by the IAS during the plan cycle.

As at the authorisation date of this report, the appropriate bodies of the European Union have completed the approval process for the new standards and amendments applicable to financial statements for financial years beginning on or after 1 January 2017. The amendments do not have an impact on the Group's financial position and operating results.

As compared with 31 December 2016, in 2017 the IASB issued the following interpretation that will enter into force after 31 December 2017:

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. On 08 December 2016, the IASB published this interpretation that addresses the use of exchange rates in transactions in which consideration in foreign currency is paid or received in advance. These amendments will be applied to financial years beginning on or after 1 January 2018.

New accounting standards and amendments not yet applicable and not adopted in advance by the Company

IFRS 15 Revenue from Contracts with Customers

The Company continued the analysis, initiated in 2016, of the potential impact that the application of the new IFRS 15 - Revenue from Contracts with Customers may have on the Group's financial position, operating results and cash flow.

IFRS 15 was issued in May 2014 and introduces a new five-step analysis model that applies to revenues from contracts with customers starting from 1 January 2018. IFRS 15 calls for recognising revenues in an amount that reflects the consideration to which the Company believes it is entitled in exchange for the transfer of goods or services to the customer. The new standard replaces all current requirements contained in the IFRS with regard to recognition of revenue. The Company applies the new standard starting from the mandatory effective date, using the modified retroactive method.

As part of the process to assess the accounting impact from the adoption of the new standard, the following revenue streams have been identified from analyses performed in relation to Aeroporto Guglielmo Marconi di Bologna S.p.A. and the Group's subsidiaries:

1. Airport fees
2. Sub-licensing/Lease of commercial and non-commercial space
3. Parking
4. Construction services
5. Other.

Detailed breakdown:

1. Airport fees include the fees for services provided by the infrastructure and services provided exclusively by the Group for landing, take-off, lighting and aircraft parking, boarding, disembarking, and the processing of passengers and cargo, as well as for the use of centralised infrastructure.

They include:

- passenger boarding fees;
- aircraft landing and departure fees;
- aircraft stopover and recovery fees;
- freight loading and unloading charges;
- fees for security checks on departing passengers;
- fees for security checks on checked luggage;
- fees for PRM;
- fees due for the use of certain centralised infrastructure.

For further details, see the Description of the Business paragraph of the Directors' Report.
Given the public utility nature of airport services, airport charges are subject to regulation, in compliance with the current regulatory framework and the tariff models developed by the Airport Regulatory Authority ("ART").

The Company fulfils its obligations in relation to airport fees by providing carriers with airport infrastructure for landing, take-off, lighting and parking of aircraft, boarding and disembarking of passengers and cargo, as well as use of centralised infrastructure (e.g., de-icing). These fees are billed on a bi-monthly and/or monthly basis, and the standard payment terms are 30 days from the end of the invoicing month, except for the municipal surcharge on passenger boarding fees, whose payment is immediately upon invoicing.

2. Revenues from sub-licensing/commercial leases are not included in the fees for provision of the areas and commercial and operating space within the airport (so-called sub-concessions) and outside of it (so-called leases).

This category includes sub-licensing/leases at commercial tariffs (retail sub-concessions, sub-concession of parking spaces, etc.) and regulated tariffs (fees for the exclusive use of assets or fees due for the use of airport infrastructure dedicated to individual carriers or operators, such as check-in desks, offices and operating premises).

The Company fulfils its obligations in relation to these types of services by providing its customers (carriers, handlers, etc.) with operating and/or commercial space. These fees are generally billed in advance on a quarterly and/or half-yearly basis, and the standard payment terms for this type of contract are 30 days from the end of the invoicing month.

The sub-licensing agreements stipulated between AdB and its customers are included within the definition of IAS 17 and are therefore excluded from the application of IFRS 15 (ref. IFRS 15.5). Starting from 1 January 2019, therefore, they will fall under the definition and governance of IFRS 16, which will replace IAS 17.

The analysis therefore focused on verification that the sub-licensing contracts whose main subject was the leasing of specifically identified areas did not also include other services such as advertising and administrative/utilities services pursuant to the definitions envisaged by IFRS 15. In this case, no impacts are envisaged from an accounting standpoint, but only a reclassification of the presentation in the financial statements of revenues by Revenue Stream subject to IFRS 15.

3. Parking revenues comprise the fees for use of parking spots within and outside of the airport, based on a public rate applied to all sales made.

The Company fulfils its obligations in relation to this service by providing its customers with parking spots. This service is billed only upon request by the customer; the parking service is usually settled in cash. The analysis did not identify any impacts from application of IFRS 15.

4. Revenues from Construction Services pertain to the expansion of the construction services provided by the Company to the concession grantor authority, for implementation of the investments in connection with Concession Rights. AdB, which is not a construction company, subcontracts infrastructure construction and improvement activities to third parties. As such, the fair value of the consideration for construction/improvement services performed by Aeroporto di Bologna is equal to the fair value of the consideration for construction/improvement services performed by third parties, plus a mark-up representing the internal “Project Management” costs incurred for the planning and coordination activities performed by the appropriate internal unit. This mark-up was determined by taking into account the historic impact of the cost of internal personnel dedicated to planning and coordination activities over the total investments in Concession Rights. This analysis involved a mark-up of 5%. IFRIC 12 has undergone amendments in terminology and definitions in order to include the update of the new accounting standards issued; based on this update, AdB shall no longer account for construction services according to IAS 11 but according to IFRS 15. In conclusion, however, the revenue recognition method is not deemed to undergo any variation based on what is envisaged by application of IFRS 15.

5. Other revenues: this revenue stream includes the residual obligations compared to the previous categories of contracts (security services, MBL services, training courses, trolley collection services, luggage storage service, etc.). Billing for the various services within this category is generally done on

a summary monthly basis for ongoing services and/or individual orders. A number of services also envisage immediate billing. The standard payment terms for this type are 30 days from the end of the invoicing month. Advance payment is required for some types of services (e.g., courses, issue of cards).

In summary, in addition to the above, the contract analysis activity and the regrouping of revenue accounts based on the new revenue streams, after separating the fees underlying the various contractual obligations, have allowed the analysis of the impacts of IFRS 15 to be completed, summarising the following impacts:

- Disclosure on revenues regrouped according to the new revenue streams;
- Disclosure on revenues by revenue stream, including changes in the relative credit;
- Contracts with customers do not include significant financing components, as the payment conditions are generally 30 days from the end of the invoicing month;
- No cases were identified in which the fee was settled other than in cash;
- No change in the timing of revenue recognition.

With regard to contracts with variable fees, the following is noted: commercial incentive contracts with carriers recognised as an offset to revenues from airport fees may envisage variable fees based on achievement of a specific traffic volume and/or quantity of new routes during the validity period (typically measured in Iata seasons). From 2018, even the one-off promotional incentives, such as those for the start-up of new flights until now recognised in services costs will be stated as a reduction of revenues from airport fees, as already occurs for variable incentives based on traffic. With regard to 2017, this amounts to Euro 0.1 million;

Apart from the aforementioned assessment, no impacts are envisaged on the operating results, financial position and cash flows of the Company.

IFRS 9 Financial Instruments

The Company continued and completed the analysis, initiated in 2016, of the potential impact that the application of the new IFRS 9 - Financial Instruments may have on the Company's financial position, operating results and cash flow.

On 24 July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39. The main new features concern a new classification and measurement model, impairment, hedge accounting and the company's liabilities. With the exception of hedge accounting, retrospective application of the standard is required, but comparative reporting is not mandatory. With regard to hedge accounting, the standard generally applies on a prospective basis, with some exceptions. IFRS 9 shall become effective starting from 1 January 2018.

The standard introduces the need to conduct a business model analysis to determine the classification of financial instruments. A company's business model reflects how financial instruments are managed in order to generate cash flow; its business model indicates whether cash flows are due to contractual cash flows, sales or both. This assessment is performed on the basis of expected future scenarios.

From the assessment performed, which is based on currently available information and may be subject to change following any information that becomes available to the Group in 2018, when IFRS 9 is adopted, the Company expects that the main impact will concern the model for classifying financial assets and liabilities, which are currently classified in the AVS category, no longer specified in the standard in effect on 1 January 2018, and the adoption of a predictive model for the impairment of financial assets; the Company has already made qualitative and quantitative comments on this model for its implementation as of 1 January 2018.

From the assessment performed, no significant impact is projected on the Group's financial position following the adoption of the new rules specified in the standard, including the new hedge accounting model. The biggest impact concerns the allocation to the Provisions for doubtful receivables, which increases with adoption of the Provision Matrix method, although for an insignificant amount. As the impacts of IFRS 9 are not significant, the Company will not provide comparative reporting.

IFRS 16 Leasing (effective from 1 January 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 the new standard, which will become effective on 1 January 2019, is all lease agreements, with a few exceptions. The accounting treatment for all leases follows the model specified in IAS 17, but it excludes leases for low value assets (e.g., computers) and short-term agreements (e.g., under 12 months). Thus, on the date the lease is recorded, a liability must be recorded for payments to be made, and the asset must be recorded that the entity is entitled to use, with financial expenses and amortisation/depreciation related to the asset recorded separately. The liability may be re-determined (e.g., due to changes in contractual terms or a change in the indices to which lease payments for the use of the asset are linked), and this change must be recorded on the underlying asset. Lastly, from the standpoint of the lessor, the accounting treatment model is largely unchanged from the provisions of the current IAS 17. The standard must be applied using the modified retroactive method, while early application is allowed concurrently with IFRS 15.

As anticipated in the paragraph on IFRS 15, AdB has leasing contracts in place and therefore acts as lessor when it sub-licenses airport areas and space to its customers, and it takes out leasing contracts and acts as lessee with regard to equipment, facilities, machinery, motor vehicles and land; in this respect, see the paragraph Commitments and risks for measurement of minimum lease payments receivable and payable to which the Company is already contractually committed in the upcoming years. The new standard will not be applied in advance. In 2018, the impacts of application of the new accounting standard will be analysed in greater detail although, on the receivable side, which is also the most significant one in terms of amounts, the new standard does not envisage variations compared to the current method of accounting for leasing contracts. On the payables side, the Group foresees an increase in EBITDA due to the shift in leasing payables from rental fees to amortisation/depreciation and financial expenses, and a decrease in the Net Financial Position due to recognition of leasing payables rather than trade payables.

IFRS 2 – Share-based payments

On 21 June 2016, the IASB published amendments to the standard, with the objective of clarifying the accounting of certain types of transactions with share-based payment. The amendments regard: (i) the effects of vesting conditions and non-vesting conditions with regard to measurement of share-based payments settled in cash; (ii) share-based payment transactions with a net settlement function for withholding tax obligations and (iii) a change in the terms and conditions of a share-based payment that changes the classification of the transaction from cash settlement to capital settlement. The amendments will be applicable from 1 January 2018; early adoption is permitted, but the Group will adopt these amendments on a prospective basis from 1 January 2018, and a significant impact on the consolidated financial statements or on the supplementary information following adoption of the amendments is not envisaged.

Improvements to the IFRS - The series of improvements, issued in December 2016, concerned the elimination of short-term exemptions specified for *First Time Adoption* under IFRS 1, the classification and measurement of investments measured at fair value through profit or loss in accordance with *IAS 28 - Investments in Associated Companies and Joint Ventures*, and clarifications on the purpose of disclosures specified in *IFRS 12 - Disclosure of Interests in Other Entities*. The amendments introduced must be applied starting in years ending after 1 January 2017 and 1 January 2018.

As at the authorisation date of this consolidated report, the appropriate bodies of the European Union had not completed the approval process for the new standards and amendments applicable to financial statements for financial years beginning on or after 1 January 2018 and outlined below:

- *IFRIC 22 – Foreign Currency Transactions and Advance Consideration*. On 8 December 2016, the IASB published this interpretation that addresses the use of exchange rates in transactions in which consideration in foreign currency is paid or received in advance. These amendments will be applied to financial years beginning on or after 1 January 2018.

- *IFRIC 23 - Uncertainty over Income Tax treatments* (applicable to financial years closing after 1 January 2019). The interpretation clarifies application of the requirements of recognition and measurement in *IAS 12 - Income taxes* in the event of uncertainty on the treatment of income taxes. The interpretation specifically regards: (i) the case in which an entity considers uncertain tax treatments separately, (ii) the assumptions that an entity makes on the examination of tax treatment by the tax authorities, (iii) how an entity determines taxable income (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates and (iv) how an entity considers changes in facts and circumstances. The interpretation does not add new disclosure requirements, although it highlights the existing requirements in IAS 1 with regard to disclosure on judgements, information on assumptions made and other estimates and information on tax contingencies within *IAS 12 - Income taxes*. The interpretation provides a choice between two transition methods: (i) retroactive application, which uses *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*, only if application is possible, or (ii) retroactive application with cumulative effect of the initial adoption recognised as an adjustment to shareholders' equity as at the date of initial adoption and without restating the comparative information. The date of initial adoption is the beginning of the annual period in which an entity applies this Interpretation for the first time. No significant impact on the consolidated financial statements is envisaged as a result of application of the new standard.

- Changes to *IFRS9 - Prepayment Features with Negative Compensation* (applicable to financial years closing after 1 January 2019). It allows companies to measure specific financial assets advanced through so-called negative offsetting at amortised cost or fair value from "other comprehensive income", if a specific condition is satisfied, rather than at fair value in the income statement. The impact of adoption of said amendments on the consolidated financial statements are currently being assessed.

- In February 2018, the IASB issued amendments to *IAS 19 - Plan Amendment, Curtailment or Settlement*, which specifies how companies must determine pension costs when there are changes to a certain pension plan. *IAS 19 - Employee Benefits* specifies how a company accounts for a defined-benefit pension plan. When a plan amendment, adjustment, curtailment or settlement is made, IAS 19 requires the net defined-benefit asset or liability to be remeasured. The amendments require a company to use the assumptions updated by this recalculation to determine the cost of the current service and the net interest for the rest of the reference period following modification of the plan. The amendments shall be effective from 1 January 2019. The impact of adoption of said amendments on the consolidated financial statements are currently being assessed.

- Changes to *IAS 28 - Long-term interests in associates and joint ventures* (applicable to financial years closing after 1 January 2019). It clarifies how entities should use IFRS 9 to represent long-term interest in an associated company or joint venture, to which the equity method is not applied. The impact of adoption of said amendments on the consolidated financial statements are currently being assessed.

- Amendments to *IAS 40 - Investment property*. The amendments clarify when an entity should transfer a property, including properties under construction or development, within or outside the "investment property" category. It clarifies that a change in the intended use does not occur simply if Management's intentions change.

- Improvements to the IFRS - In December 2017, the IASB also issued the Annual Improvements to the IFRS 2015-2017, which are a series of amendments to the IFRS in response to questions raised, predominantly on: (I) *IFRS 3 – Business combinations*, clarifying that a company must remeasure the investment previously held in a business combination when it acquires control of the business; (II) *IFRS 11 – Joint arrangements*, whereby a company does not revalue the investment previously held in a joint arrangement when it obtains joint control of the business; (III) *IAS 12 - Income taxes*, which clarifies that the impact on income taxes from dividends (i.e., distribution of profits) should be recognised in the income statement, regardless of how the tax arises; (IV) and *IAS 23 - Borrowing costs*, which states that a company shall treat as part of its general indebtedness any debt originally acquired for the development of an asset, when the asset itself is ready for the expected use or for sale. The amendments shall be effective from 1 January 2019.

No significant impact on the consolidated financial statements is envisaged as a result of application of the amendments and interpretations to the accounting standards.

Excluded from the list are *IFRS 17 – Insurance contracts* and the amendments to *IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*, as these accounting standards no longer apply to the activities carried out by the Group.

Discretionary Measurements and Significant Accounting Estimates

The preparation of the financial statements requires directors to make discretionary judgements, perform estimates, and make assumptions that have an impact on the amounts of revenues, costs, assets and liabilities and related disclosures, as well as the statement of contingent liabilities. The uncertainty regarding such assumptions and estimates could produce results that in the future shall require a significant adjustment to the book value of such assets and/or liabilities.

IAS 8 Corrections of Accounting Estimates and Errors

Certain elements of the financial statements cannot be measured precisely and are therefore based on estimates that depend on future uncertain conditions for carrying out the company's business. Over time these estimates are revised to reflect data and information that later become available. The impact of a change in accounting estimates must be recognised prospectively in the year it occurs, by including it in the operating result for the current and future years if the change also affects the latter. The prospective

recognition of the impact of the estimate means that the change is applied to transactions that occurred starting with the change in the estimate. The revision or change in accounting estimates originates from new information or new developments in operating transactions, and therefore is not a correction of errors.
Errors in previous years are omissions and incorrect measurements of the entity's financial statements for one or more periods resulting from the failure to use, or improper use, of reliable information that was available when the financial statements for those years were authorised to be issued, and it could be reasonably assumed that they were obtained and used in the preparation and presentation of such financial statements. These errors include the effects of arithmetic errors, errors in the application of accounting standards, oversights or distorted interpretations of facts and fraud. Financial statements are not in compliance with IFRS when they contain significant or insignificant errors if committed intentionally to achieve a certain presentation of the capital and financial structure, operating result or cash flows of the entity. Potential errors in the current year, which are recognised in the same year, are corrected before financial statements are authorised for publication. Errors discovered in subsequent years, if deemed significant, and if correction is deemed feasible, must be corrected in the comparative information provided in the financial statements for the subsequent year, and opening balances of assets, liabilities and shareholders' equity must be restated.
The restatement is not applied, and the error is recognised going forward when errors and omissions are deemed to be insignificant.
Omissions and incorrect measurements of items are relevant if, individually or collectively, they could affect operating decisions that users make on the basis of the financial statements. Significance depends on the size and nature of the omission or incorrect measurement assessed based on circumstances.

Estimates and Assumptions

The following are examples of assumptions regarding the future and the other principal causes of uncertainty in estimates that, as of the reporting date, present a significant risk of causing significant adjustments to the book values of assets and liabilities no later than the following financial year. The Company has based its estimates and assumptions on parameters available at the time the consolidated financial statements were prepared. However, present circumstances and assumptions regarding future developments could be altered as a result of changes in the market or events beyond the Company's control. Such changes, should they occur, are reflected in the assumptions.

Impairment of Non-Financial Assets

See comments provided above in the principle "Impairment of non-financial assets" and comments provided below in Note 1 - Intangible assets.

Fair Value of Investment Properties

The Company recognises its investment properties at cost, which approximates the fair value of investment properties given the particular nature of same (absence of a comparable active market).

Fair Value of Financial Instruments

The Group provides the fair value of financial instruments in the Notes. When the fair value of an asset or liability cannot be measured based on prices in an active market, the fair value is to be determined by employing various measurement techniques, including the discounted cash flow model. The inputs to the latter model are found in observable markets, where possible, but should that not be possible, a certain amount of estimation is required in order to determine fair values. Estimates include considerations regarding variables such as liquidity risk, credit risk and volatility. Changes in the assumptions for these items could have an impact on the fair value of the recognised financial instrument.

IAS 10 Events after the Reporting Period

After assessing events occurring after the reporting period, the Company analyses the conditions that should lead to an appropriate change in accounting records and related disclosure, depending on whether the events occurring after the reporting period relate to:

- existing transactions on the reporting date that must be adjusted in the financial statements (adjusting events);
- transactions originating after the reporting date, for which it is not necessary to make any adjustment in the financial statements (non-adjusting events).

ANALYSIS OF THE MAIN ITEMS ON THE STATEMENT OF FINANCIAL POSITION

ASSETS

1. Intangible assets

The following table presents a breakdown of intangible assets as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Concession Rights	151,212	150,172	1,040
Software, licences and similar rights	1,105	881	224
Other intangible assets	71	76	(5)
Energy Certificates	321	0	321
Other intangible assets under development	286	134	152
TOTAL INTANGIBLE ASSETS	**152,995**	**151,263**	**1,732**

The following table shows changes in intangible assets for the year ended 31 December 2017, along with a comparison with the year ended 31 December 2016, presented by individual intangible asset category.

	31.12.2016			Changes for the Period				31.12.2017		
in thousands of Euro	Historical cost	Accumulated depreciation	Book Value	Increases/Acquisitions	Depreciation	Decreases/Disposals/ Write-downs	Decrease in accum. deprec.	Historical cost	Accumulated depreciation	Book Value
Concession Rights	173,600	(23,428)	150,172	6,650	(5,343)	(275)	8	179,975	(28,763)	151,212
Software, licences and similar rights	8,676	(7,795)	881	1,183	(959)	0	0	9,859	(8,754)	1,105
Other intangible assets	100	(24)	76	0	(5)	0	0	100	(29)	71
Energy Certificates	0	0	0	321	0	0	0	321	0	321
Other intangible assets under development	134	0	134	152	0	0	0	286	0	286
TOTAL INTANGIBLE ASSETS	**182,510**	**(31,247)**	**151,263**	**8,306**	**(6,307)**	**(275)**	**8**	**190,541**	**(37,546)**	**152,995**

In 2017, the historical cost of the item “Concession Rights” posted an increase of Euro 6.65 million (which represents the fair value of the construction services performed during the financial year), mainly for the creation of:

- a new inter-company restaurant within the passenger terminal that offers a restaurant based on modern nutritional criteria and accessible by the entire airport community;
- a new transformer room to support airport beacon towers installed in the airside area to be used for general aviation traffic;
- upgrades to several terminal areas and the underground level in order to improve services offered to passengers and airport staff. This work, which mainly involved certain boarding areas, consists of optimising queuing areas and upgrading the security lane for staff and passengers from the Marconi Business Lounge and to creating new warehouses for the sub-licensees;
- a canopy near the area outside the cargo terminal adjacent to the customs enclosure.

With regard to expansion of the passenger terminal, the final design for the airport expansion works is in the conclusion stage.

Works are also underway for the realisation of:
- the new de-icing area and relative building;
- new areas in the Airone depot, current headquarters of UPS;
- a number of interventions to prepare for the new perimeter road system.

Amortisation of Concession Rights for the period amounted to Euro 5.34 million and has been applied on the basis of the remaining duration of the Airport concession. This amount is an increase compared with 2016 due to the entry into service of airport infrastructure investments made in 2017.

The item “Software, licences and similar rights,” which consists of software used to manage services, rose by Euro 1.18 million during the period, mainly due to work to create the new mobile BLQ platform, in addition to software licences to manage data bases and user access to the company domain.

The item “Energy Certificates”, for Euro 0.32 million, regards the measurement of 925 White Certificates (hereinafter also TEE) for the trigeneration plant for which the Company obtained recognition from the Energy System Operator (GSE) in October 2017. The offsetting entry to this intangible asset is under the item Other revenues and income of the income statement. The Company has decided to proceed with the direct sale of TEEs on the free market and was admitted to the environmental market on the GME portal on 22 December 2017. The TEEs were valued at Euro 347.51, corresponding to the average of the sales of the last 2017 market session (19 December). In January 2018, 700 White Certificates were sold, at a price of Euro 367.82, and the remaining 225 were sold on 6 February 2018 at Euro 415 each, for a total of Euro 0.35 million.

Other intangible assets under development included amounts incurred for projects not completed as at 31 December 2017, including realisation of the new internet site in the analysis and design phase, adjustment of the company IT systems and harmonisation and integration of the human resource management systems.

Test of the Recoverable Value of Assets or Asset Groups

For the 2017 financial year, the Company performed impairment tests to assess the existence of possible impairment losses with respect to the amounts recognised as Concession Rights.

Impairment tests are performed in accordance with IAS 36 by comparing the book value of the asset or the group of assets making up the cash flow generating unit with the recoverable value of same, which is determined as the higher of its fair value (net of any selling expenses) and the amount of discounted net cash flows that are expected to be produced by the assets or group of assets comprising the CGU (value in use).

For the purposes of performing the impairment test, the Company established a single CGU, which is the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group.

For the purposes of the impairment test the cash flows generated from the 2018-2044 economic and financial forecasts formulated by the Board of Directors on 21 February 2018 were applied and extrapolated from the 2018-2022 economic and financial plan approved by the Board of Directors on 19 January 2018, which is commented hereinafter. On 21 February 2018, the Board of Directors also approved the method for the impairment test.
The aforementioned operational cash flows were discounted using the UDCF (Unlevered Discounted Cash Flow) at a rate equal to the Weighted Average Cost of Capital (WACC), which was 5.10%, with a sensitivity analysis of up to 7.25%.

This method is based upon the assumption that the value of a company's economic capital at a given date (in this case, 31 December 2017) is represented by the algebraic sum of the following items:

- operating value, equal to the present value of the cash flows generated by the company's operating activities over a specific period of time (explicit forecast period; in this case, it coincides with the end of the airport concession envisaged for 2044);
- value of the ancillary operations that are not strategic or instrumental at the reporting date.

The test did not show a permanent loss of value with reference to the amounts booked among Concession Rights for the year 2017.

An impairment test simulation was also performed by considering in the determination of the WACC a 30-year term for interest rates (free risk rate and swap rate), which term approximates the remaining duration of the airport concession. Also in this case, the test did not identify any impairment.

For greater detail, see the specific comments in Note 1 of the consolidated financial statements.

2. Tangible assets

The following table presents a breakdown of tangible assets as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Land	2,763	2,758	5
Buildings and minor construction and improvements	4,473	2,316	2,157
Machinery, equipment and facilities	3,131	3,299	(168)
Furniture, office machinery, transport equipment	1,918	1,941	(23)
Property, plant and equipment under construction and advances	2,156	1,541	615
Investment property	4,732	4,732	0
TOTAL TANGIBLE ASSETS	**19,173**	**16,587**	**2,586**

The following table shows changes in tangible assets for the year ended 31 December 2017, along with a comparison with the year ended 31 December 2016, presented by individual tangible asset category.

	31.12.2016			Changes for the Period				31.12.2017		
in thousands of Euro	Historical cost	Accumulated depreciation	Book Value	Increases/Acquisitions	Depreciation	Decreases/Disposals/Impairment	Decrease in accum. deprec.	Historical cost	Accumulated depreciation	Book Value
Land	2,758	0	2,758	5	0	0	0	2,763	0	2,763
Buildings and minor construction and improvements	5,822	(3,506)	2,316	2,522	(365)	0	0	8,344	(3,871)	4,473
Machinery, equipment and facilities	11,826	(8,527)	3,299	957	(1,113)	(55)	43	12,727	(9,596)	3,131
Furniture, office machinery, transport equipment	8,026	(6,084)	1,941	510	(532)	(194)	191	8,344	(6,425)	1,918
Property, plant and equipment under construction and advances	1,541	0	1,541	630	0	(15)	0	2,156	0	2,156
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
TOTAL TANGIBLE ASSETS	**34,705**	**(18,117)**	**16,587**	**4,624**	**(2,010)**	**(264)**	**234**	**39,066**	**(19,892)**	**19,173**

The item “Buildings and minor construction and improvements” recorded an increase of Euro 2.52 million and regarded the purchase of an industrial building built on land owned by AdB adjacent to the airport by the company to which AdB granted surface rights in an agreement dated 28 December 2006.Ten years after entering into the agreement, the other party took advantage of the contract termination option, which was why AdB exercised the purchase option on the property becoming its owner in May 2017.

The increase in “Machinery, equipment and facilities” for Euro 0.96 million was mainly due to the purchase of:

- a new ambulift elevator for boarding and disembarking of passengers with reduced mobility (PRM) and a new snow plough, for a total of Euro 0.49 million;
- 4 SelfBagDrop counters, which allow passengers to check-in independently, for Euro 0.24 million;
- devices to print boarding passes and labels;
- passport readers.

The item “Furniture, office machinery, transport equipment” recorded an increase of Euro 0.51 million, mainly due to the purchase of new company vehicles to replace older, obsolete ones, as well as the purchase of furniture, electronic machines and radio equipment.

“Tangible assets under construction” include amounts incurred for unfinished projects as at 31 December 2017. These include the first two tranches totalling Euro 1.78 million of the Parent Company’s contribution to Marconi Express S.p.A. to build the “Aeroporto” station of the People Mover corresponding to work progress of 66% in the airport area.

The increase in depreciation of tangible assets was primarily due to investments that entered into service during the year.

The item "Investment property" includes the total value of land owned by the Group for real estate investments; this land was initially recognised at acquisition cost and subsequently measured using the cost method.
The aforementioned land is not subject to depreciation but, as indicated in IAS 40, an expert valuation is performed to support the fair value measurement. This expert valuation performed internally at the Company confirms that the cost at which it was recognised approximates the fair value of the land, due to its nature and strategic value.

3. Investments

The following table presents a breakdown of investments as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2016	Increases/Acquisitions	Decreases/Disposals	Write-downs	at 31.12.2017
Investments in subsidiaries	684	0	0	0	684
Investments in associated companies	0	0	0	0	0
Other investments	146	0	(104)	0	42
TOTAL INVESTMENTS	**830**	**0**	**(104)**	**0**	**726**

The following table provides details on investments in subsidiaries:

in thousands of Euro	Share held	at 31.12.2017	at 31.12.2016	Change
Fast Freight Marconi S.p.A.	100%	597	597	0
Tag Bologna Srl	51%	87	87	0
TOTAL INVESTMENTS IN SUBSIDIARIES		**684**	**684**	**0**

The following table provides details on investments in associated companies:

in thousands of Euro	Share held	at 31.12.2017	at 31.12.2016	Change
Ravenna Terminal Passeggeri Srl	24%	0	0	0

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

Lastly, the following table provides details on investments in other companies, over the two periods being compared:

in thousands of Euro	Share held	at 31.12.2017	at 31.12.2016	Change
Consorzio Energia Fiera District	4.76%	2	2	0
CAAF dell'Industria S.p.A.	0.07%	0	0	0
Bologna Welcome Srl	10%	40	40	0
Bologna Congressi S.p.A.	10%	0	104	(104)
TOTAL OTHER INVESTMENTS		**42**	**146**	**(104)**

The investment in Bologna Congressi S.p.A. has been reclassified to Assets held for sale (Note 12), to which reference is made for further details.

4. Other non-current financial assets

The following table shows changes in other non-current financial assets for the year ended 31 December 2017, compared with the data as at 31 December 2016.

in thousands of Euro	at 31.12.2016	Increases	Decreases/Reclassifications	Write-downs	at 31.12.2017
Equity financial instruments	7,000	3,000	0	0	10,000
Bonds	4,668	0	(4,668)	0	0
Deposit accounts/Savings bonds	6,000	12,000	(10,000)	0	8,000
Other non-current financial assets	252	5	0	0	257
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**17,920**	**15,005**	**(14,668)**	**0**	**18,257**

As at 31 December 2017, the item "Other non-current financial assets" includes:

- Euro 10 million for the equity financial instrument in Marconi Express S.p.A., the company licensed to build and manage the infrastructure for the express railway link (People Mover) between the airport and Bologna's main train station. This financial instrument was:
  - subscribed on 21 January 2016 for a total of Euro 10.9 million;
  - recorded as at 31 December 2017 at Euro 10 million, equal to the amount actually paid (in three tranches: the first of Euro 4 million at the same time as the subscription, the second of

Euro 3 million in October 2016 corresponding to work progress of 20%, and the third of Euro 3 million in July 2017 corresponding to work progress of 51%).

The carrying value corresponds to the amount actually paid or the cost incurred as at 31 December 2017. Pursuant to IAS 39, this financial asset was classified under available-for-sale financial assets. According to IAS 39, subsequent measurement following initial recording should be at fair value, and related changes should be posted to shareholders' equity and reported in the statement of comprehensive income as OCI (other comprehensive income), whereas impairment should be posted to the income statement. However, in this case, in view of the difficulty in measuring the fair value of this equity financial instrument, the Group elected to take advantage of the exemption allowed for equity instruments for which fair value cannot be reliably measured. As a result, subsequent measurements of this equity financial instrument will be at cost and any impairment, which is quantified by comparing the book value with the present value of cash flows discounted at the market rate for similar instruments, will be posted to the income statement and cannot be reversed;

- Euro 8 million in time deposits purchased in December 2017 and maturing in June 2019. Of the Euro 6 million invested in savings bonds as at 31 December 2016, Euro 2 million were collected in June 2017 and Euro 4 million, maturing in August 2018, were reclassified under current financial assets (Note 10). Moreover, the changes in the subject item also include Euro 4 million in time deposits purchased in March 2017 and maturing in September 2018, also classified under current financial assets as at 31 December 2017;
- Euro 0.25 million for a capitalisation product with a term of five years that the Group elected to classify, pursuant to IAS 39, under investments held to maturity with the related initial recognition and periodic measurement as described above.

Lastly, the senior bond with a par value of Euro 4.5 million recognised under this item as at 31 December 2016 is reclassified to current financial assets (see Note 10), given the short-term maturity (September 2018).

Fair value - hierarchy

All assets and liabilities for which fair value is to be measured or stated in financial statements are categorised on the basis of a fair value hierarchy, as required by IFRS 13 and described below:

- Level 1: prices obtained in an active market;
- Level 2: inputs other than quoted prices as indicated in the item above that are observable directly (prices) or indirectly (price derivatives) in the market;
- Level 3: inputs that are not based on observable market data.

The following tables indicate the assets and liabilities measured as at 31 December 2017 and 31 December 2016 by fair value hierarchy level:

in thousands of Euro	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets	4,831	0	0	4,831
Available-for-sale financial assets	0	23,000	10,000	33,000
Derivative	0	0	0	0
Total as at 31.12.2017	**4,831**	**23,000**	**10,000**	**37,831**

in thousands of Euro	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets	7,967	0	967	8,934
Available-for-sale financial assets	0	23.000	7.000	30.000
Derivative	0	0	0	0

Total as at 31.12.2016	**7,967**	**23,000**	**7,967**	**38,934**

5. Deferred tax assets

The following table shows the overall change in deferred tax assets for the year ended 31 December 2017, compared with the data as at 31 December 2016.

in thousands of Euro	at 31.12.2016	Provisions	Amounts used/Adjustments	at 31.12.2017
DEFERRED TAX ASSETS	**7,038**	**1,193**	**(1,744)**	**6,487**

The following tables provide a breakdown of taxable amounts that result in the recording of receivables for deferred tax assets, with IRES and IRAP shown separately.
Specifically:

- the item "Other costs with deferred deductibility" mainly includes the maintenance costs covered by Article 107 of the TUIR, which are deductible in subsequent financial years;
- the item "Deferred tax provisions" mainly includes the provision for doubtful receivables, other provisions for litigation, future costs that are deductible in subsequent financial years, and airport infrastructure renewal provisions, with respect to the portion deductible in subsequent financial years;
- the item "Listing Costs" includes costs connected to the listing of shares in the Star Segment of the Borsa Italiana Electronic Stock Exchange on 14 July 2015, recorded in part in the income statement and in part as an offset to shareholders' equity reserves and deductible over 5 years starting in 2015.

IRES rate 24%	Taxable Amount				Tax			
in thousands of Euro	at 31.12.2016	Increases	Uses	at 31.12.2017	at 31.12.2016	Increases	Amounts used/ Adjustments	at 31.12.2017
Other costs with deferred IRES deductibility	7,600	2,274	(2,354)	7,520	1,823	546	(565)	1,804
Provisions with deferred IRES/IRAP taxes	4,096	1,105	(1,550)	3,651	982	265	(372)	875
Provisions for renewal of airport infrastructure	9,387	0	0	9,387	2,253	0	0	2,253
Amortisation of concession rights: ENAC-ENAV agreement	249	0	(14)	235	60	0	(3)	57
Listing Costs	2,774	0	(925)	1,849	666	0	(222)	444
Discounting of severance provisions and other long-term benefits	480	64	(82)	462	87	15	(20)	82
Total IRES	**24,586**	**3,443**	**(4,925)**	**23,104**	**5,871**	**826**	**(1,182)**	**5,515**

IRAP rate 4.2%	Taxable Amount				Tax			
in thousands of Euro	at 31.12.2016	Increases	Uses	at 31.12.2017	at 31.12.2016	Increases	Amounts used/ Adjustments	at 31.12.2017
Provisions with deferred IRAP taxes	4,503	2,588	(3,080)	4,011	190	109	(130)	169
Provisions for renewal of airport infrastructure	9,387	0	0	9,387	394	0	0	394
Amortisation of concession rights: ENAC-ENAV agreement	177	0	(14)	163	7	0	0	7
Other long-term benefits for personnel	106	64	(52)	118	5	2	(2)	5
Total IRAP	**14,173**	**2,652**	**(3,146)**	**13,679**	**596**	**111**	**(132)**	**575**

The following table, on the other hand, shows the tax credits due to AdB for taking advantage of tax benefits in relation to: energy upgrade measures; investments in new capital assets pursuant to Article 18 of Decree-Law 91/2014; investments in research and development activities referenced in Article 1, paragraph 35 of Law 190/2014.In relation to taking advantage of tax credits for research and development activities, in 2017 the Company continued its R&D activities and focused its efforts specifically on projects deemed to be particularly innovative, and specifically on the following activities: the research, design and development of software solutions based on new IT technologies for creating new services related to the management, care and safety of passengers and ground traffic. The Company incurred a total of Euro 0.49 million in 2017 for the development of these projects. For the total incremental cost of Euro 0.48 million, the company will use the tax credit for “Research and Development” (envisaged pursuant to Article 1, paragraph 35 of Law 190/2014), which can be used in accordance with the methods envisaged by the aforementioned regulation. These credits have been recorded in the financial statements under review. Research and development activities continue in 2018.

Other	*Tax credit*			
in thousands of Euro	at 31.12.2016	Increases	Amounts used/ Adjustments	at 31.12.2017
Other receivables	571	256	(430)	397
Total “Other credits”	**571**	**256**	**(430)**	**397**

6. Other non-current assets

The following table shows the breakdown of other non-current assets as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Security deposits	43	42	1
Accrued income and prepayments	102	47	55
Tax receivables	1,305	1,243	62
OTHER NON-CURRENT ASSETS	**1,450**	**1,332**	**118**

Other non-current assets did not show significant changes. The main item regards the receivable recognised in 2012 following application for the IRES refund request for non-deduction of IRAP on the cost of personnel (Decree-Law 201/2011 and Revenue Agency Order no. 2012/140973 of 2012), including the amounts pertaining to subsidiaries Tag Bologna and Fast Freight Marconi and former subsidiary Marconi Handling (now GH Bologna).

7. Inventories

The following table presents the breakdown of inventories as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Inventories of raw materials, supplies and consumables	488	476	12
INVENTORIES	**488**	**476**	**12**

Inventories of raw materials, supplies and consumables did not change significantly and mainly refer to inventories of workshop materials and consumables, such as stationery supplies, printed materials and uniforms, as well as heating oil and de-icing fluid for runways.

8. Trade receivables

The following table provides a breakdown of trade receivables and related provisions:

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Trade receivables	13,434	14,113	(679)
Provision for doubtful receivables	(873)	(1,334)	461
TRADE RECEIVABLES	**12,561**	**12,779**	**(218)**

Despite the increase in revenues in 2017, as at 31 December trade receivables were down from the end of the previous year, due to higher collections and greater offsets of receivable and payable items than in 2017, as well as to elimination of receivables considered uncollectible.
Trade receivables are restored to their face value through a provision for doubtful receivables determined in each period on the basis of a specific analysis of both items subject to disputes and items that, even though not in dispute, have been outstanding for a significant period.
This measurement requires estimating the probability of collecting the receivables in question, including with the support of lawyers assigned to pursue disputes, and taking into account sureties received from customers.
The Company closely monitors developments in the Alitalia situation, as discussed in detail in the Directors' Report, which should be referenced for further information.
The changes in the provision for doubtful receivables during the subject year and the prior one were as follows:

in thousands of Euro	at 31.12.2016	Provisions	Uses	Releases	at 31.12.2017
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(1,334)**	**(359)**	**759**	**61**	**(873)**

in thousands of Euro	at 31.12.2015	Provisions	Uses	Releases	at 31.12.2016
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(1,560)**	**(248)**	**355**	**119**	**(1,334)**

Provisions for the financial year were in the total amount of Euro 0.36 million, Euro 0.40 million of which were classified in the provisions item of the income statement, and the remaining Euro 0.315 million was applied as a direct reduction of revenues, as this amount matured in 2017 and is deemed uncollectible. They predominantly comprise receivables for airport fees from Alitalia, accrued during the period prior to special administration.

The following tables show an ageing analysis of the Company's trade receivables outstanding as at 31 December 2017, as compared with 2016:

in thousands of Euro	Falling due	Past due	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
TOTAL TRADE RECEIVABLES	**7,949**	**5,485**	**13,434**

in thousands of Euro	Falling due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE RECEIVABLES	**7,939**	**3,085**	**848**	**102**	**1,450**	**13,424**

in thousands of Euro	Falling due	Past due	Total as at 31.12.2016
Trade receivables for invoices/credit notes issued	7,360	6,872	14,232
Trade receivables for invoices/credit notes to be issued	(119)	0	(119)
TOTAL TRADE RECEIVABLES	**7,241**	**6,872**	**14,113**

in thousands of Euro	Falling due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE RECEIVABLES	**7,360**	**3,823**	**916**	**80**	**2,053**	**14,232**

9. Other current assets

The following table shows the breakdown of other current assets as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
VAT credit	175	0	175
Other tax receivables	26	3	23
Tax consolidation credit	16	199	(183)
Receivables from personnel	73	72	1
Other receivables	3,680	3,150	530
OTHER CURRENT ASSETS	**3,970**	**3,424**	**546**

The breakdown of "Other receivables" is as follows:

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Accrued income and prepayments	287	330	(43)
Advances to suppliers	12	56	(44)
Receivables from retirement and social security institutions	58	27	31
Receivables for municipal surcharge	3,899	3,155	744
Provisions for other doubtful current receivables	(1,085)	(875)	(210)
Other current receivables	509	457	52
TOTAL OTHER RECEIVABLES	**3,680**	**3,150**	**530**

With regard to the item "Receivables for the municipal surcharge," the Company charges the airlines the municipal surcharge on passenger boarding fees established by Article 2, paragraph 11 of Law No. 350/2003, as subsequently amended and supplemented, and once collected, allocates it as appropriate to the government and INPS respectively, in the amount of Euro 1.50 and Euro 5.00 per passenger boarded. This amount is valid up until 31 December 2015 and starting 1 January 2017.
The receivable for the municipal surcharge increased during the year in question due to the increase in traffic, as there were no tariff changes in 2017, considering that Article 55 of the draft "2017 Budget Law" called for the final abolition, effective 1 January 2017, of the portion of the municipal surcharge equal to Euro 2.41 for 2017 and Euro 2.34 for 2018, introduced by Art. 13, paragraphs 21 and 23 of Decree-Law 145/2013.
The provisions for other doubtful current receivables, also up in 2017, were obtained by reclassification to assets, with offsetting entry in the respective receivable, of the municipal surcharge whose collection is deemed highly unlikely, due to the insolvency procedure of the carrier and/or the disputes, such as those that arose after Article 1 of Decree-Law 357 of 29/10/2015 increased the amount designated for INPS by an additional Euro 2.50 from 1 January 2016. This increase was subsequently suspended from 1 September 2016 to 31 December 2016 by Decree-Law 113/2016 "Urgent Financial Measures for Local Authorities and Local Areas" (the so-called Decree-Law of Local Authorities published in the Official Journal of 20 August 2016), until the aforementioned abolition pursuant to the "2017 Budget Law".
The change in provisions for other doubtful current receivables during the year, presented in the table below, is predominantly due to the receivable for the municipal surcharge from customer Alitalia prior to special administration effective from 2 May 2017.

in thousands of Euro	at 31.12.2016	Provisions/Increases	Uses	Releases	at 31.12.2017
Provisions for doubtful receivables for municipal surcharge	(875)	(210)	0	0	1,085
TOTAL PROVISIONS FOR OTHER DOUBTFUL RECEIVABLES	**(875)**	**(210)**	**0**	**0**	**1,085**

10. Current Financial Assets

The following table presents a breakdown of current financial assets as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Bonds	4,574	3,047	1,527
Time deposits	15,000	17,000	(2,000)
Receivables from the sale of investments	0	967	(967)
Other financial receivables	36	65	(29)
CURRENT FINANCIAL ASSETS	**19,610**	**21,079**	**(1,469)**

Other current financial assets changed as indicated in the table below:

in thousands of Euro	at 31.12.2016	Increases/Acquisitions	Decreases/Disposals	Write-downs	at 31.12.2017
Bonds	3,047	4,574	(3,047)	0	4,574
Time deposits	17,000	15,000	(17,000)	0	15,000
Receivables from the sale of investments	967	71	(1,038)	0	0
Other financial receivables	65	0	(29)	0	36
TOTAL OTHER CURRENT FINANCIAL ASSETS	**21,079**	**19,645**	**(21,114)**	**0**	**19,610**

Detailed breakdown:

- bonds: the item increased due to reclassification from non-current financial assets (Note 4) of a senior bond with face value of Euro 4.5 million, purchased in 2016 with maturity in September 2018. Pursuant to IAS 39, the Group elected to classify this financial asset under investments held to maturity (HTM) since it has the intention and capability to hold it in its portfolio until maturity. After initial recognition at acquisition cost, these investments are measured at amortised cost, using the effective interest rate method and thus recognising any discounts or premiums on the purchase or other costs that are an integral part of the effective interest rate. There were no impairment indicators in relation to the value of these financial assets as at 31 December 2017; The decrease in the item is due to collection of another senior bond purchased in 2016 with a face value of Euro 3 million, which matured in October 2017;

- deposit accounts: this item regards temporary uses of liquidity in:
  - certificates of deposit in the amount of:
    - Euro 7 million subscribed in December 2017 and maturing in December 2018;
  - time deposits in the amount of:
    - Euro 4 million subscribed in March 2017 and maturing in September 2018;
  - savings bonds for
    - Euro 4 million subscribed in August 2016 and maturing in August 2018.

  The balance as at 31 December 2016 for Euro 17 million mainly regards loans collected upon maturity during the year under review;
- receivables from the sale of investments: this item included the receivable for disposal of the investment in Marconi Handling (now GH Bologna S.p.A.) based on an instalment agreement of 15 November 2016, bearing interest at a rate of 4%. The item was reduced to zero as a result of full collection of principal and interest, the latter of which amounted to Euro 0.07 million for 2017.

11. Cash and cash equivalents

The following table presents a breakdown of cash and cash equivalents as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Bank and postal deposits	13,925	17,028	(3,103)
Cash on hand	22	22	0
CASH AND CASH EQUIVALENTS	**13,947**	**17,050**	**(3,103)**

The item “Bank and postal accounts” represents available balances of bank current accounts.

12. Assets held for sale

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

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Investment in Bologna Congressi S.p.A.	117	0	117
ASSETS HELD FOR SALE	**117**	**0**	**117**

Comprises the 10% investment in Bologna Congressi S.p.A., recognised under the item Investments in fixed assets until 2016 and recognised in this category following acceptance of the proposal by Bologna Fiera S.p.A., majority shareholder of Bologna Congressi S.p.A., to purchase the 300 shares owned by AdB for a total value of Euro 0.117 million. The Euro 0.013 million gain compared to the recognition value of the investment as at 31 December 2016, equal to Euro 0.104 million, is recognised in a shareholders' equity reserve as at 31 December 2017, given the completion of the deal on 23 February 2018.

Net financial position

The following table shows the composition of the net financial position as at 31 December 2017 and 31 December 2016, in accordance with the provisions of the Consob Communication of 28 July 2006, and in compliance with the ESMA/2011/81 Recommendations:

	in thousands of Euro	at 31.12.2017	at 31.12.2016
A	Cash	22	22
B	Other cash equivalents	13,925	17,028
C	Securities held for trading	0	0
D	**Liquidity (A)+(B)+(C)**	**13,947**	**17,050**
E	**Current financial receivables**	**19,610**	**21,079**
F	Current bank debt	(52)	(68)
G	Current portion of non-current debt	(5,298)	(5,295)
H	Other current financial debt	(1,806)	(2,969)
I	**Current financial debt (F)+(G)+(H)**	**(7,156)**	**(8,332)**
J	**Net current financial position (I)-(E)-(D)**	**26,401**	**29,797**
K	Non-current bank debt	(15,345)	(20,626)
L	Bonds issued	0	0
M	Other non-current liabilities	0	0
N	**Non-current financial debt (K)+(L)+(M)**	**(15,345)**	**(20,626)**
O	**Net financial position (J)+(N)**	**11,056**	**9,171**

Items A + B represent the balance of the item "Cash and cash equivalents"; please see Note 11 for further details.
Item C + E is contained in the item "Current financial assets"; please see Note 10 for further details.
Items F + G + H represent the balance of the item "Current financial liabilities"; please see Note 23 for further details.
Item K represents the balance of the item "Non-current financial liabilities"; please see Note 18 for further details.
For a detailed analysis in regard to trends in net financial debt, please see the Directors' considerations outlined in the Directors' Report.

LIABILITIES AND SHAREHOLDERS' EQUITY

13. Shareholders' equity

The following table presents a breakdown of shareholders' equity as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Share capital	90,314	90,314	0
Reserves	61,997	61,428	569
Profit (Loss) for the period	14,909	10,543	4,366
SHAREHOLDERS' EQUITY	**167,220**	**162,285**	**4,935**

a. Share capital

As at 31 December 2017, the Parent Company's share capital totalled Euro 90,314,162; it was fully paid up and consisted of 36,125,665 ordinary shares with no par value.

The following information was used as the basis for calculating undiluted and diluted earnings per share:

in units of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016
Profit/(loss) for the period	14,928,195	10,374,688
Average number of outstanding shares	36,125,665	36,107,223
Average number of shares including bonus shares	36,125,665	36,107,223
Undiluted earnings/(losses) per share	**0.41**	**0.29**
Diluted earnings/(losses) per share	**0.41**	**0.29**

b. Reserves

The following table details reserves as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Share premium reserve	25,683	25,683	0
Legal Reserve	5,430	4,903	527
Extraordinary reserve	32,943	32,934	9
FTA Reserve	(3,206)	(3,206)	0
Profits (Losses) carried forward	1,992	1,992	0
OCI reserve	(858)	(878)	20
Reserve for assets held for sale	13	0	13
TOTAL RESERVES	**61,997**	**61,428**	**569**

The share premium reserve consisted of the following:

- Euro 14.35 million as a result of the paid capital increase approved by the Shareholders' Meeting on 20 February 2006;

○ Euro 11.33 million as a result of the Public Subscription and Sale Offer in July 2015.

In compliance with Article 2431 of the Italian Civil Code, this reserve is available but cannot be distributed until the legal reserve has reached the limit established by Article 2430 of the Italian Civil Code.

The legal reserve and extraordinary reserve rose as a result of the allocation of profit for the previous year, and, with regard to the Parent Company, net of the distribution of dividends
approved by the Shareholders' Meeting of 27 April 2017 totalling Euro 10 million, corresponding to a gross dividend of Euro 0.277 for each of the 36,125,665 ordinary shares outstanding on the ex-dividend date (2 May 2017). The extraordinary reserve is made up entirely of profits from prior financial years.

The OCI reserve shows the changes arising from the discounting of severance and other staff-related provisions (see Note 14) in accordance with revised IAS 19, net of the related tax impact.

The following table shows details of the OCI reserve as at 31 December 2017 and the relative comparison:

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Actuarial gains/losses as per IAS 19	(1,129)	(1,155)	26
Deferred taxes on actuarial gains/losses as per IAS 19	271	277	(6)
OCI RESERVE	**(858)**	**(878)**	**20**

Lastly, the assets held for sale reserve includes the gain between the book value of the investment in Bologna Congressi S.p.A. and the sales value, which was carried out on 23 February 2018.

14. Severance and other personnel provisions

The following table presents a breakdown of severance and other personnel provisions as at 31 December 2017, compared with the data as at 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Severance	3,943	4,167	(224)
Other personnel provisions	118	107	11
TOTAL SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,061**	**4,274**	**(213)**

The following table shows changes in these provisions during the year:

in thousands of Euro	at 31.12.2016	Service Cost	Net Interest	Benefits Paid	Actuarial Gains (Losses)	at 31.12.2017
Severance	4,167	0	60	(261)	(23)	3,943
Other personnel provisions	107	91	0	(77)	(3)	118
TOTAL SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,274**	**91**	**60**	**(338)**	**(26)**	**4,061**

The actuarial evaluation of severance provisions was performed on the basis of "accrued benefits" methodology, with the support of expert actuaries.

The following is a summary of the principal assumptions made for the process of the actuarial estimation of severance, for the years presented in the table:

e) discount rate: 1.30% for the evaluation as at 31 December 2017 and 1.31% as at 31 December 2016;

f) projected inflation rate: 1.50% for both years;

g) demographic bases (mortality/disability): the RG 48 mortality tables published by the Italian General Accounting Service were utilised for mortality. An INPS table broken down by age and gender was employed for disability;

h) personnel turnover rate: 1%.

As with any actuarial evaluation, the results depend upon the technical bases adopted, which included, among other factors, the interest rate, inflation rate, and expected turnover. The following table shows the sensitivity analysis for each significant actuarial assumption at the end of the financial year and indicates the impacts of reasonably possible changes in actuarial assumptions at that date, in absolute terms.

	Evaluation Parameter					
in thousands of Euro	+1% in turnover rate	-1% in turnover rate	+ 0.25% in annual inflation rate	- 0.25% in annual inflation rate	+ 0.25% in annual discount rate	- 0.25% in annual discount rate
Severance	3,917	3,972	4,008	3,879	3,841	4,049

As additional information, the following table shows the payments forecast by the plan over a 5-year period.

Years	Estimated future payments (in thousands of Euro)
1	253
2	118
3	202
4	158
5	208

The other personnel provisions pertain to the liability as at 31 December 2017 for the long-term incentives plan and the non-compete agreement of the Managing Director and Chief Executive Officer, as governed by the Remuneration Policy commented upon in the Report on Corporate Governance and Ownership Structure, to which you are referred for further details.
The actuarial evaluation of the long-term incentives plan as at 31 December 2017 (1st cycle July 2015-December 2017, 2nd cycle 2016-2018 and 3rd cycle 2017-2019) and the non-compete agreement was performed with the support of expert actuaries employing the "vested benefits" methodology on the basis of IAS 19 (Paragraphs 67-69) and employing the "Project Unit Credit" criterion. This method consists of evaluations that express the average present value of bonds accrued based on the employee's period of services until the moment of the evaluation. The main evaluation parameters were:

a) discount rate: 1.30% for the evaluation as at 31 December 2017 (1.03% for the evaluation as at 31 December 2016) of the liability for the non-compete agreement as the yield for a comparable term of the sector collective agreement, and -0.03% for the evaluation as at 31 December 2017 (0.05% for the evaluation as at 31 December 2016) for long-term incentives, a yield in line with the three-year term of the plan concerned;

b) demographic bases (mortality/disability): the RG 48 mortality tables published by the Italian General Accounting Service were utilised for mortality. With regard to disability, an INPS table was used for the 2010 projections;
c) frequency of voluntary resignations and terminations of employment by the company: 1%;
d) 60-70% probability of achieving objectives depending on the cycles.

Lastly, the sensitivity analysis is provided which shows the impacts on other personnel provisions, and specifically on the provision related to the non-compete agreement, in the event of an employment termination, with a probability of 10%:

in thousands of Euro	Service Cost
Other personnel provisions	60

15. Deferred Tax Liabilities

The following table details deferred tax liabilities as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2016	Provisions	Uses	at 31.12.2017
DEFERRED TAX LIABILITIES	**1,914**	**89**	**0**	**2,003**

IRES rate 24%	Taxable Amount				Tax			
in thousands of Euro	at 31.12.2016	Increases	Uses	at 31.12.2017	at 31.12.2016	Increases	Amounts used/ Adjustments	at 31.12.2017
Amortisation of Concession Rights	6,786	372	0	7,158	1,629	89	0	1,718
Total IRES	**6,786**	**372**	**0**	**7,158**	**1,629**	**89**	**0**	**1,718**

IRAP rate 4.2%	Taxable Amount				Tax			
in thousands of Euro	at 31.12.2016	Increases	Uses	at 31.12.2017	at 31.12.2016	Increases	Amounts used/ Adj.	at 31.12.2017
Amortisation of Concession Rights	6,786	0	0	6,786	285	0	0	285
Total IRAP	**6,786**	**0**	**0**	**6,786**	**285**	**0**	**0**	**285**
Total					**1,914**	**89**	**0**	**2,003**

Deferred tax liabilities were recognised at the time of the transition to IFRS as the result of applying IFRIC 12 - Service Concession Arrangements, as detailed in the note on the transition to IFRS in the 2014 Financial Report.
The increased taxable income for the year, exclusively for IRES purposes, which determines the recognition of deferred tax liabilities, can be attributed to the construction services margin (mark up) recognised in the accounts on the investments underway with regard to concession rights without tax relevance.

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

Provisions for renewal of airport infrastructure refer to the coverage of future costs of conservative maintenance and renewal of airport infrastructure existing on the areas obtained on a concession basis until 2044, which the Company is required to return in perfect working condition.

The following table shows the changes in provisions for the year ended 31 December 2017.

in thousands of Euro	at 31.12.2016	Provisions	Uses	Reclassifications	at 31.12.2017
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	**10,550**	**2,589**	**0**	**(3,663)**	**9,476**

The increases totalled Euro 2.6 million, including Euro 0.052 million in financial expenses from discounting. The decreases from reclassifications relate to the periodic reclassification to current liabilities of the portion of costs whose disbursement is expected in the year following the period concerned. Amounts used during the period in question were recognised under current liabilities in Note 21.

To supplement the required information, the following table shows the interest rate sensitivity analysis performed on the discounting of provisions for airport infrastructure renewal as at 31 December 2017:

in thousands of Euro	Balance of interest for the year	Sensitivity (+0.5%)	Sensitivity (-0.1%)
Provisions for renewal of airport Infrastructure	52	122	38

The discounting curve employed for the measurement includes the applicable country risk. In this particular case, the input data employed was the yields on government zero-coupon bonds with short-, medium- and long-term maturities (from 3 months to 30 years) obtained from information provider Bloomberg.

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

The following table shows the changes in the provisions for risks and charges for the year ended 31 December 2017:

in thousands of Euro	at 31.12.2016	Provisions	Uses	at 31.12.2017
Provisions for ongoing disputes	846	10	(20)	836
Provisions for employee back pay	0	266	0	266
Provisions for other risks and charges	152	0	0	152
PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)	**998**	**276**	**(20)**	**1,254**

The main change concerned the provision for employee back pay, which, while awaiting the renewal of the National Collective Agreement of Airport Operators (which expired on 31 December 2016), arises from the estimate of the liability for the lump-sum/employee back pay for the year in question.

Contingent liabilities

On 26 July 2016, following a comprehensive audit started on 18 May 2016 for the 2013 financial year, the Revenue Agency of Bologna prepared a Tax Audit Report with a single observation. The observation consists of a presumed disallowance of IRES deductibility for the Euro 5 million loss resulting from the May 2013

declaration of bankruptcy of SEAF, the management company of Forlì Airport. This insolvency procedure resulted in the execution of the surety related to the strong patronage letter issued in 2007 by AdB to the credit institutions that financed SEAF in the form of an unsecured loan, which AdB carried out with a schedule of repayments to lending institutions. This debt was fully repaid in April 2016 with the full payment of remaining instalments.
Bearing in mind the Company's arguments in fact and law that were formalised in appropriate briefs submitted to the Revenue Agency regarding the economic, and thus tax-related, reasons for the decisions made, the Directors have chosen to classify these merely as contingent liabilities and include only appropriate information in the Notes.

Lastly, with respect to Alitalia's special administration procedure, the Company has assessed the contingent liability related to the risk of the revocation of receivables collected in the six months prior to the procedure in the amount of Euro 1.49 million net of the municipal surcharge. As at the date of this document, taking into account known information and defence elements to which an objection can be made if such a request is made, the directors have decided to provide appropriate disclosure of this in the notes without making any provision and, in the meantime, will continue to closely monitor the carrier's situation.

18. Non-current financial liabilities

The following table presents a breakdown of non-current financial liabilities as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Loans - non-current portion	15,345	20,626	(5,281)
NON-CURRENT FINANCIAL LIABILITIES	**15,345**	**20,626**	**(5,281)**

The non-current portion of loans consists of medium- and long-term loans taken out by the Company and in effect as at 31 December 2017. The decrease during the period was due to the repayment of maturing instalments totalling Euro 5.3 million, compared to Euro 8.59 million in 2016.

At 31 December, total liabilities for loans were Euro 20.6 million, of which Euro 15.3 million under the subject item, Loans - non-current portion, and Euro 5.3 million under Loans - current portion (Note 23).

The following is the breakdown of loans, including the current portion, by calendar year of maturity:

- a fifteen-year loan, with a total outstanding balance of Euro 4.1 million as at 31 December 2017 (Euro 6.9 million in 2016) provided by Banca OPI S.p.A (now Intesa Sanpaolo S.p.A.) and to be used to implement the infrastructure investment plan. Euro 1.38 million of this debt (Euro 4.14 million in 2016) was classified under Loans – non-current portion, and Euro 2.76 million, representing the principal to be repaid in 2018, under Loans – current portion;
- a ten-year loan, with a total outstanding amount as of 31 December 2017 of Euro 16.5 million (Euro 19.02 million in 2016), granted by Banca Intesa for the purpose of making infrastructure investments. Euro 13.96 million of this debt (Euro 16.49 million in 2016) was classified under Loans – non-current portion, and Euro 2.54 million (unchanged compared to 2016), representing the principal to be repaid in 2018, under Loans – current portion. In connection with this loan, in 2014 the parent company paid Euro 0.3 million as an arrangement and structuring fee, which was recognised under other current assets as at 31 December 2014, and once the loan was subsequently received, in 2015, fees were treated in accordance with IAS 39. Due to the revision

of economic conditions of the loan, signed by the parties on 6 April 2017, the rates have been redefined as indicated in the table below. The Company must comply with the following financial covenants, which are calculated annually:

- Ratio of Net Financial Liabilities to Gross Operating Margin (less than 1.8 in 2017 – complied)
- Ratio of Net Financial Liabilities to Shareholders' Equity (less than 0.3 in 2017 – complied)

The following are the contractual terms and conditions of loans outstanding as at 31 December 2017:

Financial Institution	Debt	Interest Rate Applied	Instalments	Maturity	*Covenants*
Intesa San Paolo S.p.A. (formerly Banca OPI S.p.A.)	Loan	Rate applied to the Bank by the EIB + 0.45%	Six-monthly	2019	No
Intesa San Paolo S.p.A.	Loan	Fixed rate of 3.693% until 10/4/2017; 3.3% from 11/04 to 10/06/2017; 3% from 11/06/2017 to 10/06/2024	Six-monthly	2024	Yes

Note that the loans are not secured by collateral.

The following is a sensitivity analysis performed on the interest rates applied to variable rate loans outstanding as at 31 December 2017.

			in thousands of Euro			
Financial Institution	**Type of Financing**	**Interest Rate Applied**	**Debt at 31.12.2017**	**2017 Interest**	**Sensitivity (+0.5%)**	**Sensitivity Analysis (-0.1%)**
Intesa San Paolo S.p.A. (formerly Banca OPI S.p.A.)	Loan	Rate applied to the Bank by the EIB + 0.45%	4,138	28	59	22

With regard to the cross-default clauses in the Company's loan agreements, if the borrowing company is in breach of its credit or loan obligations or guarantees assumed in relation to any party, the acceleration clause will be invoked. As at 31 December 2017, the Company had not received any communication for the application of cross default clauses by its lenders.

Lastly, the table required by the amendments to IAS 7 - Cash Flow Statement is provided below, for better disclosure on the changes in financial liabilities:

in thousands of Euro	Bank loans
Balance at 31.12.2016	**25,921**
Cash flow	(5,314)
Other changes:	
IAS 39 Financial expenses	36
Balance at 31.12.2017	**20,643**

19. Trade payables

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
TRADE PAYABLES	**15,739**	**15,057**	**682**

Trade payables are predominantly to Italian suppliers. Growth was mainly due to the increase in external costs and greater investments made.
The following table provides a breakdown of trade payables as at 31 December 2017 and 31 December 2016 by due dates:

in thousands of Euro	Falling due	Past due	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
TOTAL TRADE PAYABLES	**12,865**	**2,874**	**15,739**

in thousands of Euro	Falling due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE PAYABLES	**6,978**	**2,450**	**34**	**1**	**389**	**9,852**

in thousands of Euro	Falling due	Past due	Total as at 31.12.2016
Invoices/credit notes received	3,564	2,421	5,985
Invoices/credit notes to be received	9,072	0	9,072
TOTAL TRADE PAYABLES	**12,636**	**2,421**	**15,057**

in thousands of Euro	Falling due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE PAYABLES	**3,564**	**2,320**	**31**	**39**	**31**	**5,985**

20. Other liabilities

The following table shows the breakdown of other liabilities as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Current tax payables	1,595	2,340	(745)
Current payables to personnel and social security institutions	3,878	4,006	(128)
ENAC concession fees and other state payables	14,557	13,049	1,508
Other current payables, accrued expenses and deferred income	3,807	3,054	753
Tax consolidation payable	0	5	(5)
OTHER LIABILITIES	**23,837**	**22,454**	**1,383**

The following are comments regarding the main changes:

c. Current tax payables

The following table shows a breakdown of current tax payables as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
VAT payables	0	249	(249)
Direct tax payables	743	1,306	(563)
Other tax payables	852	785	67
CURRENT TAX PAYABLES	**1,595**	**2,340**	**(745)**

The decrease in payables for direct taxes is due to the lower IRES, from Euro 1 million as at 31 December 2016 to Euro 0.5 million as at 31 December 2017, and IRAP (Euro 0.2 million compared to Euro 0.3 million as at 31 December 2016), in both cases due to higher advances paid during the year.
Other tax payables are mainly due to IRPEF (Personal Income Tax) debt for employee withholding.

d. Current payables to personnel and social security institutions

The following table presents a breakdown of current payables to personnel and social security institutions as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Payables to personnel for salaries	873	926	(53)
Payables to personnel for deferred compensation	2,017	1,975	42
Payables to social security institutions	988	1,105	(117)
CURRENT PAYABLES TO PERSONNEL AND SOCIAL SECURITY INSTITUTIONS	**3,878**	**4,006**	**(128)**

e. ENAC concession fees and other state payables

The payable to ENAC for concession fees and other State payables mainly includes:

- Euro 11.36 million (Euro 9.96 million in 2016) in relation to the debt for the firefighting prevention services as regulated by Article 1, Section 1328 of the 2007 Finance Act, as amended by Article 4, Section 3-bis of Law 2/2009. For further details, see the Disputes paragraph of the Directors' Report;
- Euro 2.87 million (Euro 2.83 million in 2016) as a payable for the airport concession fee.

f. Other current payables, accrued expenses and deferred income

The following table shows other current payables, accrued expenses and deferred income as at 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Municipal surcharge payables	2,811	2,280	531
Other current payables	891	651	240
Current accrued expenses and deferred income	105	123	(18)
TOTAL OTHER CURRENT PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME	**3,807**	**3,054**	**753**

The first item concerns the municipal surcharge on passenger boarding fees charged to carriers but not yet collected as at 31 December 2017. Growth is linked to the increase in traffic and therefore revenues. In view of the fact that several carriers contested the effective date of the Euro 2.50 increase for 2016 that was required by the Interministerial Decree of 29 October 2015, the portion of the receivable for the municipal surcharge related to this contested increase was reclassified to provisions for other doubtful current receivables (Note 9). Finally, the portion of the payable for the municipal surcharge relating to receivables for the surcharge collected from carriers, but not yet paid to creditors, is instead classified among current financial liabilities (Note 23).

"Other current payables" is a residual item that includes, among other things, the security deposits received from customers, which highlights higher growth in this category.

21. Provisions for renewal of airport infrastructure (current portion)

The following table details changes in provisions for renewal of airport infrastructure for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	at 31.12.2016	Provisions	Uses	Reclassifications	at 31.12.2017
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)	**2,912**	**0**	**(3,077)**	**3,663**	**3,498**

This item includes the current portion of provisions for renewal of Airport infrastructure.
The uses refer primarily to the following interventions:
- the restoration of a section of a taxiway of a portion of "Piazzale Apron 2";
- extraordinary maintenance works on a section of the taxiway, including short connectors;
- fire-fighting and function modification of fire escapes in the P2 multi-level car park, in addition to the flooring and roof of several airport buildings;
- control and supervision systems for technological facilities, in addition to air treatment units located on the first floor of the passenger terminal;
- redevelopment and extraordinary maintenance of the baggage delivery system at Schengen arrivals.

Allocations to the provisions for renewal of airport infrastructure are stated in Note 16 (non-current portion).

22. Provisions for risks and charges (current portion)

The following table shows the changes in provisions for current risks and charges for the year ended 31 December 2017.

in thousands of Euro	at 31.12.2016	Provisions	Uses	at 31.12.2017
Provisions for ENAC_ENAV agreement	159	0	(159)	0
PROVISIONS FOR RISKS AND CHARGES (CURRENT)	**159**	**0**	**(159)**	**0**

The item concerned solely included contractual liability provisions recognised on the basis of the agreement signed in December 2009 with ENAV and ENAC, which provides for another area to be included in the

inventory of assets received under the concession. With such expansion in the area granted on a concession basis, the Company assumed the following two obligations:
1) demolition of pre-existing capital assets;
2) construction of a new building on behalf of the original concessionaire.
In view of this contractual obligation, the Company quantified the increase in Concession Rights as at 31 December 2009 on the basis of the present value of the estimated cost to fulfil its obligations with respect to a liability recognised in accordance with IAS 37.
The new building was constructed in 2016, with the exception of some residual works completed in 2017 for which the provisions were already used for Euro 0.139 million; the difference compared to the initial fund was released to the Income Statement.

23. Current financial liabilities

The following table presents a breakdown of current financial liabilities for the year ended 31 December 2017, compared with 31 December 2016.

in thousands of Euro	at 31.12.2017	at 31.12.2016	Change
Loans - current portion	5,298	5,295	3
Payables for municipal surcharge	1,806	2,969	(1,163)
Other current financial debt	52	68	(16)
CURRENT FINANCIAL LIABILITIES	**7,156**	**8,332**	**(1,176)**

For details of the items “Loans – current portion” and “Other current financial debt,” see Note 18 Non-Current Financial Liabilities, which provides a detailed explanation of the loans taken out by the Company and other outstanding financial debt as at 31 December 2017, in addition to changes during the year.
Lastly, the item “Payables for municipal surcharge” comprises payables for the municipal surcharge on passenger boarding fees, for the portion received from the airlines in December and paid on to lenders in January.

NOTES TO THE MAIN ITEMS OF THE INCOME STATEMENT

The following are comments on the principal items of the income statement for the period ended 31 December 2017, compared with those posted for the period ended 31 December 2016.

REVENUES

24. Revenues

The following table shows a breakdown of revenues by business segment for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Revenues from aeronautical services	47.636	43.699	3.937
Revenues from non-aeronautical services	37.687	34.800	2.887
Revenues from construction services	6.650	5.999	651
Other operating revenues and income	1.005	892	113
Revenues	**92.978**	**85.390**	**7.588**

i. Revenues from aeronautical services

The following table shows a breakdown of revenues from aeronautical services for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Revenues from centralised infrastructure / other airport services	154	187	(33)
Revenues from fees/ exclusive-use assets	1,307	1,343	(36)
Revenues from airport fees	65,446	62,384	3,062
Revenues from PRM fees	4,291	4,024	267
Incentives for the development of air traffic	(23,575)	(24,262)	687
Other aeronautical revenues	13	23	(10)
TOTAL REVENUES FROM AERONAUTICAL SERVICES	***47,636***	***43,699***	***3,937***

In regard to trends in revenues, please see the Directors' detailed comments in the Directors’ Report. The item “Fee reduction due to doubtful receivables” includes the amount allocated to the provision for doubtful receivables as a precautionary measure on receivables accrued in 2017 in relation to Alitalia before special administration.
The breakdown in Revenues from airport fees is provided below:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Passenger boarding fees	33,182	31,391	1,791
Landing, take-off and parking fees	18,272	17,510	762
Passenger security fees	10,472	9,783	689
Hold luggage security fees	2,942	2,913	29
Freight loading and unloading charges	837	787	50
Fee reduction due to doubtful receivables (FSC)	(259)	0	(259)
TOTAL REVENUES FROM AIRPORT FEES	***65,446***	***62,384***	***3,062***

ii. Revenues from non-aeronautical services

The following table presents a breakdown of revenues from non-aeronautical services for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Sub-licensing of retail areas and premises	16,908	15,463	1,445
Sub-licensing fee reduction due to doubtful receivables revenue (FSC)	(52)	0	(52)
Parking	15,096	14,219	877
Other commercial revenues	5,735	5,118	617
TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES	***37,687***	***34,800***	***2,887***

Revenues from non-aeronautical services show growth linked to good performance by all components of this category and, in particular, local sub-concessions and retail areas of the retail sector, parking and MBL services. The item "Sub-licensing revenue reduction due to doubtful receivables" includes the amount allocated to the provision for doubtful receivables as a precautionary measure on receivables accrued in 2017 in relation to customers for non-aeronautical services.

Other commercial revenues are itemised below:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Ticketing	44	55	(11)
Marconi Business Lounge	2,280	1,939	341
Advertising	1,397	1,387	10
Miscellaneous commercial revenues	2,015	1,737	278
Fee reduction due to doubtful receivables in commercial revenues (FSC)	(1)	0	(1)
TOTAL OTHER COMMERCIAL REVENUES	**5,735**	**5,118**	**617**

iii. Revenues from construction services

Revenues from construction services pertain to the expansion of the construction services provided by Aeroporto Guglielmo Marconi di Bologna S.p.A. to the concession grantor authority ENAC, for the purpose of the implementation of the investments previously commented upon in connection with Concession Rights in Note 1.
These revenues were equal to Euro 6.6 million in 2017 and Euro 6 million in 2016.

iv. Other revenues and income

The following table provides details on other revenues and income for the year ended 31 December 2017 compared to 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Compensation, reimbursements and other income	966	860	106
Capital gain	20	28	(8)
Capital gains	19	4	15
TOTAL OTHER OPERATING REVENUES AND INCOME	**1,005**	**892**	**113**

The item “Compensation, reimbursements and other income” shows growth in revenues from energy efficiency (from Euro 0.08 million to Euro 0.35 million) linked to the White Certificates obtained from energy savings on the trigeneration plant. This revenue item was reclassified compared to its recognition among revenues from non-aeronautical services at the end of 2016.

COSTS

25. Costs

i. Consumables and goods

The following table shows details of consumables and goods for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Consumables and goods	344	297	47
Maintenance materials	191	150	41
Fuels	273	286	(13)
TOTAL CONSUMABLES AND GOODS	**808**	**733**	**75**

As highlighted in the table, this category of costs highlights an increase mainly due to consumables and to maintenance materials.

ii. **Services costs**

The following table provides details of services costs for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Maintenance costs	4,133	4,460	(327)
Utilities	1,750	2,920	(1,170)
Cleaning and similar services	1,919	1,911	8
Third-party services	5,075	4,661	414
Marconi Business Lounge services	301	278	23
Advertising, promotion and development	915	856	59
Insurance	631	629	2
Professional and consultancy services	1,947	1,549	398
Fees and reimbursements for statutory bodies	455	434	21
Other services costs	144	173	(29)
TOTAL SERVICES COSTS	**17,270**	**17,871**	**(601)**

Services costs show an overall decrease mainly due to lower costs for:

- maintenance, due to the lack of work related to the reconfiguration of space done in the year being compared;
- utilities, resulting from the reversal of one-off energy costs related to the cogeneration plants recorded in the previous year for Euro 0.72 million, applying the regulations in effect at the time. With regard to these energy costs, during 2017, the Company used specialised consulting services to obtain clarifications regarding the provisions of Decree-Law 19/2017 and Resolution 276/2017/R/ee of the Authority for Electricity and Gas and Water System which provided confirmation regarding the implementation of the new procedures for the administration of utility systems and the new procedures for allocating system expenses just for taking electricity from grids with mandatory third-party connections (for the systems allowed). Based on the above, the Company deemed these energy costs to be no longer due and released the payable recognised as at 31 December 2016, recognising a lower cost in the utilities category;

On the other hand, there was an increase in outsourced services, such as the PRM service, in relation to the increase in traffic and shuttle service to transport passengers from car parks to the terminal, professional services and advisory costs.

Below are further details of maintenance costs:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Maintenance costs of owned assets	981	739	242
Maintenance costs of airport infrastructure	2,694	3,282	(588)
Maintenance costs of third-party assets	458	439	19
TOTAL MAINTENANCE COSTS	**4,133**	**4,460**	**(327)**

The following shows a breakdown of third-party services:

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Snow clearance	441	353	88
Porterage, transport and third-party services	395	164	231
PRM services	1,512	1,394	118
De-icing services and other public service costs	541	617	(76)
Security services	1,157	1,114	43
Other third-party services	1,029	1,019	10
TOTAL THIRD-PARTY SERVICES	**5,075**	**4,661**	**414**

iii. Costs for construction services

These were costs for construction services related to the reporting of construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. due to the implementation of the investments previously commented upon in Note 1 in connection with Concession Rights.

iv. Leases, rentals and other costs

The following table provides details of this category of services costs for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Concession fees	5,658	5,339	319
Rental fees	328	335	(7)
Payable rents	541	525	16
Data processing fees	1,032	929	103
Other costs for using third-party assets	(30)	0	(30)
TOTAL LEASES, RENTALS AND OTHER COSTS	**7,529**	**7,128**	**401**

Overall, the item “Leases, rentals and other costs” reflected an increase in airport concession fees and security service fees caused by greater traffic, as well as higher data processing fees due to new investments in technology.

v. Other operating expenses

The following table shows a breakdown of other operating expenses for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Tax charges	1,266	1,266	0
Fire-fighting service contribution	1,403	1,399	4
Capital losses	48	17	31
Other operating costs and expenses	372	421	(49)
Non-recurring income and expenses	318	(34)	352
TOTAL OTHER OPERATING EXPENSES	**3,407**	**3,069**	**338**

Operating costs rose as a result of the ancillary costs for exercising the purchase option for the property, as more fully described in Note 2 Tangible assets.

vi. **Personnel costs**

The following table shows a breakdown of personnel costs for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Salaries and wages	17,438	16,895	543
Social security contributions	4,662	4,612	50
Severance	1,260	1,213	47
Pension and similar	180	176	4
Other personnel costs	1,982	1,368	614
TOTAL PERSONNEL COSTS	**25,522**	**24,264**	**1,258**

The growth in personnel costs is mainly due to growth in staff as outlined in the table below and to application of the latest *tranche* of the new National Collective Labour Agreement (entered into force on 1 July 2016 with impacts throughout 2017).

Other personnel costs break down as follows:

in thousands of Euro	**for the year ended 31.12.2017**	**for the year ended 31.12.2016**	**Change**
Staff canteen	543	585	(42)
Personnel training and refresher courses	261	167	94
Personnel travel expenses	257	196	61
Other personnel provisions	91	93	(2)
Miscellaneous personnel costs	830	327	503
TOTAL OTHER PERSONNEL COSTS	**1,982**	**1,368**	**614**

The item "Miscellaneous personnel costs" includes higher costs mainly from incentives for early retirement, as well as for medical exams and check-ups, costs for internships and social utility charges.

The following is the average staffing level broken down by category for the years in question:

Average workforce (no. of staff)	**for the year ended 31.12.2017**	**for the year ended 31.12.2016**	**Change**
Executive Managers	10	10	0
White-collar workers	364	344	20
Blue-collar workers	92	92	0
TOTAL PERSONNEL	**466**	**446**	**20**

Below is a breakdown of the workforce by category at the end of the two years being compared:

Workforce (no. of staff)	**at 31.12.2017**	**at 31.12.2016**	**Change**
Executive Managers	9	10	(1)
White-collar workers	362	352	10
Blue-collar workers	75	91	(16)
TOTAL PERSONNEL	**446**	**453**	**(7)**

26. Depreciation, amortisation and impairment

The following table shows details of amortisation, depreciation and impairment for the years ended 31 December 2017 and 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Amortisation/impairment of Concession Rights	5,552	5,153	399
Amortisation of other intangible assets	964	753	211
Depreciation of tangible assets	2,010	1,752	258
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	**8,526**	**7,658**	**868**

The subject item comprises Euro 8.3 million in amortisation/depreciation and Euro 0.2 million in impairment of Concession Rights for the elimination of projects that are no longer usable and other costs recognised under intangible assets as at 31 December 2016. The increase in amortisation/depreciation is consistent with ongoing implementation of the Company's amortisation and depreciation plan, also as a result of the gradual placement into service of investments made.

27. Provisions for risks and charges

The following table shows details of provisions for risks and charges for the years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Provisions for doubtful accounts	(17)	58	(75)
Provisions for renewal of airport infrastructure	2,537	2,903	(366)
Provisions for other risks and charges	236	3	233
TOTAL PROVISIONS FOR RISKS AND CHARGES	**2,756**	**2,964**	**(208)**

The decrease is due to lower allocations to the provision for renewal of airport infrastructure due to the updating of scheduling with certain air side projects being delayed. With regard to the provisions for doubtful accounts, release to the income statement (Euro 0.061 million) for termination of the risks on positions written down in prior years exceeded the provisions for the period (Euro 0.044 million). The provisions for doubtful receivables increased as a result of this last item, as well as of the reduction in revenues from receivables maturing during the year for Euro 0.315 million, as stated in Note 8 of Trade receivables.
Lastly, the allocation to the provisions for other risks and charges predominantly comprises the estimated portions of employee back pay following expiry of the National Collective Agreement.

28. Financial income and expenses

The following table provides details on financial income and financial expenses for years ended 31 December 2017 and 31 December 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Income from securities	39	117	(78)
Financial income other than the previous items	224	233	(9)
TOTAL FINANCIAL INCOME	**263**	**350**	**(87)**
Interest expenses and bank charges	(634)	(904)	270
Expenses from discounting provisions	(148)	(271)	123
Other financial expenses	(31)	(5)	(26)
TOTAL FINANCIAL EXPENSES	**(813)**	**(1,180)**	**367**
TOTAL FINANCIAL INCOME AND EXPENSES	**(550)**	**(830)**	**280**

Income from securities is down due to the reimbursement in December 2016 of a capitalisation policy with an initial value of Euro 2.5 million and which in 2016 had generated financial income of Euro 0.08 million.
An improvement was recorded in financial performance, due to the decrease in financial expenses as a result of lower overall debt levels and the reduction in the interest rate on the Intesa San Paolo loan maturing in 2024. The expenses from discounting provisions also declined compared to the prior year.

29. Taxes for the period

The following table shows a breakdown of taxes for the period for the years ended 31 December 2017 and 2016.

in thousands of Euro	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Current taxes	4,909	4,280	629
Deferred tax assets and liabilities	459	337	122
TOTAL TAXES FOR THE PERIOD	**5,368**	**4,617**	**751**
Current taxes as a % of result before tax	**24.21%**	**28.23%**	**-4.02%**
Taxes for the period as a % of result before taxes	**26.47%**	**30.46%**	**-3.98%**

The effective tax rate for 2017 was 26.47%, compared with 30.46% reported in 2016. This positive shift is essentially due to the reduction by 3.5 percentage points of the IRES rate starting from 2017, in addition to use of the tax benefit on investments in new capital assets (so-called super amortisation pursuant to Art. 1, paragraph 91, of Law no. 208/2015) and to the benefit, in terms of the ACE (Aiuto alla crescita economica - Aid for Economic Growth, Decree-Law 201/2011), arising from the amendments introduced with Ministerial Decree of 3 August 2017 and relative Explanatory Report, which discusses the rules for reducing the ACE tax base for investments in securities; the positive shift is partly offset by the progressive penalisation of the ACE, in particular through the reduction in the rate of return.

The following table shows the reconciliation of the effective IRES rate with the theoretical rate:

Reconciliation between actual/theoretical tax rate (IRES)	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
Result before taxes	20,276	15,160	5,116
Ordinary tax rate	**24%**	**27.50%**	**(3.5%)**
Theoretical tax charge	4,866	4,169	697

Effect of increase or decrease in the ordinary tax rate:			
Taxed provisions deductible in subsequent financial years	426	333	93
Costs deductible in subsequent financial years	2,723	3,341	(618)
Other non-deductible costs	1,090	1,175	(85)
Use of provisions taxed in prior financial years	(621)	(752)	131
Costs not deducted in prior financial years	(3,523)	(3,341)	(182)
Other differences	(1,881)	(2,021)	140
Total increases/decreases	**(1,786)**	**(1,265)**	**(521)**
Tax effect on changes at 24% (2017) - 27.5% (2016)	**(429)**	**(348)**	**(143)**
IRES for the period	4,438	3,821	617
Effective tax rate	**21.89%**	**25.20%**	**(3.32%)**

Lastly, the following table shows a breakdown of current taxes for the two periods:

Breakdown of taxes for the period	for the year ended 31.12.2017	for the year ended 31.12.2016	Change
IRES	4,438	3,821	617
IRAP	1,010	816	194
IRES income from Research & Development and Energy savings bonuses	(256)	(362)	106
Taxes for previous financial years	(283)	5	(288)
TOTAL	**4,909**	**4,280**	**629**

Related party transactions

A definition of "Related Parties" can be found in IAS 24, approved by EC Regulation 1725/2003.
Intercompany transactions are executed as part of ordinary operations and under normal market conditions. Related party transactions mainly pertain to commercial and financial transactions, as well as compliance with the tax consolidation regime. None of those relationships is of particular economic or strategic importance for the Parent Company since they do not represent a significant share of the total amounts in the financial statements.
The shareholder Bologna Chamber of Commerce has been identified as a government entity making it exempt from related party disclosure under IAS 24. Classifying the Bologna Chamber of Commerce as Government therefore limited the scope of checks to identify related parties to the identification of only the Bologna Chamber of Commerce. Furthermore, the financial statements contain no further information regarding the Company's relationship with the Bologna Chamber of Commerce, because there are no significant transactions with that shareholder.
In 2017, related party transactions mainly regarded transactions among group entities, the main ones of which are described below.
Trade relationships on the asset side between the Parent Company and the subsidiary Tag Bologna S.r.l. mainly concerned the twenty-year sub-licensing of infrastructure dedicated to general aviation traffic support and the supply of certain services linked to security and to the compensation paid to employer AdB and pertaining to the directors employed by the Parent Company, for a total of Euro 0.03 million, unchanged compared to 2016.
AdB's service agreements with the subsidiary mainly involve contributions to operating expenses to cover costs related to the management and maintenance of the infrastructure of the general aviation terminal used

for the boarding and disembarkation of passengers based on the resulting balance sheet advantage for AdB from including these costs in the calculation base of passenger boarding fees. In 2017, service costs accrued in relation to Tag totalled Euro 0.2 million, unchanged compared to 2016.

Non-commercial relationships with Tag included:

- the tax consolidation agreement renewed in September 2015 for 2015-2017, on the basis of which, as at 31 December 2017, the Parent Company reported non-current payables totalling Euro 9 thousand, which was unchanged from the previous year. These payables were for the request for IRAP reimbursement from IRES (Decree-Law 201/2011, Article 2, paragraph a) and to current receivables for Euro 16 thousand;
- the binding patronage letter issued by AdB and minority shareholders of Tag in proportion to stakes held, in favour of Monte dei Paschi di Siena in relation to the long-term loan provided by the latter bank to Tag. As at 31 December 2017, the portion of the secured loan related to AdB totalled Euro 2.2 million (Euro 2.4 million as at 31 December 2016).

In 2017, trade relationships between the Parent Company and the subsidiary Fast Freight Marconi S.p.A. consisted of providing the following services:

- sub-licensing of offices and operating areas and premises;
- management and staffing, which includes the following staff services: accounting, administration, finance, management control, management reporting, personnel, legal, ICT, staff secondment and single director;
- security for baggage and cargo x-rays

for a total of Euro 0.38 million (Euro 0.35 million in 2016).

Non-commercial relationships with FFM included:

- the tax consolidation agreement renewed in September 2015 for 2015-2017, on the basis of which, as at 31 December 2017, payables totalled Euro 15 thousand (unchanged from the previous year), regarding the request for IRAP reimbursement from IRES (Decree-Law 201/2011, Article 2, paragraph a);
- AdB's joint obligation on a guarantee of Euro 0.9 million issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of FFM.

The following tables show the balances of related party transactions that are included in the financial statement balances.

in thousands of Euro	Notes	for the year ended 31.12.2017		for the year ended 31.12.2016	
		Total	of which related parties	Total	of which related parties
Concession Rights		151,212	0	150,172	0
Other intangible assets		1,783	0	1,091	0
Intangible assets		**152,995**	**0**	**151,263**	**0**
Property, plant and equipment		14,441	0	11,855	0
Investment property		4,732	0	4,732	0
Tangible assets		**19,173**	**0**	**16,587**	**0**
Investments		726	0	830	0
Other non-current financial assets		18,257	0	17,920	0
Deferred tax assets		6,487	0	7,038	0
Other non-current assets		1,450	0	1,332	0
Other non-current assets		**26,920**	**0**	**27,120**	**0**
NON-CURRENT ASSETS		**199,088**	**0**	**194,970**	**0**

Inventories		488	0	476	0
Trade receivables		12,561	107	12,779	84
Other current assets		3,970	18	3,424	199
Current financial assets		19,610	0	21,079	967
Cash and cash equivalents		13,947	0	17,050	0
CURRENT ASSETS		**50,576**	**125**	**54,808**	**1,250**
Assets held for sale		**117**	**0**	0	0
TOTAL ASSETS		**249,781**	**125**	**249,778**	**1,250**

in thousands of Euro	**Notes**	**for the year ended 31.12.2017**		**for the year ended 31.12.2016**	
		Total	**of which related parties**	**Total**	**of which related parties**
Share capital		90,314	0	90,314	0
Reserves		61,997	0	61,428	0
Profit (Loss) for the period		14,909	0	10,543	0
TOTAL SHAREHOLDERS' EQUITY		**167,220**	**0**	**162,285**	**0**
Severance and other personnel provisions		4,061	0	4,274	0
Deferred tax liabilities		2,003	0	1,914	0
Provisions for renewal of airport infrastructure		9,476	0	10,550	0
Provisions for risks and charges		1,254	0	998	0
Non-current financial liabilities		15,345	0	20,626	0
Other non-current liabilities		192	24	217	24
NON-CURRENT LIABILITIES		**32,331**	**24**	**38,579**	**24**
in thousands of Euro	**Notes**	**for the year ended 31.12.2017**		**for the year ended 31.12.2016**	
		Total	**of which related parties**	**Total**	**of which related parties**
Trade payables		15,739	51	15,057	31
Other liabilities		23,837	1	22,454	5
Provisions for renewal of airport infrastructure		3,498	0	2,912	0
Provisions for risks and charges		0	0	159	0
Current financial liabilities		7,156	0	8,332	0
CURRENT LIABILITIES		**50,230**	**52**	**48,914**	**36**
TOTAL LIABILITIES		**82,561**	**76**	**87,493**	**60**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**249,781**	**76**	**249,778**	**60**

in thousands of Euro	**Notes**	**for the year ended 31.12.2017**		**for the year ended 31.12.2016**	
		Total	**of which related parties**	**Total**	**of which related parties**
Revenues from aeronautical services		47,636	0	43,699	133
Revenues from non-aeronautical services		37,687	348	34,800	294
Revenues from construction services		6,650	0	5,999	0
Other operating revenues and income		1,005	65	892	60
Revenues		**92,978**	**413**	**85,390**	**487**

Consumables and goods		(808)	0	(733)	0
Services costs		(17,270)	(205)	(17,871)	(391)
Costs for construction services		(6,333)	0	(5,713)	0
Leases, rentals and other costs		(7,529)	0	(7,128)	0
Other operating expenses		(3,407)	0	(3,069)	0
Personnel costs		(25,522)	0	(24,264)	0
Costs		**(60,869)**	**(205)**	(58,778)	**(391)**
Amortisation/impairment of Concession Rights		(5,552)	0	(5,153)	0
Amortisation of other intangible assets		(964)	0	(753)	0
Depreciation of tangible assets		(2,010)	0	(1,752)	0
Depreciation, amortisation and impairment		**(8,526)**	**0**	**(7,658)**	**0**
Provisions for doubtful accounts		17	0	(58)	0
Provisions for renewal of airport infrastructure		(2,537)	0	(2,903)	0
Provisions for other risks and charges		(236)	0	(3)	0
Provisions for risks and charges		**(2,756)**	**0**	**(2,964)**	**0**
Total costs		**(72,151)**	**(205)**	**(69,400)**	**(391)**
Operating result		**20,827**	**0**	**15,990**	**0**
Financial income		263	0	350	7
Financial expenses		(813)	0	(1,180)	0
Result before taxes		**20,277**	**0**	**15,160**	**0**
Taxes for the period		**(5,368)**	**0**	**(4,617)**	**0**
Profit (Loss) for the period		**14,909**	**0**	**10,543**	**0**

The following are the changes that occurred with individual related parties in the 2017 and 2016 financial years.

2017														
in thousands of Euro	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 S.p.A.	0	0	0	45	0	0	45	45	15	0	1	0	1	16
Total	**0**	**0**	**0**	**107**	**18**	**0**	**125**	**125**	**24**	**51**	**1**	**0**	**52**	**76**

2,016														
in thousands of Euro	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	50	0	0	50	50	9	31	5	0	36	45
Fast Freight Marconi S.p.A.	0	0	0	34	199	0	233	233	15	0	0	0	0	15
GH Italia Srl	0	0	0	0	0	967	967	967	0	0	0	0	0	0
Total	**0**	**0**	**0**	**84**	**199**	**967**	**1,250**	**1,250**	**24**	**31**	**5**	**0**	**36**	**60**

2,017										
in thousands of Euro	Revenues from aeronautical services	Revenues from non-aeronautical services	Other operating revenues and income	TOTAL REVENUES	Services 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 S.p.A.	0	312	65	377	0	0	0	0	0	0
Total	**0**	**348**	**65**	**413**	**(205)**	**0**	**0**	**(205)**	**0**	**0**

2,016										
in thousands of Euro	Revenues from aeronautical services	Revenues from non-aeronautical services	Other operating revenues and income	TOTAL REVENUES	Services costs	Other operating expenses	Personnel costs	TOTAL COSTS	Financial income	Financial expenses
Tag Bologna Srl	0	35	0	35	(210)	0	0	(210)	0	0
Fast Freight Marconi S.p.A.	93	212	47	352	0	0	0	0	0	0
Marconi Handling Srl	40	47	13	100	(181)	0	0	(181)	0	0
GH Italia Srl	0	0	0	0	0	0	0	0	7	0
Total	**133**	**294**	**60**	**487**	**(391)**	**0**	**0**	**(391)**	**7**	**0**

All related party transactions described above are executed as part of ordinary operations and under normal market conditions.

Obligations and risks

Operating lease obligations

At 31 December 2017, the Company had irrevocable leases in place pursuant to IAS 17 for equipment, facilities and machinery, vehicles, land and software licences, for which future lease payments are indicated below that mature by the end of 2018, in the next five years or beyond that time period.

	in thousands of Euro
By the end of 2018	630
Beyond the year but within 5 years (2019-2023)	2,083
After 5 years (2024 and beyond)	230
Total	**2,943**

Operating leases with Group as lessor

As at 31 December 2017 the Company had agreements in place to sub-licence areas, offices and operating and commercial space in the passenger and cargo terminal and other airport infrastructure as indicated in greater detail in Section 2 of the Directors' Report. The following table indicates minimum future payments on irrevocable leases pursuant to IAS 17 in place as at 31 December 2017 and maturing by the end of 2018, in the next five years or beyond that time period. The amounts indicated below do not include variable payments or sub-licensing agreements at administered rates since they are subject to potential upward or downward rate changes.

	in thousands of Euro
By the end of 2018	8,952
Beyond the year but within 5 years (2019-2023)	21,510
After 5 years (2024 and beyond)	675
Total	**31,137**

Environmental investment obligations

The Company's specific obligations in the area of the environment were stipulated with the signing of the Regional Agreement for the Decarbonisation of the Airport with local authorities in 2015. This agreement will require the Company to make investments totalling Euro 6.5 million over a period of time consistent with the timing for the completion work contained in the airport Master Plan, i.e., by the end of 2023. In the last quarter of 2017 work was begun to create an air quality monitoring system, which will more precisely assess the environmental impact of airport operations.

People Mover investment obligations

As at 31 December 2017, "Tangible assets under construction" included the first tranche of Euro 1.78 million of the Company's contribution to Marconi Express S.p.A. (Note 2) to build the "Aeroporto" station of the People Mover corresponding to work progress of 66% in the airport area. The total contribution owed by AdB is Euro 2.7 million, and the last tranche of Euro 0.92 million to be disbursed is scheduled at the time the project is tested. As a part of the same agreement (signed by AdB, the municipality of Bologna, the Province of Bologna and the Emilia Romagna Region on 23 July 2007), AdB also undertook to build the connecting

bridge to link the "Aeroporto" stop and the airport. Based on this obligation, tangible assets under construction as at 31 December 2017 included design costs for the project totalling Euro 0.13 million.
At 31 December 2017, non-current financial assets included Euro 10 million for the equity financial instrument in Marconi Express S.p.A. subscribed by the Company in January 2016 for a total of Euro 10.9 million. The last tranche of Euro 0.9 million is scheduled when work is completed.

Guarantees provided

The table below summarises guarantees provided as at 31 December for the two years being compared. The following details are provided on:
- sureties, the largest of which were:
    - in favour of ENAC required by the Full Management Agreement (Euro 4.4 million);
    - in favour of Marconi Express S.p.A. for the proper fulfilment of obligations assumed with the signing of the contribution agreement of 30 September 2016 (Euro 0.87 million);
    - a surety bond totalling Euro 0.9 million with AdB and FFM as joint obligors issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of FFM.
- lien on the equity financial instrument issued by Marconi Express S.p.A. with a nominal value of Euro 10.87 million and subscribed by the Company with a contribution of Euro 10 million as at 31 December 2017. The lien aims to secure the obligations of Marconi Express to credit institutions financing the People Mover project. The agreement governing the lien on the equity financial instrument was signed on 30 September 2016;
- patronage letter relating to the 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 remaining principal which, as at the end of the period, stood at Euro 2.2 million.

in thousands of Euro	31/12/2017	31/12/2016	Change	Change %
Sureties	6,278	9,043	(2,765)	-30.6%
Lien on equity financial instrument	10,873	10,873	0	0
Patronage letters	2,187	2,445	(258)	-10.6%
Total guarantees issued	**19,338**	**22,361**	**(3,023)**	**-13.5%**

Other risk classification and management

For information regarding the financial risk classification and management procedures required by Article 2428, paragraph 2, sub-paragraph 6-bis of the Civil Code, as well as comments on the Company's other risks, please see the pertinent section of the Directors' Report.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

After the closing of the period, no events occurred so as to justify changes to the economic, capital and financial situation shown in the statements and therefore to require adjustments and/or amendments to the financial statement.
Note, however, that certain significant events occurred after the end of the period or will occur in the next few months.

Traffic trends and launch of new flights

In February 2018, the Airport saw an increase in passenger traffic of 12.4% over February 2017, for a total of 542,489 passengers.

In the first two months of 2018, total passengers came to 1,141,342 (+11.7%). Movements totalled 9,584, an increase of 6.3%.

With regard to the launch of new connections and additional flights:

- KLM introduced a fourth daily flight on the Bologna-Amsterdam route starting from February 2018;
- Ural Airlines will launch new connections for six destinations in Russia, with a weekly frequency, in summer 2018;
- Blue Panorama will launch new direct connections (60 arriving flights and the same number departing) from/to China, starting from 15 June 2018;
- Georgian Airways will launch a new flight to Tbilisi with 2 weekly flights starting in summer 2018;
- Aegean Airlines will launch a new seasonal flight to Athens, with 2 weekly flights in summer 2018;
- Alitalia will introduce:
    - a new seasonal flight for Palermo, with two daily flights from June to September 2018;
    - the second daily flight on the Bologna-Catania route in Summer 2018;
- Aeroflot will introduce the third daily flight on the Bologna-Moscow route in July 2018;
- Vueling will introduce the second daily flight on the Bologna-Barcelona route in Summer 2018.

ALLOCATION OF NET INCOME

Dear Shareholders,

The financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A., which we submit for your approval, report a net profit of Euro 14,908,504.08, for which the Board of Directors proposes the following allocation:

- 5% to the legal reserve, on the basis of statutory provisions and Article 2430 of the Italian Civil Code, in the amount of Euro 745,425.20;
- Euro 14,161,260.68 to shareholders, corresponding to a dividend of Euro 0.392 per share;
- the remainder of Euro 1,818.19 to the extraordinary reserve.

The Chairman of the Board of Directors

(Enrico Postacchini)

Bologna, 15 March 2018

-

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, 2017, 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, 2017 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, 2017:

      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, 15 march 2018

The Chief Executive Officer	**Officer in charge of preparing the corporate accounting documents**
(Nazareno Ventola)	(Patrizia Muffato)

Aeroporto Guglielmo Marconi di Bologna S.p.A.
Registered office in Bologna
Share Capital Euro 90,314,162 fully paid-up
Recorded in the Bologna Companies Registry under no. 03145140376
R.E.A. (Economic and Administrative Index) BO - 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 Italian Civil Code)

Dear Shareholders,

This report, drawn up pursuant to Article 153 of Legislative Decree no. 58/1998 (Consolidated Law on Finance) and Article 2429 of the Italian Civil Code, illustrates the activities carried out by the Board of Statutory Auditors of Aeroporto Guglielmo Marconi di Bologna S.p.A. ("AdB" or the "*Company*") during 2017, in compliance with the indications set out, inter alia, in CONSOB Communication DEM/1025564 of 6 April 2001, as subsequently amended and supplemented by Communication DEM/3021582 of 4 April 2003 and Communication DEM/6031329 of 7 April 2006.

* * *

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 27 April 2016 and its term of office will end at the Shareholders' Meeting to approve the financial statements as at 31 December 2018. The Board of Statutory Auditors verified, when accepting the appointment and later during the course of its appointment, that its members met the requirements of integrity and professionalism specified by Ministerial Decree no. 162 of 30 March 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-Regulation Code.

The execution of the accounting and statutory audits is assigned to the Auditing Firm EY S.p.A. (hereinafter, the "Auditing Firm") whose assignment to conduct the statutory audit was granted, for the financial years 2015-2023, based on a justified proposal from the previous Board of Statutory Auditors, by the Ordinary Shareholders' Meeting of 20 May 2015.

The Board of Statutory Auditors performed its oversight duties in accordance with the law, the "Rules of Conduct for Boards of Statutory Auditors of Listed Companies" issued by the national

Board of Certified Accountants and Accounting Experts, CONSOB provisions concerning corporate controls and the activities of the Board of Statutory Auditors and the guidelines set out in the Self-Regulation Code.

Based on information obtained during meetings with the Board of Directors and with the Committees within the Board (Control and Risk Committee, Remuneration Committee), which the Board of Statutory Auditors always participated in, through meetings with company units and as a result of audits performed, the following is reported.

Significant transactions

The Board of Statutory Auditors deems that adequate information was obtained on the transactions with the most economic, equity and financial significance carried out by the Company, as shown in the documents that comprise the consolidated and separate financial statements (statement of financial position, income statement, cash flow statement, statement of changes in shareholders' equity and explanatory notes) and in the Directors' Report.

In particular, on 14 July 2015, the Company's shares began trading on the Star segment of the Milan Electronic Stock Exchange (MTA).Also note that, in order to improve the airport's connectivity and intermodal transport, on 21 January 2016 the Company subscribed a financial equity instrument (SFP) totalling Euro 10,872,500, to be issued by Marconi Express S.p.A., the company licensed to build the People Mover (the railway link between Bologna's central train station and the Bologna Airport). Euro 4 million of the investment in the SFP was released on the date the instrument was subscribed, Euro 3 million in 2016 when the work progress reached a level of 20%, and Euro 3 million in July 2017 when the work progress reached 51%. The remaining balance will be released when work is completed. In addition, the first two tranches, totalling Euro 1,780,000, of the contribution of Euro 2,700,000, granted by the Company to Marconi Express S.p.A. to build the "Aeroporto" station of the People Mover were paid. Upon completion of this initiative, the Company is required to build a connecting bridge to link the terminal with the "Aeroporto" station.

During 2017, the management body implemented actions to update the Investment Plan in line with the objective of guaranteeing suitable airport infrastructure capacity to satisfy the dynamics of development and growth in traffic recorded at the airport. On completion of those actions, on 29 January 2018 the Board of Directors of AdB approved an update and an extension of the Investment Plan for the period 2018-2022. The Board of Statutory Auditors participated in the work of the Board of Directors and thus acknowledged the content of the 2018-2022 Investment Plan, the assumptions and expected results which, in a highly complex and competitive market scenario, entail significant forecasts of development of operations.

Atypical or unusual transactions

Based on information received from the Directors and meetings with representatives of the Auditing Firm EY S.p.A., there were no atypical or unusual transactions carried out in 2017, even intercompany or related party transactions. The Board did not receive communications from the control bodies of the subsidiaries or the Auditing Firm that contained findings in this regard.

Related party or intercompany transactions

The characteristics of intercompany transactions carried out during the year, the parties involved and the related economic impacts are adequately covered in the Explanatory Notes to the Company's separate financial statements and to the consolidated financial statements, which also indicate the related receivable/payable positions and costs/revenues.

Related party transactions carried out in compliance with the current "Procedure for Related Party Transactions", adopted by the Board of Directors at its meeting of 13 April 2015, are of an ordinary nature and mainly relate to trade and financial transactions as well as participation in the tax consolidation scheme. These transactions are also listed in the Explanatory Notes to the Company's separate financial statements and to the consolidated financial statements, which also indicate the related receivable/payable positions and costs/revenues, and the fact that those transactions are carried out at arm's length conditions.

Activities of the Board of Statutory Auditors

It is confirmed that, in exercising its specific functions pursuant to Article 2403 of the Italian Civil Code and Article 149 of the Consolidated Law on Finance, the control body:

- oversaw compliance with the law and the Articles of Association;
- regularly obtained information from the Directors on their activities, on the general operating performance and on the operating outlook, and on transactions with the greatest economic, financial and equity importance carried out by the Company, including through its subsidiaries, and it was reasonably able to ensure that the transactions approved and carried out complied with the law and the Articles of Association and did not appear to be outwardly imprudent, risky or in conflict of interest or in violation of the resolutions passed by the Shareholders' Meeting, or capable of compromising the integrity of the company's assets;
- received sufficient information, especially with regard to:

- the measures adopted to protect the Company’s claims following the admission of ALITALIA - Società Aerea Italiana S.p.A. to the special administration procedure (Decree of the Ministry for Economic Development of 2 May 2017) and the ruling of 11 May 2017 of the Court of Civitavecchia which declared its state of insolvency;
- the contribution intended to endow the fund pursuant to Article 1, paragraph 1328 of Law no. 296 of 27 December 2006, set up to finance the fire-fighting service at national airports, considering that in 2012 the Company initiated a specific lawsuit at the Civil Court of Rome whereby it requested that the Court verify and rule in favour of the termination of the contribution requirement starting 1 January 2009, i.e. after the amendments made by Article 4, paragraph 3-bis of Law no. 2 of 28 January 2009, which allocated resources to cover the general costs of the National Fire-Fighter Corps rather than providing funding for the fire-fighting service at airports. As in previous years, the Company recorded this contribution under payables, suspending its payment pending the conclusion of the complex lawsuit;

- oversaw compliance with the principles of proper administration;
- monitored the adequacy of instructions given to subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree 58/1998, verifying that the coordination activities by the subsidiaries (Fast Freight Marconi S.p.A. and TAG Bologna S.r.l.) was carried out also as a result of participation of the Parent Company’s managers in the subsidiaries’ corporate bodies;
- exchanged information with the corresponding bodies of the subsidiaries pursuant to Article 151, paragraph 2 of Legislative Decree 58/1998;
- held regular meetings with the Auditing Firm EY S.p.A., also to fulfil the provisions of Article 19, paragraph 1 of Legislative Decree no. 39/2010 and Article 150, paragraph 3 of the Consolidated Law on Finance, in order to oversee the financial reporting process and its adequacy and integrity, as well as the compliance with the provisions of law pertaining to the formation of the financial statements and their layout and structure;
- monitored the adequacy of the administrative and accounting system, as well as its reliability in properly reflecting operating events, by obtaining information from the heads of the respective units and analysing the results of work done by the Auditing Firm. Attached to the separate financial statements and consolidated financial statements is the certification pursuant to Article 154-bis, paragraph 5 of Legislative Decree 58/1998, signed by the Chief Executive Officer and the Officer in charge of preparing the corporate accounting documents;

- obtained information on and monitored the adequacy of the Company’s organisational structure and the internal control system, including through participation in the meetings of the Control and Risk Committee. The Board examined the assessment by the Board of Directors during its meeting of 15 March 2018, following on the preliminary report by the Control and Risk Committee, which deemed that the internal control and risk management system of AdB is suitable, overall, with respect to the Company’s characteristics and the risk profile assumed;
- verified the activities of the head of the internal audit unit, listening to his comments during the periodic audits performed and examining the content of the annual report prepared by him, which indicates that, on the whole, the internal control and risk management system of AdB, though there are several areas for improvement, is considered suitable to guarantee the sound, correct operation of the business, consistent with the pre-set objectives;
- reviewed the annual report of the Supervisory Body regarding the updating of the model, training activities performed, the monitoring of operations and compliance with the Model pursuant to Legislative Decree no. 231/2001, from which no findings arose;
- reviewed the report of the Prevention, Transparency and Anti-Corruption Manager (RPCT) which reported the absence of even attempts of any of the crimes whose risk is protected by the anti-corruption measures. The Board acknowledged the appointment, at the Board of Directors’ meeting of 21 December 2017, of the Ethics and Anti-Corruption Committee, a committee that will replace the RPCT, with the task of monitoring and verifying the effective implementation of the “Anti-Corruption Policy” approved on the same date;
- received no reports pursuant to Article 2408 of the Italian Civil Code and no statements were submitted by third parties;
- verified the proper application of the verification criteria and procedures adopted by the Board of Directors to assess whether the independent directors met the relevant requirements, and had no comments in this regard;
- oversaw compliance with the rules of corporate governance dictated by the Self-Regulation Code of Listed Companies, promoted by Borsa Italiana and approved by the Corporate Governance Committee, which the Company has stated it follows, confirming its compliance with the Code. The governance system adopted by the Company is described in detail in the Report on Corporate Governance and Ownership Structures for 2017 approved by the Board of Directors at its meeting of 15 March 2018;

- monitored the independence of the Auditing Firm EY S.p.A., pursuant to Article 19 of Legislative Decree 39/2010, and verified, in its role as Internal Control and Auditing Committee, compliance with the limitations set out in Article 5 of Regulation EU no. 537/2014, for services other than statutory auditing provided to the Company. In 2017, the Company paid EY S.p.A. compensation totalling Euro 92,289 for assignments involving auditing services and checking regulatory accounting records, while the subsidiaries (Fast Freight Marconi S.p.A. and TAG Bologna S.r.l.) paid compensation totalling Euro 17,907 for assignments involving auditing services. In addition, the Parent Company awarded EY S.p.A. the following assignments involving non-audit services: assistance in the performance of Tests of controls in the context of the obligations and requirements of Law 262/2005 (Euro 62,935), verification and improvement of business planning procedures (Euro 31,471), assistance in analysing the impact of new standards IFRS 15 and IFRS 9 (Euro 13,800) and the verification of mutual receivables and payables between the Company, the Municipality of Bologna, the Metropolitan City of Bologna and the Emilia-Romagna Region for the purposes specified in Legislative Decree no. 118 of 23 June 2011 (Euro 5,400). The Auditing Firm provided the “Declaration regarding independence” which states that no situations were found that could compromise independence or reasons for ineligibility in relation to AdB. Taking into account the above statement, there were also no critical aspects that could have compromised the independence of the Auditing Firm.

The current Board of Directors was appointed by the Shareholders’ Meeting of 27 April 2016 and will remain in office until the approval of the financial statements as at 31 December 2018. It is made up of 9 members. Eight of these directors are non-executive, while five of the latter meet the requirements of independence set out in Article 147-ter, paragraph 4 of Legislative Decree 58/1998 and the Self-Regulation Code. Following the resignations of directors Gabriele Del Torchio and Arturo Albano, qualified as independent directors, the Board of Directors co-opted the directors Domenico Livio Trombone and Livio Fenati on 30 October 2017 and 29 January 2018, respectively. The Board of Statutory Auditors issued a favourable opinion on the appointments in question pursuant to Article 2386, paragraph 1 of the Italian Civil Code. The term of office of the co-opted Directors has been set, pursuant to law and the Articles of Association, to expire at the first Shareholders’ Meeting following their appointment. The Shareholders’ Meeting is thus expected to rule on the matter.

During 2017, the Board participated:

in the Ordinary Shareholders’ Meeting held on 27 April 2017;

in 10 meetings of the Board of Directors;

in 5 meetings of the Control and Risk Committee;

in 3 meetings of the Remuneration Committee.

For all the meetings held and listed above, the Board of Statutory Auditors always received suitable information on the activities carried out and the characteristics of the operations conducted. The undersigned Board of Statutory Auditors held 9 meetings.

During its oversight activities and on the basis of information obtained from the Auditing Firm during the periodic meetings, pursuant to Article 150, paragraph 3 of Legislative Decree 58/1998, no relevant data or information was found which must be indicated in this report and no omissions and/or objectionable events and/or irregularities that are worth mentioning were detected.

Separate and consolidated financial statements

The Board of Statutory Auditors performed the necessary audits of compliance with the rules for the formation of the draft separate financial statements and Group consolidated financial statements as at 31 December 2017, approved by the Board of Directors on 15 March 2018, by the deadlines set by law. In particular, the Board acknowledges that the separate financial statements and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards adopted by the European Union and that the Company adhered to CONSOB rules in terms of financial statement formats and corporate reporting. The Board verified compliance with the laws concerning the preparation of the Directors' Report and, in that regard, there are no comments to report. We report that the content of said Directors' Report adequately depicts the economic, equity and financial situation as well as operating performance during the year and provides significant data on the companies included in the scope of consolidation, also providing information on the main risks and uncertainties to which the Company is exposed.

On 30 March 2018 the Auditing Firm EY S.p.A. issued the reports pursuant to Article 14 of Legislative Decree no. 39 of 27 January 2010 and Article 10 of Regulation EU no. 537/2014, certifying that the separate financial statements and consolidated financial statements as at 31 December 2017 provide a true and fair view of the statement of financial position, income statement results and cash flows of the Company and the Group, and that the Directors' Report and the information pursuant to Article 123-bis, paragraph 4 of Legislative Decree 58/1998 contained in the Report on Corporate Governance and Ownership Structures is consistent with the Company's separate financial statements and the Group's consolidated financial statements.

The Auditing Firm also produced the Additional Report pursuant to Article 11 of Regulation EU no. 537/2014 which shows that no significant shortcomings were found in the internal control system or the administrative and accounting system of the Company.

As described in the Directors' Report, at the end of 2017 the Directors began the analyses for the purpose of preparing the Non-Financial Statement pursuant to Legislative Decree no. 254 of 30 December 2016, which will presumably be produced for 2018, as the Company did not meet - as at 31 December 2017 - all the regulatory requirements for that mandatory report.

Conclusions

The Board of Statutory Auditors concludes this Report on the control activities carried out in 2017 expressing a positive opinion on the operations of the Company, on its organisational structure, the effectiveness of the internal control system and the administrative and accounting system, on compliance with the principles of proper administration and on compliance with the law and the Articles of Association. Also considering the results of the work done by the Auditing Firm assigned to conduct auditing, we express a favourable opinion on the approval of the financial statements as at 31 December 2017 based on the draft drawn up and approved by the Board of Directors at its meeting of 15 March 2018, agreeing with the proposal contained therein for the distribution of profits for the year.

Bologna, 30 March 2018

Board of Statutory Auditors

Pietro FLORIDDIA – Chairman

Anna Maria FELLEGARA - Auditor

Matteo TIEZZI - Auditor

Aeroporto Guglielmo Marconi di Bologna S.p.A.

Financial statements as at December 31, 2017

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

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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, 2017, 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, 2017, 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.

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Key Audit Matter	Audit Response
Valuation of the provisions for renewal of airport infrastructure The provisions for renewal of airport infrastructure accounted for in the financial statements as of December 31, 2017 amounts to Euro 13,0 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. 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. 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. 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".	Our audit procedures performed in response to this Key Audit Matter included, among others: · assessment of the process and key internal controls implemented by the Company; · understanding of the concession agreement from which the obligation arises; · analysis of the supporting report prepared by the Company's technical departments; · test of details on a sample of provisions' utilizations accounted for during the fiscal year; · analysis of the consistency of the assumptions used in estimating the provisions against the Business Plan 2018-2022 approved by the Directors; · assessment of the discount rate used in the analysis. 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.

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, 2017, 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, 2017 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, 2017 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.

Bologna, March 30, 2018

EY S.p.A.
Signed by: Andrea Nobili, Partner

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