

Consolidated Half-Year Financial Report at June 30, 2019

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





Consolidated Half-Year Financial Report
Aeroporto Guglielmo Marconi di Bologna Group
at June 30, 2019

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

Ownership of the Parent Company Aeroporto Guglielmo Marconi di Bologna Spa

According to the shareholder register and the notices received pursuant to Article 120 of Legislative Decree No. 58/98, the shareholders of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., with holdings of more than 5% were as follows at June 30, 2019:

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

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

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

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

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

PUBLIC SHAREHOLDERS

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

Board of Directors

The Board of Directors, appointed by the Shareholders' Meeting of April 29, 2019 and in office until the approval date of the financial statements as at December 31, 2021 are:

Name	Office
Enrico Postacchini	Chairman
Nazareno Ventola	Chief Executive Officer (*)
Silvia Giannini	Director (B)
Giada Grandi	Director (A)
Eugenio Sidoli	Director (A)
Valerio Veronesi	Director
Marco Troncone	Director (B)
Gennarino Tozzi	Director
Laura Pascotto	Director (A) (B)

(*) confirmed Chief Executive Officer by the Board of Directors on May 6, 2019, maintaining the position of General Manager. He has also been appointed as Director responsible for the Internal Control and Risk Management System.

(A) Member of the Remuneration Committee (Chairman Eugenio Sidoli)

(B) Member of the Control & Risks Committee (Chairperson Silvia Giannini)

Board of Statutory Auditors

The Board of Statutory Auditors, appointed by the Shareholders' Meeting of April 29, 2019 and in office until the approval date of the financial statements as at December 31, 2021 are:

Name	Office
Pietro Voci	Chairman
Samantha Gardin	Statutory Auditor
Alessandro Bonura	Statutory Auditor
Violetta Frasnedi	Alternate Auditor
Alessia Bastiani	Alternate Auditor

Independent Audit Firm

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

**Directors' Report of Aeroporto Guglielmo Marconi di Bologna S.p.A.
Group at June 30, 2019**

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INTRODUCTION

This report, accompanying the interim Condensed Consolidated Financial Statements of the Aeroporto Guglielmo Marconi di Bologna Group (hereinafter also the “Aeroporto Group”, “Aeroporto” or “AdB”) for the six months ended June 30, 2019, in presenting the Group's performance indirectly analyses also the performance of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., the holder of the concession for the full management of Bologna Airport, i.e. Full Management Concession No. 98 of July 12, 2004 and subsequent Additional Deeds, approved by Decree of the Ministry of Transport and Infrastructure and of the Economy and Finance of March 15, 2006, with a term of 40 years starting on December 28, 2004.

The Group's structure at June 30, 2019 and a brief description of the type and businesses of its subsidiaries and associates is presented below:



- Tag Bologna S.r.l. (hereinafter also “TAG”), formed in 2001 and operational since 2008, following the completion and opening of the General Aviation Terminal and hangar. In addition to managing the above infrastructure at Bologna airport, the company operates as a handler in the General Aviation sector; The Parent Company on October 2, 2018, taking the opportunity to better control the dedicated airside flight infrastructure, acquired 49% of TAG to gain full ownership;
- Fast Freight Marconi Spa (hereinafter also “FFM”), formed in 2008 by the former subsidiary Marconi Handling S.r.l. (GH Bologna Spa with effect from April 1, 2017), following the contribution of a cargo and mail handling business unit based out of Bologna airport. The Parent Company acquired a 100% interest in FFM in 2009;
- Ravenna Terminal Passeggeri S.r.l. (hereinafter also “RTP”), formed in 2009 together with various public and private shareholders operating in the cruise industry to carry out activities related to the concession for managing the Porto Corsini Maritime Station Service (Ravenna).

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

Business Description

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

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

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

Aviation SBU

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

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

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

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

The Aviation SBU's other major revenue sources are:

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

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

Non-Aviation SBU

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

Parking

Bologna airport's directly operated paid parking areas offer approximately 5,200 available car parking spaces, located in three parking areas: the first close to the terminal, the second close to airport grounds and the third located at approx. 1.5 KM away. The airport's increasing popularity in recent years has also driven a number of private companies to enter the market, creating competing parking lots in the vicinity of the airport, with shuttle bus services to the terminal.

Retail

Bologna airport's retail offerings include internationally recognised brands with local ties and some of the leading local, domestic and international retail and catering chains. The shopping area extends over approximately 4,400 m² and includes 42 shops. The airport upgrade developed the Duty-free areas – one of the SBU's main revenue sources.

Advertising

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

Passenger services

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

The other services available to passengers include car rentals. Nine rental companies are based at Bologna airport, offering a total of 18 specialised brands and 484 vehicles available at the airport.

Real Estate

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

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

1 STRATEGIES AND RESULTS

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

The outlook for the global economy seems poor, despite the growth achieved in the first quarter of 2019. The risks affecting the outlook for the global economy, in addition to a further worsening of trade tensions, remain those associated with a greater-than-expected slowdown in China and the unknowns relating to the timing and conditions of Brexit.

Global trade contracted further (-0.8%) in the first quarter of 2019 due to reduced imports in the United States, Japan and China, only partially offset by moderate Eurozone import growth. Consumer inflation remains contained in the main developed economies, with declining long-term expectations both in the United States and the Eurozone.

According to the forecasts published by the OECD in 2019, global GDP growth is expected to slow to 3.2%, impacted by the weakness of the manufacturing sector and only partially offset by expansion in the service sector and the measures in support of growth adopted by certain countries, and by China in particular.

Oil prices, after the recovery in the initial months of the year, declined in the spring, impacted by increased production in some countries (particularly in the United States), in addition to the weak global economic environment. At the beginning of July, the OPEC countries therefore agreed to extend to March 2020 the production cuts established in December last year.

Despite the slight pick up at the beginning of 2019, Eurozone economic growth was weak in the spring, mainly due to the impact from the trade tensions on overseas demand: GDP in the current year (1.2% according to latest estimates) faces downside risks stemming from the uncertainties and general weakness present. Against a generally weak economic outlook and contained inflation, the European Central Bank has extended its monetary expansion and has begun discussions on further expansive measures to be adopted where an improvement is not forthcoming.

Following a modest improvement in the initial three months of the year, the Italian GDP figures for the spring are expected to remain stationary or slightly decline, impacted by the international trade uncertainties and manufacturing cycle weakness. Italian inflation also slightly contracted, as a result of the slowing of energy and food prices. (*Source: Economic Bulletin, Bank of Italy, July 2019*).

In this general economic environment, global passenger traffic in the first half of 2019 grew moderately (4.7%), reflecting the uncertainties within the global economy. Global cargo traffic contracted 3.6%, representing a greater decline than seen in the first quarter.

European passenger traffic was up 6.1% in the first half of 2019, outperforming the global average for the seventh consecutive month. Cargo volumes in fact fell (-1.9% on the same period of 2018), reflecting the uncertainties emerging regarding the global and continental geopolitical climate (*Air Passenger Market Analysis and Air Freight Market Analysis, June 2019*).

The Italian market in the same period saw passenger traffic growth of 5.0% (*Source: Assaeroporti, June 2019*). Bologna Airport in the first half of 2019 reported 10.3% growth.

1.2 STRATEGIC OBJECTIVES

The Group in 2019 continues to pursue the strategic objectives underlying all operations. The core strategic guidelines are:

“Connect”

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

“Develop”

The investments outlined in the Master Plan and Regulatory Agreement are fundamental to the development of the company's business. The strategy in question calls for an efficient use of the existing infrastructure's capacity and modular implementation of new investments to ensure that infrastructure capacity keeps pace with expected traffic development. The passenger terminal expansion project is a key part of the infrastructure development plan, permitting the development of - in particular - the security control areas and the boarding gates, in addition to extending dedicated commercial space.

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

“Experience”

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

“Care”

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

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

“Maximise financial performance”

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

“Performing corporation”

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

1.3 SHARE PERFORMANCE

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

The following graphs present:

- the share performance between January 1, 2019 and June 30, 2019;
- tracking of the company's share performance against the FTSE Italia all-share index.

On June 30, 2019, the official share price was Euro 11.02 per share, resulting in an AdB Group market capitalisation of Euro 398.1 million at that date.

AdB Share performance (01/01/2019-30/06/2019)



AdB and FTSE Italia All-Share performance (01/01/2019-30/06/2019)



2. KEY OPERATING RESULTS

2.1 AVIATION STRATEGIC BUSINESS UNIT

2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA

The first six months of 2019 featured significant traffic growth at Bologna airport. Passengers in the period in fact numbered 4,446,465, including transits and General Aviation - up 10.3% on the same period of 2018. **Movements** also grew (37,216, +8.4%), in addition to **tonnage** (2,434,622, +9.0%). This performance was supported by the introduction of new destinations and the development of existing routes. Average load factors substantially remained stable (80.7% in H1 2019 and 81.0% in H1 2018), with the increase in the number of passengers matching the additional number of seats offered.

Cargo traffic in the first half of 2019 amounted to 24,893,650 KG, reducing 6.7% on 2018. This reduction follows a slowdown in road cargo numbers, while air cargo movements were substantially in line with 2018.

	January – June 2019	January – June 2018	Change %
Passengers	4,446,465	4,029,949	10.3%
Movements	37,216	34,327	8.4%
Tonnage	2,434,622	2,233,615	9.0%
Cargo	24,893,650	26,671,236	-6.7%

Data includes General Aviation and transits

Traffic growth stems from the development of both legacy traffic and low-cost traffic.

Legacy traffic was up 5.7% in passenger volume terms in H1 2019, thanks to the introduction of new routes and additional flights to some hubs by the main international carriers. In particular, in the first half of 2019 the following new seasonal connections were introduced:

- to Philadelphia, the main American Airlines hub on the east coast of the United States, with 4 weekly flights (from June 6, 2019),
- to Helsinki, operated by Finnair from April 2019 with 3 weekly flights.

In addition, among the additional flights introduced we report the positive impact from the introduction of the fifth daily flight to Frankfurt operated by Lufthansa and the fourth daily flight to Amsterdam operated by KLM. From June 2019, a third daily flight to Istanbul (Turkish Airlines) and Tblisi (Georgian Airlines) was introduced.

Ongoing investment by the **low-cost** carriers at the Emilia-Romagna airport continued, particularly with Ryanair and Wizzair extending their operations. In addition to the introduction of the new connections to Amman, Kaunas and London Luton during Winter 2018/2019, at the beginning of Summer 2019 Ryanair introduced new flights to Corfu, Crotone and Podgorica, each with 2 weekly flights, in addition to Marseilles, with 3 weekly flights. A positive impact is reported also from the new connections introduced between the end of 2018 and the beginning of 2019 to Stuttgart and Vienna by Lauda Motion. The increased frequencies to Manchester (Ryanair), Bucharest OTP (Wizzair) and Barcelona (Vueling) also supported the strong traffic performance. In the first half of 2019, the low-cost component grew 13.3% overall.

Finally, charter segment traffic significantly increased (+40.9% on 2018) thanks to a recovery in flights to Egypt. The contribution of this segment to overall airport traffic remained however marginal.

Passenger traffic breakdown	January – June 2019	% of total	January – June 2018	% of total	% Change
Legacy	1,784,696	40.1%	1,688,150	41.9%	5.7%
Low cost	2,608,586	58.7%	2,303,292	57.2%	13.3%
Charter	43,420	1.0%	30,808	0.8%	40.9%
Transits	6,222	0.1%	4,097	0.1%	51.9%
Total Commercial Aviation	4,442,924	99.9%	4,026,347	99.9%	10.3%
General Aviation	3,541	0.1%	3,602	0.1%	-1.7%
Total	4,446,465	100.0%	4,029,949	100.0%	10.3%

The international profile of Bologna airport was once again confirmed: in the first half of 2019, passengers travelling on international flights accounted for 78.5% of the total (76.2% in the first half of 2018).

Breakdown of Commercial Aviation passenger traffic	January – June 2019	January – June 2018	Change %
EU	3,806,424	3,465,054	9.9%
Non-EU	636,500	561,293	13.4%
Total Commercial Aviation	4,442,924	4,026,347	10.3%
General Aviation	3,541	3,602	-1.7%
Total	4,446,465	4,029,949	10.3%

Slightly over one-fifth of Bologna passenger traffic is domestic, while Spain (with 13.6% of total traffic) was confirmed as the second largest contributor of passenger numbers. The United Kingdom follows with 9.9%, Germany with 9.8% and France with 5.6%.

Passenger traffic by country	January – June 2019	% of total	January – June 2018	% of total	% Change
Italy	956,479	21.5%	957,647	23.8%	-0.1%
Spain	604,180	13.6%	565,090	14.0%	6.9%
UK	438,842	9.9%	349,091	8.7%	25.7%
Germany	436,410	9.8%	379,385	9.4%	15.0%
France	248,746	5.6%	228,969	5.7%	8.6%
Romania	231,606	5.2%	209,906	5.2%	10.3%

Passenger traffic by country	January – June 2019	% of total	January - June 2018	% of total	Change %
Netherlands	162,957	3.7%	157,941	3.9%	3.2%
Turkey	139,623	3.1%	135,401	3.4%	3.1%
Greece	112,279	2.5%	73,432	1.8%	52.9%
Portugal	92,273	2.1%	76,562	1.9%	20.5%
Other countries	1,023,070	23.0%	896,525	22.2%	14.1%
Total	4,446,465	100.0%	4,029,949	100.0%	10.3%

In terms of routes operated, Catania is the main destination in terms of passenger traffic volumes, followed by Barcelona (reporting significant growth on 2018), Frankfurt, Paris CDG and Madrid.

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

Main passenger traffic routes	January – June 2019	January – June 2018	Change %
Catania	195,535	190,833	2.5%
Barcelona	182,930	155,884	17.4%
Frankfurt	157,949	148,306	6.5%
Paris CDG	154,666	149,957	3.1%
Madrid	148,589	146,379	1.5%
London LHR	148,288	141,037	5.1%
Rome FCO	145,115	154,319	-6.0%
Palermo	136,298	132,314	3.0%
London STN	128,883	116,207	10.9%
Amsterdam	111,743	114,303	-2.2%

Passenger traffic including transits

Ryanair contributed 46.3% to total passenger traffic in the first half of 2019. Wizzair again held second place, with Alitalia third, reporting substantially stable traffic on 2018.

Passenger traffic by airline	January – June 2019	% of total	January-June 2018	% of total	% Change
Ryanair	2,057,110	46.3%	1,842,427	45.7%	11.7%
Wizz Air	244,787	5.5%	236,161	5.9%	3.7%
Alitalia	218,584	4.9%	220,156	5.5%	-0.7%
Lufthansa	157,883	3.6%	148,306	3.7%	6.5%
Air France	154,383	3.5%	149,524	3.7%	3.2%
British Airways	148,461	3.3%	141,245	3.5%	5.1%
KLM Royal Dutch Airlines	111,692	2.5%	113,648	2.8%	-1.7%
Air Dolomiti	106,922	2.4%	107,244	2.7%	-0.3%
Turkish Airlines	90,814	2.0%	92,381	2.3%	-1.7%
Vueling	89,993	2.0%	75,138	1.9%	19.8%
Other	1,065,836	24.0%	903,719	22.4%	17.9%
Total	4,446,465	100.0%	4,029,949	100.0%	10.3%

Cargo Traffic

(in KG)	January – June 2019	January-June 2018	Change %
Air cargo of which	19,469,594	20,088,801	-3.1%
Cargo	19,447,901	20,056,554	-3.0%
Mail	21,693	32,247	-32.7%
Road cargo	5,424,056	6,582,435	-17.6%
Total	24,893,650	26,671,236	-6.7%

In the first half of 2019, 24,893,650 KG of cargo was transported, down 6.7% on the same period of 2018, mainly due to the reduction in road cargo transported.

2.1.2 AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

in thousands of Euro	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change	% Change
Passenger Revenues	28,446	25,107	3,339	13.3%
Carrier Revenues	12,429	10,821	1,608	14.9%
Airport Operator Revenues	1,648	1,658	(10)	-0.6%
Traffic Incentives	(12,471)	(11,430)	(1,041)	9.1%
Construction Service Revenues	5,965	1,946	4,019	206.5%
Other revenues	674	723	(49)	-6.8%
Total AVIATION SBU Revenues	36,691	28,825	7,866	27.3%

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

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

Generally, the increase in aviation revenues in the first half of 2019 over the same period in 2018 is due to a number of factors, including the increase in the main drivers of traffic and of revenues from construction services.

Group revenues from the Aviation Strategic Business Unit were overall up 27.3% on 2018. The individual accounts broke down as follows:

- Passenger Revenues (+13.3%): the growth in passenger revenues outstripped the increase in passenger traffic (+10.3%) due to the tariff update applied from January 1, 2019, which resulted in an increase in tariffs for this category of revenues;

- Carrier Revenues (+14.9%): Carrier revenues also increased more proportionally than total tonnage, thanks to tariff increases;
- Airport Operator Revenues: these revenues are in line with the previous year as a combined effect of higher aviation fuel service revenues and a contraction in temporary custody storage revenues;
- Incentives: the increase over 2018 (+9.1%) is related to the growth in incentivised traffic;
- Revenues from Construction Services: growth (206.5%) related to greater investment than the same period of the previous year;
- Other Revenues: the decline (-6.6%) is due to lower catering revenues and from the hangar sub-concession of the subsidiary TAG.

2.2 NON-AVIATION STRATEGIC BUSINESS UNIT

2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change	% Change
Retail and Advertising	7,333	6,709	624	9.3%
Parking	7,970	7,768	202	2.6%
Real Estate	1,215	1,187	28	2.4%
Passenger services	3,002	2,707	295	10.9%
Construction Service Revenues	1,126	1,115	11	1.0%
Other revenues	1,562	1,340	222	16.6%
Total NON-AVIATION SBU Revenues	22,208	20,826	1,382	6.6%

Total non-aviation business revenues in the period rose 6.6%, with all the revenue items increasing.

The individual areas of this business unit performed as follows.

Retail and Advertising

The revenue growth (+9.3%) relates both to the retail and advertising segments.

Retail growth owes to the strong Duty-Free performance, whose contractual structure benefits from improved traffic and contractual fees, and for Food&Beverage and also retail thanks to the greater number of passengers departing from the airport.

The strong advertising results stem mainly from the good sub-concession performances and a number of new contracts managed directly by AdB, in addition to the Fuelers revenue component.

Parking

In the first half of 2019, parking and rail access revenues grew 2.6% over H1 2018 - a more contained rate than the significant growth in traffic, which was only partially converted by the offer of car parking spaces at the airport.

Real Estate

Real estate revenues rose thanks to the renegotiation of a number of contracts at the end of 2018.

Passenger services

In H1 2019, passenger services were up 10.9% over H1 2018, mainly due to premium (*lounge and accessory services*) and self-hire services, whose performance is outlined below.

Premium services

This business grew again in H1 2019 on the basis of increased passenger numbers which reflect also the gaining popularity of directly managed lounges and those managed through specialised airport lounge channels.

Self-hire sub-concessions

Car rental revenues benefited from the opening of the new commercial space, which was not available in the first half of 2018 and higher royalties.

Construction Service Revenues

This account remains substantially unchanged (+1%) due to investments in the business unit in line with the same period of the previous year.

Other revenues: the growth in other revenues (+16.6%) is mainly due to increased services for the extraordinary maintenance of handler vehicles.

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

3.1 CONSOLIDATED OPERATING RESULTS ANALYSIS

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change	% Change
Revenues from aeronautical services	30,229	26,359	3,870	14.7%
Revenues from non-aeronautical services	21,075	19,660	1,415	7.2%
Revenues from construction services	7,091	3,062	4,029	131.6%
Other operating revenues and income	504	570	(66)	-11.6%
REVENUES	58,899	49,651	9,248	18.6%
Consumables and goods	(962)	(951)	(11)	1.2%
Service costs	(10,075)	(10,423)	348	-3.3%
Construction service costs	(6,753)	(2,916)	(3,837)	131.6%
Leases, rentals and other costs	(4,074)	(3,916)	(158)	4.0%
Other operating expenses	(1,595)	(1,580)	(15)	0.9%
Personnel costs	(14,950)	(13,809)	(1,141)	8.3%
COSTS	(38,409)	(33,595)	(4,814)	14.3%
EBITDA	20,490	16,056	4,434	27.6%
Amortisation of concession rights	(3,024)	(2,878)	(146)	5.1%
Amortisation of other intangible assets	(576)	(458)	(118)	25.8%
Depreciation of tangible assets	(1,423)	(1,090)	(333)	30.6%
DEPRECIATION, AMORTISATION AND IMPAIRMENT	(5,023)	(4,426)	(597)	13.5%

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change	% Change
Provisions for doubtful accounts	(350)	(61)	(289)	473.8%
Provision for renewal of airport infrastructure	(1,191)	(1,186)	(5)	0.4%
Provisions for other risks and charges	(208)	(154)	(54)	35.1%
PROVISIONS FOR RISKS AND CHARGES	(1,749)	(1,401)	(348)	24.8%
TOTAL COSTS	(45,181)	(39,422)	(5,759)	14.6%
EBIT	13,718	10,229	3,489	34.1%
Financial income	79	412	(333)	-80.8%
Financial expense	(598)	(317)	(281)	88.6%
RESULT BEFORE TAXES	13,199	10,324	2,875	27.8%
TAXES FOR THE PERIOD	(3,778)	(2,950)	(828)	28.1%
PROFIT (LOSS) FOR THE PERIOD	9,421	7,374	2,047	27.8%
Profit (loss) for the period - Minority interests	0	72	(72)	-100.0%
Profit (loss) for the period – Group	9,421	7,302	2,119	29.0%

The **consolidated profit** for the first half of 2019 was **Euro 9.4 million**, up 27.8% on **Euro 7.4 million** in H1 2018.

This result mainly stems from the increase in passenger traffic and the knock-on benefit for all the main business components.

Operating **revenues** overall grew 18.6% on 2018. Specifically:

- **revenues from aeronautical services** were up 14.7%, mainly due to improved traffic and the tariff update;
- **revenues from non-aeronautical services** rose 7.2% due to the good performance of all category components, as outlined in the relative section;
- **revenues from construction services** increased 131.6% following the rolling out of investments, particularly in the aviation sector;
- other **operating revenues and income**: the decrease of 11.6% on 2018 is due to lower sales of energy efficiency certificates.

Period **costs** overall rose 14.3% on the same period of 2018.

These break down as follows:

- ✓ **consumables and goods** were overall in line with the previous year (+1.2%) due to the reduced consumption of de-icing liquid, thanks to a milder winter than 2018, offset by increased consumable good purchases;
- ✓ **service costs** were lower (-3.3%) compared to the same period of 2018, in particular thanks to:
 - lower utility costs, specifically water purchase savings thanks to an increased use of the well to source water;
 - lower snow clearance costs thanks to a warmer winter than 2018, which featured major snow events;
 - lower professional consultancy and services costs;
- ✓ higher **construction service costs** (+131.6%) due to greater investment;
- ✓ the increase of 4% over 2018 in the **lease, rentals and other costs** account is mainly due to the growth in traffic volumes, on whose basis the concession and security fees are calculated. This cost category was impacted in the opposing sense also by the new IFRS 16 standard, in force from January 1, 2019, on the basis of which contracts containing a usage right upon an asset no longer impact lease costs in the Income Statement, but rather amortisation and financial expenses; the impact from the application of IFRS 16 on the first half was lower leasing charges for Euro 270 thousand;

- ✓ **other operating expenses** were substantially in line with the previous year.

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

EBITDA at Euro 20.5 million was up approx. Euro 4.4 million (+27.6%) on the same period of 2018.

In terms of **overheads**, we note the increase in:

- ✓ amortisation and depreciation (13.5%), on the basis of the amortisation and depreciation schedule and new Group investments, in addition to the new amortisation of usage costs on leased assets as per IFRS 16 (Euro 291 thousand);
- ✓ provisions (24.8%), following increased accruals - particularly to the provision for doubtful accounts.

The increase in revenues of 18.6% against a more contained rise in overall costs (14.6%) resulted in period **EBIT** of Euro 13.7 million, compared to Euro 10.2 million in H1 2018 (up 34.1%).

Net financial expenses amounted to Euro 0.5 million, compared to income of Euro 0.1 million in H1 2018, due mainly to the reduction in interest rates, which resulted in discounting charges on provisions of Euro 0.4 million, against income from discounting of Euro 0.3 million in the comparative period.

As a result of that outlined above, the **Result before taxes** for H1 2019 was Euro 13.2 million, against Euro 10.3 million in H1 2018 (up 27.8%).

Taxes for the period of Euro 3.8 million compared to Euro 2.9 million in H1 2018, with the increase substantially owing to the higher result before taxes.

Finally, the **profit for the period**, entirely concerning the Group, was Euro 9.4 million (Euro 7.3 million in H1 2018).

The **adjusted EBITDA** and the construction services margin is presented below:

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change	% Change
Revenues from aeronautical services	30,229	26,359	3,870	14.7%
Revenues from non-aeronautical services	21,075	19,660	1,415	7.2%
Other operating revenues and income	504	570	(66)	-11.6%
ADJUSTED REVENUES	51,808	46,589	5,219	11.2%
Consumables and goods	(962)	(951)	(11)	1.2%
Service costs	(10,075)	(10,423)	348	-3.3%
Leases, rentals and other costs	(4,074)	(3,916)	(158)	4.0%
Other operating expenses	(1,595)	(1,580)	(15)	0.9%
Personnel costs	(14,950)	(13,809)	(1,141)	8.3%
ADJUSTED COSTS	(31,656)	(30,679)	(977)	3.2%
ADJUSTED GROSS OPERATING PROFIT (ADJUSTED EBITDA)	20,152	15,910	4,242	26.7%
Revenues from construction services	7,091	3,062	4,029	131.6%
Construction service costs	(6,753)	(2,916)	(3,837)	131.6%
Construction Services Margin	338	146	192	131.5%
GROSS OPERATING PROFIT (EBITDA)	20,490	16,056	4,434	27.6%

3.2 CASH FLOW ANALYSIS

The consolidated cash flow statement, indicating cash flows generated/absorbed from operating, investing and financing activities, is summarised below:

in thousands of Euro	As at 30.06.2019	As at 30.06.2018	Change
Cash flow generated / (absorbed) by operating activities before working capital changes	20,203	15,953	4,250
Cash flow generated / (absorbed) by net operating activities	10,050	11,240	(1,190)
Cash flow generated / (absorbed) by investment activities	10,032	8,549	1,483
Cash flow generated / (absorbed) by financing activities	(19,314)	(17,072)	(2,242)
Change in closing cash flow	768	2,717	(1,949)
Cash and cash equivalents at beginning of period	15,762	16,209	(447)
Change in closing cash flow	768	2,717	(1,949)
Cash and cash equivalents at end of period	16,530	18,926	(2,396)

Net cash flows generated by operating activities amounted to Euro 10 million, decreasing on the same period of 2018 (Euro -1.2 million), despite the increase of Euro 4.2 million in core activity cash flows.

Before working capital changes in fact, **cash flows from operating activities** generated funding of Euro 20.2 million, against Euro 15.9 million in H1 2018, absorbed by:

- ✓ Euro 5.7 million from the increase in trade receivables and other assets (Euro 2.3 million in H1 2018);
- ✓ Euro 3.4 million from the payment of income taxes (Euro 2.7 million in the comparative period);
- ✓ Euro 0.2 million from the reduction in payables and other liabilities and the generation of cash of Euro 1.3 million in H1 2018.

The absorption of resources by **infrastructure investment** was Euro 7.4 million (Euro 4.5 million in the comparative period), offset by **cash flows generated** by the receipt of temporary liquidity for Euro 17.4 million, resulting in a generation of **investing activity cash flows** of Euro 10 million (Euro 8.5 million in H1 2018).

Financing activities absorbed cash of Euro 19.3 million (Euro 17.1 million in H1 2018), mainly due to:

- ✓ the payment of dividends on the 2018 result for Euro 16.2 million;
- ✓ the repayment of:
 - maturing loan instalments in the period of Euro 2.9 million;
 - the short-term loan of Euro 3 million requested in May and repaid in June for cash to settle dividends.

Consequently, the **change in closing cash flow** in the period indicates a generation of Euro 0.7 million, reflecting the increased liquidity at June 30, 2019 from Euro 15.8 million to Euro 16.5 million.

The Group net financial position at June 30, 2019, compared to December 31, 2018 and June 30, 2018, was as follows:

	<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	As at 30.06.2018	Change 30.06.2019 31.12.2018	Change 30.06.2019 30.06.2018
A	Cash	25	27	27	(2)	(2)
B	Other cash equivalents	16,505	15,735	18,899	770	(2,394)
C	Securities held for trading	0	0	0	0	0
D	Liquidity (A)+(B)+(C)	16,530	15,762	18,926	768	(2,396)
E	Current financial receivables	0	13,449	17,575	(13,449)	(17,575)
F	Current bank payables	(29)	(43)	(43)	14	14
G	Current portion of non-current debt	(3,056)	(4,433)	(5,809)	1,377	2,753
H	Other current financial debt	(3,792)	(2,050)	(2,250)	(1,742)	(1,542)
E	Current financial debt (F)+(G)+(H)	(6,877)	(6,526)	(8,102)	(351)	1,225
J	Net current financial position (I)-(E)-(D)	9,653	22,685	28,399	(13,032)	(18,746)
K	Non-current bank debt	(13,168)	(14,690)	(16,210)	1,522	3,042
L	Bonds issued	0	0	0	0	0
M	Other non-current payables	(1,617)	0	0	(1,617)	(1,617)
N	Non-current financial debt (K)+(L)+(M)	(14,785)	(14,690)	(16,210)	(95)	1,425
O	Net financial (debt) position (J) + (N)	(5,132)	7,995	12,189	(13,127)	(17,321)

The Group **Net Financial Position** at June 30, 2019 was a debt position of Euro 5.1 million, compared to a cash position of Euro 8 million at December 31, 2018 (-Euro 13.1 million) and Euro 12.2 million at June 30, 2018 (-Euro 17.3 million).

The reduced overall liquidity in the period (accounts D + E) of Euro 12.7 million compared to December 31, 2018 was due to outflows for:

- ✓ infrastructural investment of Euro 7.4 million;
- ✓ the repayment of loan instalments of Euro 2.9 million;
- ✓ the payment of dividends of Euro 16.2 million;
- ✓ the settlement of lease payables of Euro 0.2 million

for a total of Euro 26.7 million, covered by the generation of operating cash flows (Euro 10 million) and for Euro 4 million by the divestment of non-current financial instruments.

Against the debt, in addition to the reduction from the repayment of loan instalments, at June 30, 2019 finance lease liabilities were recognised following the introduction of the new IFRS 16 standard, corresponding to future charges, already contractually agreed, for the right to use third party assets, for a total of Euro 2.2 million (Euro 0.6 million of current liabilities to account H and Euro 1.6 million of non-current liabilities to account M).

3.3 FINANCIAL POSITION ANALYSIS

The Group financial position, classified according to “sources” and “uses”, is presented below:

USES <i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	As at 30.06.2018	Change	
				30.06.2019 - 31.12.2018	30.06.2018 - 30.06.2018
- Trade receivables	17,870	14,272	13,895	3,598	3,975
- Tax receivables	193	161	185	32	8
- Other Receivables	6,249	4,500	5,656	1,749	593
- Inventories	545	594	504	(49)	41
Sub-total	24,857	19,527	20,240	5,330	4,617
- Trade payables	(16,095)	(19,011)	(15,384)	2,916	(711)
- Tax payables	(2,566)	(2,123)	(1,727)	(443)	(839)
- Other payables	(25,743)	(24,244)	(24,036)	(1,499)	(1,707)
Sub-total	(44,404)	(45,378)	(41,147)	974	(3,257)
Net operating working capital	(19,547)	(25,851)	(20,907)	6,304	1,360
Fixed assets	193,308	188,218	177,523	5,090	15,785
- Deferred tax assets	6,180	6,108	6,490	72	(310)
- Other non-current assets	13,679	17,712	11,820	(4,033)	1,859
Total fixed assets	213,167	212,038	195,833	1,129	17,334
- Provisions for risks, charges & severance	(19,158)	(17,848)	(18,986)	(1,310)	(172)
- Deferred tax liabilities	(2,486)	(2,456)	(2,401)	(30)	(85)
- Other non-current liabilities	(168)	(168)	(169)	0	1
Sub-total	(21,812)	(20,472)	(21,556)	(1,340)	(256)
Fixed Operating Capital	191,355	191,566	174,277	(211)	17,078
Total Uses	171,808	165,715	153,370	6,093	18,438

SOURCES <i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	As at 30.06.2018	Change	
				31.03.2019 31.12.2018	31.03.2019 31.03.2018
Net financial (debt) position	(5,132)	7,995	12,189	(13,127)	(17,321)
- Share Capital	(90,314)	(90,314)	(90,314)	0	0
- Reserves	(66,941)	(65,469)	(67,050)	(1,472)	109
- Profit (loss) for the period	(9,421)	(17,927)	(7,302)	8,506	(2,119)
Group Shareholders' equity	(166,676)	(173,710)	(164,666)	7,034	(2,010)
Minority Interests	0	0	(893)	0	893
Total Shareholders' Equity	(166,676)	(173,710)	(165,559)	7,034	(1,117)
Total Sources	(171,808)	(165,715)	(153,370)	(6,093)	(18,438)

The Group statement of financial position indicates a reduction in **operating net working capital** at June 30, 2019 compared to December 31, 2018 from -Euro 25.6 million to -Euro 19.5 million, due to the absorption

of resources from the higher receivables and the parallel reduction in payables. The increase in trade receivables is due both to the higher revenues and the slowing of collection times. This is also due to the increase in the receivable for passenger boarding fee surtaxes within the “other receivables” account.

Operating net working capital also contracted against the first half of 2018, although to a more contained extent (-Euro 1.4 million). The increase in receivables is in fact mainly offset by higher payables. The first impact is largely due to the increase in trade receivables and passenger boarding fee surtaxes; similarly to the previous comparison, also against the first half of 2018, receivables increased due to higher revenues and increased days sales outstanding. On the other hand, the increase in payables is mainly due to the payable counter-entry of the above surtax, in addition to the payable to the State for the concession fee and the Fire Prevention Service contribution.

Operating fixed capital rose mainly due to the increase in fixed assets, as a result of the advancement of the Group's investment plan and the recognition from January 1, 2019 of the right of use on leased assets following the initial application of IFRS 16 for Euro 2.4 million.

At June 30, 2019, **Consolidated and Group Shareholders' Equity** amounts to Euro 166.7 million, compared to Euro 173.7 million at December 31, 2018, against a negative **net financial position** of Euro 5.1 million. The Shareholders' Meeting of the parent company of April 29, 2019, in addition to approving the 2018 Annual Accounts, approved the distribution of a dividend from the 2018 profit of Euro 16.2 million.

3.4 INDICATORS

The Directors deemed the Group's major income statement and statement of financial position indicators at and for the period ended June 30, 2019 to be immaterial due to their interim nature.

3.5 INVESTMENTS

Investments in the first half of 2019 totalled Euro 7.4 million, both in execution of the airport Masterplan and in support of airport operations.

The state of progress of the main investments in the Masterplan is illustrated below:

- **Terminal extension:** the executive design phase of the terminal extension is currently ongoing;
- **New De-icing apron and building:** construction of the de-icing apron is ongoing;
- **New Multi-storey Car park:** the executive design phase for the construction of the new multi-storey car park concluded;
- **Lot III aircraft parking extension:** the new aircraft apron construction project is in the executive design phase;
- **People Mover:** the pedestrian walkway linking the airport station and the terminal was tested;
- **Cargo building:** the executive design was approved by ENAC and the process to assign works initiated.

Further to the Masterplan investments, others focused on airport operations and the improvement of the service offered to passengers, in addition to boosting the efficiency of company processes. In particular, the following interventions concluded:

- new shift operating personnel changing rooms;
- new Police booths to speed up passport control, both in the boarding and Non-Schengen arrivals areas;
- new “Corner PRM” dedicated to “Reduced Mobility Passengers” awaiting assistance from staff or to board aircraft.

Provisions for renewal

The total cyclical renewal and maintenance works on the airport infrastructure and plant under concession at June 30, 2019 was **Euro 0.7 million**.

We indicate in particular the beginning of the executive design on the replacement of the "Cava Olmi" rainwater runoff detention basin, the installation of new public information monitors and the replacement of elevators and of the obsolete UTA unit.

3.6 PERSONNEL

Workforce breakdown

	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change	% Change
Full Time Equivalent average workforce	489	460	29	6%
Executives	10	10	(0)	0%
Managers	32	29	3	10%
White-collar	349	328	21	6%
Blue-collar	98	93	5	6%

	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change	% Change
Average workforce	541	501	40	8%
Executives	9	10	(1)	-10%
Managers	32	29	3	10%
White-collar	398	365	33	9%
Blue-collar	102	97	5	5%

Source: Company workings

The increase in the workforce of 29 full-time equivalent employees compared to H1 2018 mainly relates to the hiring of staff to cope with operations related to the higher traffic numbers, such as security and terminal personnel, but also for the development of a number of staffing areas.

Costs

	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change	% Change
Personnel costs	14,950	13,809	1,141	8.3%

The increase in personnel costs of 8.3% compared to the same period of 2018 is mainly due to the expanded workforce, as described above, in addition to normal salary increases.

TRADE UNION RELATIONS

During the first half of 2019, trade union agreements were signed, reflecting the Group's focus on the issues of welfare and social responsibility:

- the existing company welfare system was extended, ahead of the renewal of the Collective Bargaining Agreement and possible consequent amendments or supplements, increasing the amounts available to each open-ended contract employee;
- the "hours bank" (banca solidale) was introduced according to the means set out in the regulation, for the granting of holidays, leave and hours to colleagues with underage children with challenging conditions;
- a policy was drawn up to support single parent families (families whereby one parent is the sole guardian of one or more children).

Following the local and domestic level negotiations and despite the discussions still ongoing for the renewal of the national contract, on May 30, 2019 an agreement was signed between Assaeroporti and the Trade Unions stipulating the extension of the option to sign seasonal contracts until 31/12/2019, ahead of their regulation under the Collective Bargaining Agreement.

TRAINING OF PERSONNEL

In the first half of 2019, training spend increased on the first half of the previous year due to the undertaking of a number of major projects.

Training featured, in addition to specific regulatory update courses in a number of areas, obligatory training for the Prevention and Protection Service and the Security area.

In particular, for the Security area, a course was provided through a certified ENAC instructor for the "Recognition of Explosives", in addition to the "Human Factors" course to improve awareness with regards to the impact of the human factor on overall global aviation security.

A "Big Data" masters was introduced to the ICT area, in order to acquire the policies, instruments and capacity to develop applied solutions for the interpreting of data, which has become a critical competitive resource for businesses, in addition to a "Leadership and action" masters for the acquisition of people management skills, particularly for those new to this role.

The "PM in Action" course was almost completed, with 35 classroom participants from various company departments, in order to define and create uniformity for the PM (Project Manager) role at the company, with a focus on methodological, organisational, relationship-building and technical-specialist skill sets.

Finally, during the period significant investment was made in soft skills e-learning development and incentivisation targeting all personnel.

4 MAIN NON-FINANCIAL RESULTS

4.1 THE ENVIRONMENT

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

The Parent Company, through the Regional Agreement for a Low-Carbon Airport, signed with regional authorities in 2015, has committed to perform work with a total cost of Euro 6.5 million. These investments will be carried out over a period consistent with the timeframe for implementation of the airport Master Plan.

During the first half of 2019, together with the local Bodies and in compliance with the VIA Decree, the acoustic monitoring plan for sensitive receivers in the municipal area was drawn up. In addition, the definitive design of the woodland to the north of the airport was concluded.

4.2 AIRPORT INFRASTRUCTURE DEVELOPMENT

In the first half of 2019, the process for the approval of the update to the Masterplan continued, with the preliminary activities to the conference of services which is expected to begin in the second half of the current year. In addition, the development of the executive design of the initial phase of the existing terminal extension began, which is one of the main components of the Masterplan and involves an expansion of over 24,000 sq.m. of the current departures lounge, with a new pier and new central area available to passengers, alongside new commercial spaces. During the same period, various projects to improve the airport's capacity to handle passenger traffic volumes and the ever-increasing number of aircraft movements concluded.

4.3 QUALITY

As part of its development strategies, Bologna airport combines a strong focus on passengers' needs with a vision open to new trends in the industry. The Group's goal is to offer passengers airport infrastructure and services that make the travel experience as pleasant as possible.

The Bologna Airport service quality results in the first half of 2019 indicate high-performance levels both in terms of that provided and perceived, proving the efficacy of the containment and improvement actions introduced by the company against the significant increase in the traffic in the period.

In particular, waiting times improved both for check-in and for security controls, while baggage delivery times remained stable. Satisfaction with cleaning levels, which were already very high, improved further in terms of the parameters considered.

Key Quality Indicators		January – June 2019	January-June 2018
Overall satisfaction	% of satisfied passengers	97.3%	98.3%
Service regularity and speed	% of satisfied passengers	96.8%	97.2%
General cleaning level perception	% of satisfied passengers	98.9%	98.1%
Toilet cleanliness and functionality level perception	% of satisfied passengers	95.9%	95.6%
Check-in queue waiting	Time in 90% of cases	12'51"	13'51"
Waiting time for baggage screening control	Time in 90% of cases	5'14"	6'44"
First/last bag return time from aircraft block-on (from system)	First bag (time in 90% of cases)	23'59"	24'00"
	Last bag (time in 90% of cases)	30'41"	32'00"

Source: Company workings

Also within the framework of the Airport Service Quality programme of ACI World, Bologna maintained its satisfaction levels. Overall satisfaction was in fact excellent (3.85), improving on the first quarter of the year (3.80) and on the same period of 2018 (3.81). The courtesy and professionalism of staff were confirmed as strengths at Bologna Airport, in addition to passenger information and way finding and the security control process.

5 REGULATORY FRAMEWORK

5.1 CONTINUITY OF SERVICES PROVIDED BY ALITALIA IN EXTRAORDINARY ADMINISTRATION

In relation to the extraordinary administration of Alitalia - Società Aerea Italiana S.p.A., regarding which reference should be made to the Directors' Report in the 2018 Annual Accounts, on June 27, 2019, the eighth partial state of liabilities regarding mainly the financial institutions was filed. The final statement of liabilities filing is currently awaited, concerning all creditors, including the airport management companies, which should result in a formalisation of the amount of Alitalia SAI liabilities admitted to the extraordinary administration procedure. In addition, in view of Article 37 of "Growth Decree" No. 34/19, which provides for the creation of a Newco to which the assets of the carrier shall be assigned, a further write-down of the residual receivable from Alitalia in Extraordinary Administration was made.

5.2 IRESA

The IRESA - regional tax on airplane noise emissions - was instigated as a tax by the Emilia-Romagna Region through Regional Law No. 15 of December 21, 2012 (BUR 285/2012), Articles 12-18. The regulation for this tax was subsequently suspended for an undetermined period by Regional Law No. 28 of December 20, 2013.

During the period and more precisely on June 27, 2019, Regional Law No. 8 introduced amendments to the law setting up the IRESA, establishing application from January 1, 2020 and amending the assessable base of the tax, which is no longer calculated only on the basis of the maximum take-off weight (MTOW) and the level of aircraft sound emissions, but also by considering the day/night-time bracket of the movement, the type of propulsion (propeller or jet) and the aircraft's take-off and landing direction. A number of applicational parameters of the tax are still being defined as requiring a subsequent motion of the Regional Council.

The IRESA is paid by the airlines to the airport manager, which is thereafter reversed to the Emilia Romagna Region, with the means for reversal and sending and the composition of sums to be decided by a subsequent convention. The funds shall be allocated, net of the above-mentioned convention costs, to the completion of the acoustic monitoring system and acoustic anti-pollution, in addition to further investments and/or indemnities for the residents in zones A and B in the airport's surrounding area as defined by the Environmental Ministry Decree of October 31, 1997.

At the date of this report, given the role of the airport manager, the Parent Company has commenced discussions with both the Emilia Romagna Region and with the Bologna Airport Stakeholders Committee, so that the system of all counterparties to the provision is able to correctly manage the new tax on the scheduled date of entry into force.

ADB still has reservations regarding the IRESA tax given the non-uniform imposition of this tax nationally, which potentially may impact competitiveness for the management company of "Guglielmo Marconi" airport, and in further considering the complexity of the calculation of the assessable base introduced by the new text of Article 16 of the establishing law which requires the collection and management of additional data related to aircraft traffic (e.g. type of propulsion, take-off and landing route), which is currently not available to the airport manager.

5.3 BREXIT

Law No. 41 of May 20, 2019 converting Legislative Decree No. 22 of March 25, 2019, was published in the Official Gazette of 24/05/2019, regarding urgent measures to ensure security, financial stability and market integrity, and to protect the health and freedom of movement of citizens of Italy and the United Kingdom in the event of the withdrawal of the latter from the European Union" (the "Brexit Decree").

Article 17-ter, in introducing provisions on airport tariffs, requires that EU airport charges will continue to apply to passengers travelling from Italian airports to the United Kingdom, on the condition of reciprocity,

from the date of Brexit up to the date of entry into force of a global agreement governing the provision of transport services with the United Kingdom, or, failing that, until 30/03/2020.

5.4 BOARDING FEE SURTAXES

Article 26 of Legislative Decree No. 4/2019 (Air transport and airport system solidarity fund), converted with amendments by Law No. 26/2019, postpones to January 1, 2020 the transfer to the INPS (management of assistance) of the Euro 3 portion of the municipal boarding fees surtax (as per Article 6-quater, paragraph 2 of Legislative Decree 7/2005), contributed until December 31, 2018 to the Solidarity Fund for the air transport sector and the airport system. For 2019 however, the rule establishes that only 50% of these sums shall continue to support the solidarity fund for the sector, with the remaining 50% transferred to the INPS' assistance and pension management. Paragraph 3 repeals the increase in the boarding fees surtax of 0.32, established by Legislative Decree 113/2016 and which would have entered into force, only for 2019, from February 4, 2019.

5.5 REGULATORY AGREEMENT

The current year 2019 is the last year of the four-year 2016-2019 Regulatory Agreement between Ente Nazionale per l'Aviazione Civile (hereafter "ENAC") and Aeroporto Guglielmo Marconi di Bologna S.p.A. (hereafter "AdB").

The parent company therefore initiated in the first half of 2019 negotiations and preliminary activities with ENAC for the drafting of the Regulatory Agreement for the 2020-2023 four-year period and for the launch of the process, together with the airport users and in accordance with the TAR Model, for the calculation of the airport "tariffs" for the same four-year period. AdB therefore presented to ENAC the 2020-2023 four-year plan, including the Investments Plan, the traffic forecasts and the Economic and finance plan - the Environmental protection and quality plan. Following ENAC and TRA authorisation, AdB in addition began the Consultation process with airport Users, which will conclude with the "Public Hearing" of September 12, 2019.

5.6 CLIMATE CHANGE IN VIEW OF THE 2050 COMMITMENT TAKEN AT ACI HEADQUARTERS

The parent company complies with the sustainability line proposed by ACI Europe - the European airport sector association and representing Europe at the International Airports Council, of which AdB is a member - in committing to "net zero carbon emissions from airport operations" by 2050. More precisely, ACI Europe has drafted a resolution which on the one hand requires the EU and the governments of the member states to speed up the transition to clean energy use - guaranteeing therefore airports the possibility of achieving the objective at competitive conditions - while on the other hand opening up a dialogue with air sector stakeholders, confirming the objectives of the "Aviation Industry Commitment to Action on Climate Change" programme of 2018 and enabling its realisation, through common commitment, vision and planning, in order to deliver an overall net zero carbon emissions air transport system.

For further details on the regulatory framework, as there were no further significant changes upon that commented upon in the 2018 Directors' Report, reference should be made to this document for additional information.

6 DISPUTES

6.1. FIRE PREVENTION FUND

In relation to the contribution to the Fund set up by the 2007 Finance Act in order to reduce the cost to the State for the organisation and provision of the **fire prevention service** at Italian airports, the Parent Company promoted, in 2012, a specific judicial action before the Rome Civil Tax Court, substantially requesting the Judge to ascertain and declare the cessation of the obligatory contribution following the

change in the purpose of the afore-mentioned Fund, i.e. from January 1, 2009. In fact, from that date the resources accumulated in the Fund were allocated to the generic requirements of the public purse and civil defence, as well as for financing salary increases of the Fire Prevention Service.

Currently the Rome Court, following a series of postponements and suspensions deriving from the systematic reassignment of the case to different judges, has not outlined its conclusions. However with the existence, over the years, of a consolidated jurisprudence (*ex pluris* Rome Provincial Tax Court No. 10137/51/2014 - passed into Law - and Rome Provincial Tax Court No. 2517/2019) sealed by the pronouncement of the Court of Cassation No. 3162 of February 1, 2019 which affirmed: i) the nature of the contribution to the Fire Prevention Fund, ii) the consequent competent tax jurisdiction, iii) the non-obligation to pay the tax from 2009, due to the non-applicability of its original legislative purpose, the Company is awaiting a definitive pronunciation of non-competence by the civil judge.

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

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

The Company therefore appealed (RG No. 2020/18), fully outlining its defence and invoking, preliminarily, the clear lack of jurisdiction of the Bologna Court. On March 25, 2019, the judge appointed by the Court of Appeal filed an extremely positive order (No. 1718/2019 of 18/03/2019) which should definitively conclude the actions taken at the Court of Bologna against the company, by which the presented appeal was declared inadmissible, judging expenses against the Tax Administration.

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

The current legal scenario allows for a more positive evaluation of the entire issue concerning the Fire Prevention Fund but, while awaiting a future direct recognition of the principles embodied in a uniform manner by the recent key judgements (see Regulatory Framework Chapter 2018 Annual Accounts), there are no new judicial or extrajudicial issues arising with direct effects on the Parent Company, such as to result in a change in the treatment in the financial statements of the contribution to the Fire Prevention Fund.

6.2 EXTRAORDINARY RE COURSE TO THE HEAD OF STATE IN RELATION TO REGULATORY AGREEMENT FRAMEWORKS

On the basis of the fact that with motion No. 20 of October 2, 2018, ENAC approved the new Regulatory Agreement framework (not previously subject to consultation) without communicating such to the management companies or the sector association (Assaeroporti), and in assessing the potential critical nature and even the nullity of one of the clauses of the new framework which the parent company was only informally informed of on April 3, 2019, AdB proposed on July 31, 2019 an extraordinary appeal against the Head of State, as per Article 8 of Presidential Decree No. 1199 of November 24, 1971, for the full protection of its legal positions regarding the clauses considered illegitimate and which may potentially harm the manager of Bologna airport.

7 MAIN RISKS AND UNCERTAINTIES

In accordance with the disclosure requirements set out in Article 2428, paragraph 2, No. 6-bis, the Group holds financial instruments which are not significant in quantitative terms. Investment choices are based on:

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

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

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

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

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

Finally, the Group's **credit risk** is concentrated, in that 49% of its accounts receivable are claimed from its top ten clients. This risk is offset through specific trade payable management and control tools and procedures, in addition to adequate provisioning for doubtful accounts, according to the principles of prudence and in compliance with the accounting standards IFRS 15 and IFRS 9, which strengthens the *ex ante* analysis approach, rather than existing receivable recovery, in the credit risk assessment processes.

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

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

Risks related to a dependence on Ryanair traffic volumes

Group operations are significantly based on relations with the leading airlines at the airport and to which the Group offers its services, including - in particular - Ryanair. Due to the large proportion of total passenger flights at the airport operated by Ryanair, the Group is exposed to the risk that the airline may scale back or discontinue entirely its operations at the airport. Ryanair passengers accounted for 46.3% of the airport's total traffic volumes in H1 2019. AdB and Ryanair strengthened their partnership on October 27, 2016 by entering into a long-term agreement set to expire in 2022, whereby they undertook to increase the number of destinations served by Bologna airport, in addition to achieving a consistently high standard of service due to the airport's continuing investments and the airline's "Always Getting Better" programme. The agreement lays out a scheme relating to the airport's traffic development policy and Ryanair's commitment to abide by it, in addition to a contractual safeguard mechanism that ensures that the objectives will be met. Although in the Company's opinion Bologna airport is of strategic importance to the airline, it is still possible that Ryanair may decide to change the routes served, significantly reducing or discontinuing entirely its flights at the airport, or that at some point in the future the agreement might not

be renewed, in whole or in part, or might contain conditions less favourable for the Group. Any reduction or stoppage of flights by the afore-mentioned airline or the stoppage or change to flights with other destinations with high passenger traffic volumes may impact - even to a significant degree - the Group financial statements. In the light of the interest shown by low-cost carriers in Bologna airport and of general traffic development at the airport, the Company believes that the Group could reasonably weather a possible discontinuation or limitation of flights by Ryanair through the possible redistribution of passenger traffic to the other airlines operating at the airport and the airport's ability to attract new carriers. However, there remains the possibility that if a significant period of time were to elapse from the discontinuation of flight operations and the partial or complete replacement of the lost flights by other carriers, or if such replacement were to prove more difficult than expected or wholly or partially infeasible, such a discontinuation or reduction of flights could have an adverse effect, including to a material degree, on the Group's financial performance and financial position.

Risk related to the effect of incentives on revenue margins

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

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

Risks related to implementation of the Action Plan

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

Risks concerning the regulatory framework

The Aeroporto Guglielmo Marconi di Bologna S.p.A. Group's core business involves acting as concession holder operating under special exclusive rights to the Bologna airport grounds. Primarily for this reason, it operates in an industry that is highly regulated at the domestic, supranational and international levels. Any change to the regulatory framework (and in particular any changes in relations with the state, public bodies and sector authorities, the determination of airport fees and the amount of concession fees, the airport tariff system, the allocation of slots, environmental protection and noise pollution) may impact operations and Company and Group results.

With regards to the **Brexit effect**, the potential economic and social repercussions may not be easily foreseen, particularly with regards to air transport. To date however, no communications regarding changes to the operating schedules of airlines at Bologna airport with regards to Brexit have been received.

The introduction of the IRESA (see paragraph 5.2) from January 1, 2020 on airports in the Emilia-Romagna Region - although not directly regarding the AdB Group as the tax is upon the airlines - potentially damages the competitiveness of the Group given the non-uniform imposition of this tax in neighbouring regions.

Finally, **Regulation EU 2015/1998 concerning the security equipment for checked baggage security controls** establishes that such should satisfy "standard 3" from September 1, 2020. Reference should be made to Note 30 of this report for additional information on the economic commitment which this regulatory adjustment imposes on the company.

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

With regards to the preparation of the condensed consolidated financial statements at June 30, 2019, as indicators of impairment as defined by IAS 36 are not evident and considering that Group economic-financial performances are in line with the 2019-2044 economic-financial forecast drawn up by the Board of Directors and utilised in the impairment tests at December 31, 2018 and in previous years, impairment tests were not carried out as no such indicators have emerged in terms of the Concession rights recognised at June 30, 2019.

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

When preparing the Group's Consolidated Financial Statements, the concession rights were tested for impairment in accordance with IAS 36. The impairment test performed did not identify any impairment of the carrying amounts of the concession rights in 2018 and no impairment losses were therefore recognised on the assets concerned.

Seasonality of revenues

Due to the cyclical nature of the sector in which the Group generally operates, higher revenues and operating results are expected in the third quarter rather than in the first and final quarters of the year. Higher revenues are concentrated in June-September, during the peak summer vacation period experiencing maximum usage levels. In addition, there is a strong business passenger component, due to the characteristics of the local business community and the presence of internationally renowned trade fair events, which offsets the seasonal peaks of tourist activity. Accordingly, financial performance figures for interim periods may not be representative of the Group's financial performance and financial position situation at the annual level.

8 ALTERNATIVE PERFORMANCE INDICATORS

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

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

information or financial statements within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.

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

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

9 GUARANTEES PROVIDED

The following table summarises the guarantees granted by the Group.

in thousands of Euro	at 30/06/2019	at 30/06/2018	Change	Change %
Sureties	7,573	6,348	1,224	19.3%
Pledge on Equity Financial Instruments	10,873	10,873	0	0.0%
Patronage letters	3,523	2,057	1,466	71.3%
Total guarantees provided	21,968	19,278	2,690	14.0%

At June 30, 2019, the guarantees granted by the Group total approx. Euro 22 million and principally concern:

- sureties, mainly:
 - o to ENAC (the Italian Civil Aviation Authority) pursuant to the Full Management Agreement (Euro 5.4 million);
 - o to Marconi Express S.p.A. for the proper fulfilment of the obligations assumed by the Parent Company by entering into the incentive agreement dated September 30, 2016 (Euro 0.87 million). This guarantee, as AdB paid the final quota of the Equity Financial Instrument in December 2018, is in the formal settlement phase;
 - o to the Bologna Customs Agency for various custom deposits of the subsidiary Fast Freight Marconi Spa totalling Euro 1.15 million. For these latter there is a co-obligation of the Parent Company for a similar amount;
- a pledge of the equity financial instrument issued by Marconi Express S.p.a. and subscribed for by the Parent Company for a nominal value of Euro 10.87 million, securing the obligations of Marconi Express to the credit institutions that financed the People Mover project, fully settled at June 30, 2019;
- a letter of patronage concerning the mortgage loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena), equal to the residual principal, which at the end of the period amounted to Euro 3.5 million.

10 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

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

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

Traffic performance and launch of new connections

The airport reported 917,800 passengers for July 2019, up 8.7% on the same month of 2018. Air movements also rose (+7.2%, 6,867), whereas total air cargo transported remained substantially unchanged compared to the previous year (+0.1%), for a total of 3,753 tonnes.

In the initial seven months of 2019, overall passengers at Marconi numbered 5,360,724, up 10.1% on 2018. Movements were up 8.5% (42,152), while cargo slightly declined (23,201 tonnes, -2.5%).

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

- Air Serbia launched on July 16 a new flight to Nis, with 2 weekly frequencies;
- Ryanair will launch new flights to:
 - Santander, with 2 weekly flights from October 28;
 - Katowice, with 2 weekly flights from October 29;
 - Tel Aviv, with 2 weekly flights from October 29;
 - Fuerteventura, with 1 weekly flight from November 2;
- Air Albania will launch new flights to Tirana, operating 4 times per week, from September 30.

Finally, the Ryanair flights to Podgorica and Bordeaux (with 2 weekly flights) and Crotone and Marseilles (with 3 weekly flights) shall become annual flights from Winter 2019/2020.

Favourable opinion from ENAC on 2020-2023 four-year plan

With provision No. 83886/P of July 15, 2019, the National Civil Aviation Authority (ENAC) expressed a favourable opinion on the documentation for the 2020-2023 four-year plan presented by AdB s.p.a., including the Investments Plan, the traffic forecasts and the Economic and finance plan, in addition to the Environmental protection and quality plan.

AdB s.p.a. is therefore permitted to begin the institutional contact with the Transport Regulation Authority and the airport users in relation to, among other issues, the proposal to review the airport charges and service levels agreement (SLA) for the 2020-2023 period.

Launch of the update of airport charges procedure for the 2020-2023 period

The Transport Regulation Authority on July 31, 2019 approved the launch of the process to verify compliance with the governance Models for airport charges, approved with motion No. 92/2017 of July 6, 2017, for G. Marconi Airport of Bologna, on the basis of the charges review proposal for the 2020-2023 period presented by AdB S.p.A., which stipulates the launch of the consultation process between the manager and airport users on August 2, 2019.

As part of the user consultation process, in addition to the proposal to review the regulated tariffs and the service levels of the airport for the 2020-2023 four-year period, the update to the PRM fee will be presented (assistance to reduced mobility passengers, set out by Regulation EU 1107/2006 and by ENAC Guidelines 2018/001 of 9.8.2018).

The Public User's hearing shall be held on September 12, 2019.

Communication of the launch of the process, together with the framework regulation and the documentation available to Users, were published on August 2, 2019 in the specific section of AdB S.p.A.'s website.

People Mover

In relation to the entry into service of the monorail People Mover connection between the airport and Bologna central station, Marconi Express Spa announced that on August 1 the company was awaiting authorisation for the initiation of the final fifteen days of pre-entry into service, following which the infrastructure will be open to the public.

Inter-company and other related party transactions

Reference should be made to the specific paragraph of the Notes to the consolidated financial statements at June 30, 2019 for information concerning transactions undertaken during the period with subsidiaries, associates and related parties.

Business Outlook

Although within an international and domestic framework featuring a number of divergent risk factors (the introduction of customs charges, Brexit, political instability), the first half of 2019 - thanks to strong traffic performances - bode well for the remainder of the year.

Against this backdrop, the company will take all measures necessary to roll out the investments set out in the Master Plan and the regulatory agreement, to ensure that infrastructural capacity keeps pace with expected traffic development. In the coming months of 2019, a focus shall remain on initiatives boosting service quality and operational efficiency.

*The Chairman of the Board of Directors
(Enrico Postacchini)*

Bologna, September 2, 2019

Consolidated Financial Statements for the period ended June 30, 2019

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

Statement of Consolidated Financial Position

<i>in thousands of Euro</i>	Note	As at 30.06.2019	As at 31.12.2018
Concession rights		170,358	166,292
Other intangible assets		2,118	2,059
<i>Intangible assets</i>	1	172,476	168,351
Property, plant and equipment		16,100	15,135
Investment property		4,732	4,732
<i>Tangible assets</i>	2	20,832	19,867
Investments	3	43	43
Other non-current financial assets	4	12,208	16,205
Deferred tax assets	5	6,180	6,108
Other non-current assets	6	1,428	1,464
<i>Other non-current assets</i>		19,859	23,820
<i>NON-CURRENT ASSETS</i>		213,167	212,038
Inventories	7	545	594
Trade receivables	8	17,870	14,272
Other current assets	9	6,442	4,661
Current financial assets	10	0	13,449
Cash and cash equivalents	11	16,530	15,762
<i>CURRENT ASSETS</i>		41,387	48,738
<i>TOTAL ASSETS</i>		254,554	260,776

<i>in thousands of Euro</i>	Note	As at 30.06.2019	As at 31.12.2018
Share capital		90,314	90,314
Reserves		66,941	65,469
Profit (loss) for the period		9,421	17,927
<i>GROUP SHAREHOLDERS' EQUITY</i>	12	166,676	173,710
<i>MINORITY INTERESTS</i>		0	0
<i>TOTAL SHAREHOLDERS' EQUITY</i>	12	166,676	173,710
Severance and other personnel provisions	13	4,469	4,205
Deferred tax liabilities	14	2,486	2,456
Provision for renewal of airport infrastructure	15	11,128	10,332
Provisions for risks and charges	16	1,120	1,028
Non-current financial liabilities	17	14,785	14,690
Other non-current liabilities		168	168
<i>NON-CURRENT LIABILITIES</i>		34,156	32,879
Trade payables	18	16,095	19,011
Other liabilities	19	28,309	26,367
Provision for renewal of airport infrastructure	20	1,757	1,757
Provisions for risks and charges	21	684	526
Current financial liabilities	22	6,877	6,526
<i>CURRENT LIABILITIES</i>		53,722	54,187
<i>TOTAL LIABILITIES</i>		87,878	87,066
<i>TOTAL SHAREHOLDERS' EQUITY & LIABILITIES</i>		254,554	260,776

Consolidated Income Statement

In thousands of Euro	Note	For the half	For the half
		year ended 30.06.2019	year ended 30.06.2018
Revenues from aeronautical services		30,229	26,359
Revenues from non-aeronautical services		21,075	19,660
Revenues from construction services		7,091	3,062
Other operating revenues and income		504	570
Revenues	23	58,899	49,651
Consumables and goods		(962)	(951)
Service costs		(10,075)	(10,423)
Construction service costs		(6,753)	(2,916)
Leases, rentals and other costs		(4,074)	(3,916)
Other operating expenses		(1,595)	(1,580)
Personnel costs		(14,950)	(13,809)
Costs	24	(38,409)	(33,595)
Amortisation of concession rights		(3,024)	(2,878)
Amortisation of other intangible assets		(576)	(458)
Depreciation of tangible assets		(1,423)	(1,090)
Depreciation, amortisation and impairment	25	(5,023)	(4,426)
Provisions for doubtful accounts		(350)	(61)
Provision for renewal of airport infrastructure		(1,191)	(1,186)
Provisions for other risks and charges		(208)	(154)
Provisions for risks and charges	26	(1,749)	(1,401)
Total Costs		(45,181)	(39,422)
Operating result		13,718	10,229
Financial income	27	79	412
Financial expenses	27	(598)	(317)
Result before taxes		13,199	10,324
Taxes for the period	28	(3,778)	(2,950)
Profit (loss) for the period		9,421	7,374
Minority interest profit (loss)		0	72
Group profit (loss) for the period		9,421	7,302
Undiluted earnings/(loss) per share (in Euro)		0.25	0.20
Diluted earnings/(loss) per share (in Euro)		0.25	0.20

Consolidated Comprehensive Income Statement

<i>in thousands of Euro</i>	for the half year ended 30.06.2019	For the half year ended 30.06.2018
Profit for the period (A)	9,421	7,374
<i>Other profits (losses) that will be reclassified in the net result for the period</i>		
Total other profits (losses) that will be reclassified in the net result for the period (B1)	0	0
<i>Other profits (losses) that will not be reclassified in the net result for the period</i>		
Actuarial profits (losses) on severance and other personnel provisions	(309)	49
Tax impact on actuarial profits (losses) on severance and other personnel provisions	74	(12)
Total other profits (losses) that will not be reclassified in the net result for the period (B2)	(235)	37
Total other profits (losses), net of taxes (B1 + B2) = B	(235)	37
Total comprehensive profits (losses) net of taxes (A + B)	9,186	7,411
of which Minority Interests	0	72
of which Group	9,186	7,339

Consolidated Cash Flow Statement

<i>in thousands of Euro</i>	As at 30.06.2019	As at 30.06.2018
Core income-generating operations		
Result for the period before taxes	13,199	10,324
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(338)	(146)
+ Depreciation and amortisation	5,023	4,426
+ Provisions	1,749	1,401
+ Interest expense on discounting provisions and severance	351	(265)
+/- Interest income and financial charges	168	170
+/- Losses/gains and other non-monetary costs/revenues	0	(24)
+/- Severance provisions and other personnel expenses	51	67
Cash flow generated/(absorbed) by operating activities before changes in working capital	20,203	15,953
Change in inventories	49	34
(Increase)/decrease in trade receivables	(3,948)	(723)
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	(1,727)	(1,581)
Increase/(decrease) in trade payables	(2,917)	(824)
Increase/(decrease) in other liabilities, various and financial	2,758	2,177
Interest paid	(250)	(278)
Interest collected	104	80
Taxes paid	(3,393)	(2,752)
Severance and other personnel provisions paid	(127)	(134)
Use of provisions	(703)	(712)
Cash flow generated / (absorbed) by net operating activities	10,050	11,240
Purchase tangible assets	(657)	(675)
Payment from sale of tangible assets	0	4
Purchases of intangible assets/concession rights	(6,711)	(3,811)
Proceeds on sale of intangible assets/concession rights	0	389
Purchase/capital increase of equity investments	0	0
Proceeds on sale of equity investments	0	117
Change in investment in current and non-current financial assets	17,400	12,525
Cash flow generated / (absorbed) by investment activities	10,032	8,549
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(16,220)	(14,161)
Loans received	3,000	0
Loans repaid	(5,913)	(2,911)
Payments of leasing capital share	(181)	0
Cash flow generated / (absorbed) by financing activities	(19,314)	(17,072)
Final cash change	768	2,717
Cash and cash equivalents at beginning of period	15,762	16,209
Final cash change	768	2,717
Cash and cash equivalents at end of period	16,530	18,926

Statement of changes in Consolidated Shareholders' Equity

in thousands of Euro	Share capital	Share Premium Reserve	Legal reserve	Other reserves	FTA Reserve	Actuarial profits/(losses) reserve	Profits (losses) Carried Forward	Profit (loss) for the period	Group shareholders' equity	Minority interests	Shareholders' Equity
Shareholders' Equity as at 31.12.2018	90,314	25,683	6,310	36,437	(3,272)	(821)	1,132	17,927	173,710	0	173,710
Allocation of the 2018 financial year result	0	0	860	592	0	0	16,475	(17,927)	0	0	0
Share capital increase	0	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(16,220)	0	(16,200)	0	(16,220)
Assets held-for-sale	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive profit (loss)	0	0	0	0	0	(235)	0	9,421	9,186	0	9,186
Shareholders' Equity as at 30.06.2019	90,314	25,683	7,170	37,029	(3,272)	(1,056)	1,387	9,421	166,676	0	166,676

in thousands of Euro	Share capital	Share Premium Reserve	Legal reserve	Other reserves	FTA Reserve	Actuarial profits/(losses) reserve	Profits (losses) Carried Forward	Assets held-for-sale reserve	Profit (loss) for the period	Group shareholders' equity	Minority interests	Shareholders' Equity
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
Allocation of the 2017 financial year result	0	0	752	837	0	0	14,379	0	(15,969)	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	(14,161)	0	0	(14,161)	0	(14,161)
Assets held-for-sale	0	0	0	0	0	0	0	(13)	0	(13)	0	(13)
Total comprehensive profit (loss)	0	0	0	0	0	37	0	0	7,302	7,339	72	7,411
Shareholders' Equity as at 30.06.2018	90,314	25,683	6,297	36,437	(3,222)	(877)	2,731	0	7,302	164,666	893	165,559

Notes to the consolidated financial statements

Information on Group activities

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

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

Accounting standards adopted for the Preparation of the Consolidated interim financial statements as at June 30, 2019

Basis of preparation

The condensed consolidated half-year financial statements of the Group (hereafter “the condensed consolidated half-year financial statements of the Group” or “consolidated financial statements”) were prepared for the period ended June 30, 2019 and include the comparative figures for the year ended December 31, 2018, limited to the Consolidated Statement of Financial Position and the comparative figures for the half-year January 1-June 30, 2018, limited to the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Cash Flow Statement. The consolidated financial statements were prepared under the historic cost convention, except for financial assets held-for-sale, and Intangible Assets comprising Energy Certificates, which were recognised at fair value, and in accordance with the going concern principle. The Group considers that no significant uncertainties exist (as defined by paragraph 25 of IAS 1) on the going concern.

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

The publication of the condensed half-year financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. and the two subsidiaries (the Group) for the first half of 2019 was approved by the Board of Directors on September 2, 2019.

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

The Condensed Consolidated Financial Statements at June 30 were prepared as per IAS 34 “Interim Financial Statements” including condensed notes in accordance with the above-mentioned international accounting standard and supplemented in order to provide greater disclosure where considered necessary. These Consolidated Financial Statements must therefore be read together with the Consolidated Financial Statements for the year 2018 prepared in accordance with IFRS International Accounting Standards issued by the International Accounting Standards Board (“IASB”) and prepared considering the transition date to IFRS (First Time Adoption “FTA”) as January 1, 2012.

The accounting standards and policies utilised are those adopted for the preparation of the annual financial statements at December 31, 2018 with the exception of the new accounting standards, amendments and interpretations which entered into force from January 1, 2019, applied for the first time by the Group at the obligatory effective date and summarised in this document in the paragraph “Accounting standards, amendments and interpretations endorsed by the European Union adopted by the Group”. In particular, the new standard IFRS 16 - Leasing, in relation to which reference should be made to the relative paragraph. Various other amendments and interpretations are applied for the first time in 2019, but did not impact the condensed consolidated half-year financial statements of the Group.

The Group has not adopted in advance any accounting standard, interpretation or amendment issued but not yet in effect.

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

An asset is considered current where:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held mainly for the purpose of negotiating it;
- it is expected to be realized within twelve months of the closing date of the year; or
- it comprises cash or cash equivalents, upon which no prohibition exists on their exchange or utilisation to settle a liability for at least 12 months from the reporting date.

All other assets are classified as non-current.

A liability is considered current where:

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

The Group classifies all other liabilities as non-current.

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

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

Consolidation principles

The Condensed Consolidated Half-Year Financial Statements include the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the statement of changes in consolidated shareholders' equity.

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

The consolidated financial statements at June 30, 2019 were prepared based on the financial statements of the Parent Company and its subsidiaries, directly and indirectly held, approved by the respective shareholders' meetings or executive bodies, appropriately adjusted in line with IFRS. The subsidiary companies are fully consolidated from the date of acquisition, or from the date in which the Group acquires control, and ceases to be consolidated at the date on which the Group no longer has control.

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

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

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

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

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

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

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

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

- eliminate the assets (including any goodwill) and the liabilities of the subsidiary;
- eliminate the book value of all the minority shareholdings;
- eliminate the cumulative translation reserve recorded in equity;
- record the fair value of the amount received;
- record the fair value of any holding maintained in the former subsidiary;
- record the profit or loss in the income statement for the period;

- reclassify the share of the Parent Company of any items previously recorded in the statement of comprehensive income to the income statement or profits/(losses) carried forward, as required by specific accounting standards, as if the Group had directly sold the related assets or liabilities.

The consolidation scope has not changed since December 31, 2018.

The following table summarises the information on the subsidiaries at June 30, 2019 and December 31, 2018 in terms of the Group's direct and indirect holding.

<i>in thousands of Euro</i>	<i>Currency</i>	<i>Share capital</i>	<i>as at 30.06.2019</i>	<i>as at 31.12.2018</i>
Fast Freight Marconi S.p.a. Società Unipersonale	Euro	520	100.00%	100.00%
Tag Bologna S.r.l. Società Unipersonale	Euro	316	100.00%	100.00%

The following table summarise the information on the associated companies at June 30, 2019 and December 31, 2018 in terms of the Group's direct and indirect holding.

<i>in thousands of Euro</i>	<i>Currency</i>	<i>Share capital</i>	<i>as at 30.06.2019</i>	<i>as at 31.12.2018</i>
Ravenna Terminal Passeggeri S.r.l.	Euro	54	24.00%	24.00%

The Share Capital of the associated company Ravenna Terminal Passeggeri Srl, of Euro 165 thousand at December 31, 2018, was reduced due to losses to Euro 54 thousand by the Shareholders' Meeting of May 16, 2019. This transaction had no impact on the consolidated financial statements of the AdB Group as the value of the investment was fully written down in previous financial years.

Accounting policies

Business combinations and goodwill

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

When the Group acquires a business, the financial assets acquired or liabilities assumed under the agreement are classified or designated in accordance with the contractual terms, the economic conditions and the other conditions at the acquisition date. This includes the verification to establish whether an embedded derivative must be separated from the host contract.

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

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

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

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

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the disposal. The goodwill associated to assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash generating unit.

Investments in associates and joint ventures

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

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

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

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

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

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

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

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

Conversion of accounts in foreign currencies

Transactions and balances

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

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

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

Intangible assets

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

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

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

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

The amortisation of definite intangible assets is recorded in the income statement.

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

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

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

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

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

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

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

In accordance with the new Article 703 of the Navigation Code (Article 15-quinquies, paragraph 1, Legislative Decree No. 148 of October 16, 2017, converted with amendments by Law No. 172 of December 4, 2017), AdB, as an airport manager, shall receive on conclusion of the concession a fee equal to the residual value (Terminal Value) of the investments made on the concession areas, calculated according to the regulatory accounting rules.

The Parent Company is undertaking a detailed analysis on the Terminal Value regulation both from a legal and accounting viewpoint. Considering that these assessments are still ongoing and that the impact of the Terminal Value at December 30, 2019 is not significant, the Group opted not to state this in the financial statements while awaiting the conclusion of the detailed analysis in progress.

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

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

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

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

Tangible assets

Tangible assets are initially recognised at purchase price or construction cost and includes the price paid to acquire or construct the asset (net of discounts) and any directly attributable costs to the acquisition and necessary for the asset to enter into service.

Land, both constructible and relating to civil and industrial buildings, is accounted for separately and is not depreciated in that it has an indefinite useful life.

Tangible fixed assets are presented net of accumulated depreciation and any losses in value, calculated as described below. Depreciation is calculated, on a straight-line basis, based on the estimated useful life. Where a tangible fixed asset comprises a number of significant components with differing useful lives, the depreciation is carried out separately for each component. Land is not depreciated and fixed assets held-for-sale are valued at the lower of the subscription value and the fair value net of selling costs.

The depreciation rates used are as follows:

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

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

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

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

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

Investment property

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

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

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

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

Impairment of non-financial assets

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

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

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

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

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

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

Concession rights

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

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

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

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

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

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

Financial assets

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

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

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

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

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

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

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

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

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

The Group does not hold at June 30, 2019 and did not hold during 2018 derivative financial instruments.

Loans and receivables

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

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

Fair value

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

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

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

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

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

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

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

Construction and service contracts work-in-progress

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

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

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

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

The balancing entry for such revenues from construction services is the airport concession taken to concession rights among intangible assets, as discussed in the relevant section.

Inventories

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

Cash and cash equivalents

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

Employee benefits

The benefits guaranteed to employees paid on the conclusion of employment (leaving indemnity) or other long-term benefits (e. g. non-competitive agreements, long-term incentive plans) are recognised in the period the right matures.

The liability, net of any plan assets, is calculated on the basis of actuarial assumptions and is recorded by the accrual method consistent with the years of employment necessary to obtain such benefits. The liability is calculated by independent actuaries utilising the projected unit credit method.

The amount not only reflects the payables matured at the consolidated balance sheet date but also the future salary increases and related statistical data.

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

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

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

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

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

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

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

Provisions for risks and charges

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

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

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

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

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

Provision for renewal of airport infrastructure

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

Trade payables and other non-financial liabilities

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

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

Loans

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

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

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

Financial guarantee liabilities

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

Derecognition of financial liabilities

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

Recognition of revenues

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

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

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

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

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

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

Recognition of costs and expenses

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

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

Taxes for the period

Current income taxes

Current income taxes are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as at the reporting date of the consolidated financial statements. Current income taxes relating to items recorded directly in equity are charged directly to shareholders' equity and not to the income statement. The Directors periodically assess the positions assumed in the income tax returns where the fiscal regulations are subject to interpretations and, where appropriate, record appropriate provisions.

Deferred taxes

Deferred taxes are calculated using the liability method on temporary differences between values used for fiscal purposes and the assets and liabilities reported in the present consolidated financial statements. The deferred tax liabilities are recorded against all temporary taxable differences, with the exception of:

- the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the year's profit calculated for purposes of the Financial Statements or on profit or loss calculated for tax purposes;
- the reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recognised on all temporary differences and fiscal losses carried forward to the extent of the probable existence of adequate future tax profits that can justify the use of deductible temporary differences and fiscal losses carried forwards, except:

- when deferred tax assets relate to the temporary differences deriving from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the year's profit calculated for the purposes of the Financial Statements or on profit or loss calculated for tax purposes;
- in the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognised to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilise such temporary differences.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent it is unlikely that sufficient tax profits will be available in the future, so that some or all of the asset may be used. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the tax profit is sufficient to permit such deferred tax assets to be recovered.

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

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

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

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

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

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

Indirect taxes

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

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

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the financial statements as receivables or payables.

Earnings per share

Undiluted

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

Diluted

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

Dividends and distribution of assets other than Cash and Cash Equivalents

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

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

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

Listing costs

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

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

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

Cash Flow Statement

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

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

From 2019 the following new accounting standards, amendments and interpretations, revised by the IASB, entered into force:

IFRS 16 – Leasing

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

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

The AdB Group has underwritten leasing contracts as lessor with the sub-license of airport areas and spaces to its customers and also has undertaken leasing contracts as lessee for equipment, plant, machinery, automotive vehicles and land.

The Group chose to apply the standard retrospectively from January 1, 2019 (modified retrospective method) and also utilised the exceptions proposed by the standard on leasing contracts which, at the date of initial application, have a duration of equal to or less than 12 months and which do not contain a purchase option ("short-term leasing") and on leases whose underlying asset is of a low value ("low value asset"). From the lessor's viewpoint, there are no changes in the new standard compared to the previous accounting method. In terms of the lessee, for leases classified previously as operating leases, the Group recorded the lease liability at the present value of the remaining payments due, discounted using the incremental borrowing rate of the lessee at the date of initial application, and recording the right-of-use asset for an amount equal to that of the liability. In particular, the net assets recognised at the date of initial application amount to Euro 2.1 million and the lease liabilities to Euro 2.1 million. Consequently, no cumulative effects have been accounted for as adjustments to opening equity, nor have the figures from the comparative period been restated.

The difference between the commitments at December 31, 2018 concerning operating leases and rentals and the liabilities from the impact of IFRS 16 is outlined below:

<i>Finance lease liabilities reconciliation table</i>	<i>in thousands of Euro</i>
Operating lease charges at December 31, 2018	2,519
Discounting effect at January 1, 2019	80
<i>Operating lease charges discounted at January 1, 2019</i>	<i>2,439</i>
Short-term lease charges	(55)
Low value asset lease charges	(19)
Charges concerning leases previously classified as finance leases	0
Expenses for any extensions not recorded at December 31, 2018	0
<i>Lease liabilities at January 1, 2019</i>	<i>2,365</i>

In addition, the 2019 first half figures include the following impacts from the introduction of the new accounting standard:

- ✓ depreciation increased by Euro 291 thousand and concerns right-of-use assets on land, equipment and vehicles, as set out in note 2;
- ✓ lease charges decreased by Euro 270 thousand and concern prior operating leases;
- ✓ financial expenses rose by Euro 17 thousand with regards to the interest expense on additional lease liabilities recorded.

Cash absorbed by operating activities reduced by Euro 181 thousand and cash absorbed by financing activities increased by the same amount; these amounts regard the payments of the capital portion of the lease liabilities recorded.

Finally, the capital employed in lease assets amounts to Euro 2.4 million, of which Euro 0.04 million for charges to recover land next to the parking area, as contractually established; a future charges provision was recorded as a counter-entry in accordance with IAS 37.

For further details on the right-of-use assets of the Group with the relative movements in the period, reference should be made to note 2.

Amendments to IFRS 9 - Prepayment Features with Negative Compensation
(applicable from financial years ending after January 1, 2019).

This allows companies to measure specific prepayments on financial assets through the so-called negative compensation at amortised cost or at fair value from "other comprehensive income" in the case where a specific condition is met, rather than at the fair value of the income statement. These amendments did not have any impact on the Group consolidated financial statements.

IFRIC 23 - Uncertainty over Income Tax treatments

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

The interpretation clarifies the application of the requirements for recognition and measurement in IAS 12 - "Income taxes" in the case of uncertainty on the treatment of income taxes. The Interpretation concerns specifically: (i) the case in which an entity considers separately the uncertain fiscal treatment, (ii) the assumptions which an entity makes on the review of the fiscal treatment by the tax authorities, (iii) how an entity determines assessable income (or fiscal loss), assessable base, fiscal losses not utilised, tax credits not utilised and tax rates and (iv) in what manner an entity considers changes of facts and circumstances. The Interpretation does not add new disclosure requirements, however outlines the existing requirements in IAS 1 relating to disclosure on opinions, information on assumptions of facts and other estimates and information on tax under/over accruals within AS 12 "Income taxes". The interpretation provides a choice between two transition models: (i) retroactive application which utilises IAS 8 - "Accounting policies, changes in accounting estimates and errors", only if the application is possible, or (ii) retroactive application with cumulative effect of the initial application recorded as an adjustment to shareholders' equity at the date of the initial application and without remeasurement of the comparative information. The date of the initial application is the beginning of the annual reference period in which an entity applies the interpretation for the first time. These amendments did not have any impact on the Group consolidated financial statements.

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

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

This clarifies how the entity should use IFRS 9 to represent long-term interests in an associate company or joint venture, for which the equity method is not applied. These amendments did not have any impact on the Group consolidated financial statements.

Amendment to IAS 19 - Plan Amendment, Curtailment or Settlement

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

In February 2018, the IASB issued amendments to IAS 19 which specifies how companies should determine the pension payable when changes to a given pension plan occur. IAS 19 "Employee Benefits" specifies how a company should account for a defined benefit pension plan. When a change is made to a plan, an adjustment, a reduction or a regulation, IAS 19 requires that the net defined benefit asset or liability is to be re-measured. The changes require a company to use the updated assumptions from this recalculation to determine the cost of the current service and the net interest for the remainder of the reference period after the plan is changed. These amendments did not have any impact on the Group consolidated financial statements.

Improvements to IFRS - 2015-2017 Cycle

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

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

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

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

Amendments to References to the Conceptual Framework in IFRS Standards

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

Amendments to IFRS 3 Business Combination

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

Amendments to IAS 1 and IAS 8: Definition of Material

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

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

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

On September 11, 2014, the IASB published an amendment to IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10. According to IAS 28, the profit or loss from the sale or conferment of a non-monetary asset to a joint venture or associate in exchange for a share of the capital of this latter is limited to the share held in the joint venture or associate by external investors to the transaction. On the other hand, IFRS 10 provides for the recognition of the entire profit or loss in the case of loss of control of a subsidiary, also if the entity continues to hold a non-controlling holding, including also upon the sale or conferment of a subsidiary to a joint venture or associate. The amendments introduced establish that for the disposal/conferment of an asset or of a subsidiary to a joint venture or associated company, the amount of profit or loss to be recognised to the financial statements of the disposing company/conferring company depends on whether the asset or the subsidiary disposed of/conferred constitutes a business, in the definition established by IFRS 3. In the case in which the assets or the subsidiary disposed of/conferred represents a business, the entity should recognize the profit or the loss on the entire share previously held; while, in the contrary case, the share of the profit or loss concerning the stake still held by the entity should be eliminated. Currently, the IASB has suspended the application of this amendment. The directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

Discretionary valuations and significant accounting estimates

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

IAS 8_Correction of estimates and accounting errors

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

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

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

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

Estimates and assumptions

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

Impairment of non-financial assets

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

Fair value of investment property

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

Fair value of financial instruments

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

IAS 10_Subsequent events to the reporting date

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

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

Operating Segment information

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

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

- Aviation;
- Non-Aviation;
- Other.

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

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

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

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

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

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

<i>in thousands of Euro</i>	For the half year ended 30.06.2019 Aviation	For the half year ended 30.06.2019 Non-Aviation	For the half year ended 30.06.2019 Other	For the half year ended 30.06.2019
Revenues	36,691	22,208	0	58,899
Costs	(28,397)	(10,012)	0	(38,409)
EBITDA	8,294	12,196	0	20,490
Depreciation and amortisation	(3,435)	(1,588)	0	(5,023)
Provisions	(1,541)	(208)	0	(1,749)
Operating result	3,318	10,400	0	13,718
Financial income	0	0	79	79
Financial expenses	0	0	(598)	(598)
Result before taxes	3,318	10,400	(519)	13,199
Taxes for the period	0	0	(3,778)	(3,778)
Profit (loss) for the period	3,318	10,400	(4,297)	9,421
Minority interest profit (loss)	0	0	0	0
Group profit (loss)	0	0	0	9,421

<i>In thousands of Euro</i>	For the half year ended 30.06.2018 Aviation	For the half year ended 30.06.2018 Non-Aviation	For the half year ended 30.06.2018 Other	For the half year ended 30.06.2018
Revenues	28,825	20,826	0	49,651
Costs	(23,424)	(10,171)	0	(33,595)
Gross operating profit	5,401	10,655	0	16,056
Depreciation and amortisation	(2,880)	(1,546)	0	(4,426)
Provisions	(1,192)	(209)	0	(1,401)
Operating result	1,329	8,900	0	10,229
Financial income	0	0	412	412
Financial expenses	0	0	(317)	(317)
Result before taxes	1,329	8,900	95	10,324
Taxes for the period	0	0	(2,950)	(2,950)
Profit (loss) for the period	1,329	8,900	(2,855)	7,374
Minority interests profit (loss)	0	0	0	72
Group profit (loss)	0	0	0	7,302

The table below presents the segment information for assets:

<i>In thousands of Euro</i>	As at June 30, 2019 Aviation	As at June 30, 2019 Non-Aviation	As at June 30, 2019 Other	As at June 30, 2019
Non-current assets	163,968	29,403	19,796	213,167
Intangible assets	157,900	14,576	0	172,476
Concession rights	156,819	13,539	0	170,358
Other intangible assets	1,081	1,037	0	2,118
Tangible assets	6,017	14,815	0	20,832
Property, plant and equipment	6,017	10,083	0	16,100
Investment property	0	4,732	0	4,732
Other non-current assets	51	12	19,796	19,859
Investments	0	0	43	43
Other non-current financial assets	0	0	12,208	12,208
Deferred tax assets	0	0	6,180	6,180
Other non-current assets	51	12	1,365	1,428
Current assets	19,169	5,119	17,099	41,387
Inventories	304	241	0	545
Trade receivables	13,982	3,888	0	17,870
Other current assets	4,883	990	569	6,442
Current financial assets	0	0	0	0
Cash and cash equivalents	0	0	16,530	16,530
Total assets	183,137	34,522	36,895	254,554

<i>In thousands of Euro</i>	As at June 30, 2018 Aviation	As at June 30, 2018 Non-Aviation	As at June 30, 2018 Other	As at June 30, 2018
Non-current assets	151,071	26,549	18,213	195,833
Intangible assets	145,280	13,259	0	158,539
Concession rights	144,305	12,402	0	156,707
Other intangible assets	975	857	0	1,832
Tangible assets	5,724	13,260	0	18,984

<i>in thousands of Euro</i>	As at June 30, 2018 Aviation	As at June 30, 2018 Non-Aviation	As at June 30, 2018 Other	As at June 30, 2018
Property, plant and equipment	5,724	8,528	0	14,252
Investment property	0	4,732	0	4,732
Other non-current assets	67	30	18,213	18,310
Investments	0	0	43	43
Other non-current financial assets	0	0	10,330	10,330
Deferred tax assets	0	0	6,490	6,490
Other non-current assets	67	30	1,350	1,447
Current assets	15,155	4,613	36,973	56,741
Inventories	291	213	0	504
Trade receivables	10,482	3,413	0	13,895
Other current assets	4,382	987	472	5,841
Current financial assets	0	0	17,575	17,575
Cash and cash equivalents	0	0	18,926	18,926
Total assets	166,226	31,162	55,186	252,574

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

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

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

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

The residual accounts excluded from regulatory reporting were subsequently allocated according to the operating criteria. The main differences were as follows:

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

Information concerning the Main Clients

Group revenues mainly derive from the following clients:

<i>Description</i>
RYANAIR LTD
ALITALIA-SOCIETA' AEREA ITALIANA SPA
WIZZ AIR HUNGARY LTD
TRAVEL RETAIL ITALIANA SRL
LUFTHANSA LINEE AEREE GERMANICHE
BRITISH AIRWAYS PLC
SOCIETE' AIR FRANCE S.A.
EMIRATES
AIR DOLOMITI SPA
TURKISH AIRLINES

ASSETS

1. Intangible assets

The following table breaks down intangible assets at June 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Concession rights	170,358	166,292	4,066
Software, licences and similar rights	1,481	1,620	(139)
Other intangible assets	63	65	(2)
Other intangible assets in progress	574	374	200
TOTAL INTANGIBLE ASSETS	172,476	168,351	4,125

The table below presents the changes in intangible assets for the period ended June 30, 2019 compared to June 30, 2018, by asset category.

in thousands of Euro	31.12.2018			Changes of the period				30.06.2019		
	Historical cost	Accumulated Amortisation	Book value	Increases/ Acquisitions	Amortisation	Decreases/ Disposals/Write-downs	Decrease provision	Historical cost	Accumulated Amortisation	Book value
Concession rights	201,487	(35,195)	166,292	6,413	(3,024)	677	0	208,577	(38,219)	170,358
Software, licences and similar rights	11,888	(10,268)	1,620	435	(574)	0	0	12,323	(10,842)	1,481
Other intangible assets	250	(185)	65	0	(2)	0	0	250	(187)	63
Other intangible assets in progress	374	0	374	200	0	0	0	574	0	574
TOTAL INTANGIBLE ASSETS	213,999	(45,648)	168,351	7,048	(3,600)	677	0	221,724	(49,248)	172,476

in thousands of Euro	31.12.2017			Changes of the period				30.06.2018		
	Historical cost	Accumulated Amortisation	Book value	Increases/ Acquisitions	Amortisation	Decreases/ Disposals/Write-downs	Decrease provision	Historical cost	Accumulated Amortisation	Book value
Concession rights	186,452	(29,929)	156,523	3,062	(2,819)	(59)	0	189,455	(32,748)	156,707
Software, licences and similar rights	10,056	(8,951)	1,105	598	(455)	0	0	10,654	(9,406)	1,248
Other intangible assets	250	(179)	71	0	(3)	0	0	250	(182)	68
Energy Certificates	321	0	321	68	0	(389)	0	0	0	0
Intangible assets in progress	287	0	287	229	0	0	0	516	0	516
TOTAL INTANGIBLE ASSETS	197,366	(39,059)	158,307	3,957	(3,277)	(448)	0	200,875	(42,336)	158,539

In the first half of 2019, Concession rights increased by Euro 6.4 million, of which Euro 5 million (equal to the fair value of construction services provided in the first six months), principally due to:

- works in progress for the new de-icing apron and the relative service building;
- works on the construction of the pedestrian walkway in service of the People Mover;
- installation of new runway TVCC systems;
- other activities to prepare for the passenger terminal extension.

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

Amortisation of concession rights in the period amounted to Euro 3 million and was applied according to the residual duration of the concession.

Software, licenses and similar rights increased Euro 0.43 million. This increase mainly concerns the introduction of new functionalities and reports on the SAP and Oracle Business Intelligence systems in addition to the new "Heep" automatic alert system for those involved in managing the Airport Emergency Plan (AEP).

Other intangible assets in progress include software development not concluded at June 30, 2019.

Test on the recoverability of assets and group of assets

With regards to the preparation of the consolidated financial statements, as indicators of impairment as defined by IAS 36 are not evident and considering that Group economic-financial performances are in line with the 2019-2044 economic-financial forecast drawn up by the Board of Directors and utilised in the impairment tests at December 31, 2018 and in previous years, impairment tests were not carried out as no such indicators have emerged in terms of the Concession rights recognised at June 30, 2019.

2. Tangible assets

The following table breaks down tangible assets at June 30, 2019 (compared with December 31, 2018).

<i>In thousands of Euro</i>	<i>As at 30.06.2019</i>	<i>As at 31.12.2018</i>	<i>Change</i>
Land	2,763	2,763	0
Buildings, light constructions and improvements	4,003	4,146	(143)
Machinery, equipment & plant	2,776	3,066	(290)
Furniture, EDP and transport	2,051	2,181	(130)
Building plant and machinery in progress and advances	2,389	2,979	(590)
Investment property	4,732	4,732	0
TOTAL TANGIBLE ASSETS	18,714	19,867	(1,153)
Land in leasing	1,874	0	1,874
Leased buildings and minor construction and improvements	8	0	8
Leased machinery, equipment & plant	32	0	32
Leased furniture, office machinery, transport equipment	204	0	204
TOTAL RIGHTS OF USE ON PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS	2,118	0	2,118
TOTAL TANGIBLE ASSETS	20,832	19,867	965

The table below presents the changes in tangible assets for the period ended June 30, 2019 compared to June 30, 2018, by asset category.

in thousands of Euro	31.12.2018			Changes of the period				30.06.2019		
	Historical cost	Accumulated depreciation	Book value	Increases/ Acquisitions	Depreciation	Decreases/ Disposals	Decrease provision	Historical cost	Accumulated depreciation	Book value
Land	2,763	0	2,763	0	0	0	0	2,763	0	2,763
Buildings, light constructions and improvements	8,451	(4,305)	4,146	48	(191)	0	0	8,499	(4,496)	4,003
Machinery, equipment & plant	14,449	(11,384)	3,066	313	(602)	(1)	1	14,761	(11,985)	2,776
Furniture, EDP and transport	9,475	(7,294)	2,181	209	(339)	(3)	3	9,681	(7,630)	2,051
Tangible fixed assets in progress	2,979	0	2,979	87	0	(677)	0	2,389	0	2,389
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
TOTAL TANGIBLE ASSETS	42,489	(22,983)	19,867	657	(1,132)	(681)	4	42,825	(24,111)	18,714
Land in leasing	0	0	0	2,073	(199)	0	0	2,073	(199)	1,874
Leased buildings and minor construction and improvements	0	0	0	13	(5)	0	0	13	(5)	8
Leased machinery, equipment & plant	0	0	0	65	(33)	0	0	65	(33)	32
Leased furniture, office machinery, transport equipment	0	0	0	258	(54)	0	0	258	(54)	204
TOTAL RIGHTS OF USE ON PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS	0	0	0	2,409	(291)	0	0	2,409	(291)	2,118
TOTAL TANGIBLE ASSETS	42,849	(22,983)	19,867	3,066	(1,423)	(681)	4	45,234	(24,402)	20,832

In thousands of Euro	31.12.2017			Changes of the period				30.06.2018		
	Historical cost	Accumulated depreciation	Book value	Increases/ Acquisitions	Depreciation	Decreases/ Disposals/ Write-downs	Decrease provision	Historical cost	Accumulated depreciation	Book value
Land	2,763	0	2,763	0	0	0	0	2,763	0	2,763
Buildings, light constructions and improvements	8,384	(3,884)	4,500	42	(205)	0	0	8,426	(4,089)	4,337
Machinery, equipment & plant	13,534	(10,236)	3,299	344	(605)	(16)	14	13,862	(10,827)	3,036
Furniture, EDP and transport	8,698	(6,746)	1,982	181	(280)	(17)	15	8,862	(7,011)	1,851
Tangible fixed assets in progress	2,156	0	2,156	109	0	0	0	2,265	0	2,265
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
TOTAL TANGIBLE ASSETS	40,267	(20,866)	19,402	676	(1,090)	(33)	29	40,910	(21,927)	18,984

In the first half of 2019, this category increased overall by Euro 3 million, with the most significant account (Euro 2.4 million) concerning the recognition of the usage right on leased assets following the application from January 1, 2019 of the new IFRS 16 standard. For further details, reference should be made to the specific paragraph.

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

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

3. Investments

The tables below breaks down investments at June 30, 2019 (compared to December 31, 2018); the values and composition of investments remain unchanged.

in thousands of Euro	As at 31.12.2018	Increases / Acquisitions	Decreases / Disposals	Write-downs	As at 30.06.2019
Other investments	43	0	0	0	43
TOTAL INVESTMENTS	43	0	0	0	43

The composition of the account is as follows:

in thousands of Euro	Holding	As at 30.06.2019	As at 31.12.2018	Change
Consorzio Energia Fiera District	14.3%	3	3	0
CAAF dell'Industria Spa	0.07%	0	0	0
Bologna Welcome Srl	10%	40	40	0
TOTAL OTHER INVESTMENTS		43	43	0

4. Other non-current financial assets

The following table shows the movements in other non-current financial assets for the period ended June 30, 2019 (compared with December 31, 2018).

in thousands of Euro	As at 31.12.2018	Increases/ Acquisitions	Decreases / Reclass.	Write- downs	As at 30.06.2019
Equity Financial Instruments	10,873	0	0	0	10,873
Escrow bank accounts/Saving bonds	5,070	0	(5,000)	0	70
Other financial assets	262	1,003	0	0	1,265
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	16,205	1,003	(5,000)	0	12,208

At June 30, 2019, the account "Other non-current financial assets" comprised:

- o Euro 10.9 million of equity financial instruments in Marconi Express S.p.A., concession holder for the construction and management of the rapid rail link infrastructure between the Airport and Bologna Central Station called People Mover. This financial instrument, subscribed on January 21, 2016 for a

total value of Euro 10.9 million, is recorded at June 30, 2019 corresponding to the amount effectively paid or rather the cost incurred at that date. The investment, in addition to the strategic/operating interest related to improving accessibility to the airport, meets the Group's objective both in relation to the collection of the contractual cash flows and to any future sale of the financial asset. In accordance with the standard IFRS 9, this is therefore classified to the financial asset category "Held to collect and sell - HTC&S". This financial instrument does not comply with the SPPI test and consequently this asset must be measured at fair value through profit or loss. Specifically, considering the difficulty in measuring the fair value of this Equity Financial Instrument, the Group availed of the exemption permitted for equity financial instruments where the fair value may not be reliably measured. Consequently, the subsequent valuations of this SFP are at cost and any reductions in value, quantified comparing the book value with the present value of the expected cash flows discounted at the market rate for similar instruments, are recorded in the Income Statement and may not be written back. This account did not report any movements in the period;

- Euro 0.07 million to the account "Escrow bank accounts/Savings bonds" concerning an escrow bank account at Banco BPM for the payment of the amounts due on the provision to and/or withdrawal of goods from the "Temporary Custody" Warehouse at Bologna Airport. This account decreased in the period by Euro 5 million due to the sale of Savings Bonds acquired in December 2018, with maturity in December 2020. In accordance with IFRS 9, these investments made to utilise temporary liquidity for the purposes of collecting contractual amounts are classified to the "Held to collect - HTC" category. The contractual maturity defined, the yield defined and calculated on the notional amount permits the passing of the SPPI tests and therefore the valuation at amortised cost. The advance settlement was undertaken in view of the payment maturities, among which the distribution of dividends on the 2018 result for Euro 16.2 million, as approved by the Shareholders' Meeting of April 29, 2019. The advance sale does not reflect a change in the business model underlying the purchase of this financial instrument, but represents an opportunity to maximise financial income;
- Euro 1.3 million of capitalisation products; the initial Euro 0.3 million, in place at December 31, 2018, of 5-year duration and May 2021 maturity and the second of Euro 1 million acquired in the period, of 10-year duration and with 2029 maturity. In accordance with the standard IFRS 9, these assets are classified to the category "Held to collect – HTC", as this complies with the Group's need to invest temporary liquidity held in order to collect the contractual cash flows. In this specific case, the maturity is defined contractually, but the return is related to the capital management performance and therefore these financial instruments are measured at fair value through profit or loss.

5. Deferred tax assets

The following table shows the movements in deferred tax assets for the period ended June 30, 2019 (compared with December 31, 2018) and in comparison with the period between December 31, 2017 to June 30, 2018.

<i>in thousands of Euro</i>	<i>As at 31.12.2018</i>	<i>Provisions</i>	<i>Util./Reclass.</i>	<i>As at 30.06.2019</i>
DEFERRED TAX ASSETS	6,108	630	(558)	6,180

<i>in thousands of Euro</i>	<i>As at 31.12.2017</i>	<i>Provisions</i>	<i>Utilizations</i>	<i>As at 30.06.2018</i>
DEFERRED TAX ASSETS	6,799	500	(809)	6,490

The principal temporary differences on which deferred tax assets are recognised concern:

- fiscally deductible provisions in subsequent periods such as the assets under concession replacement provision, the risks and charges provision and the provision for doubtful accounts;
- maintenance costs as per Article 107 of the CFA, deductible in future years;
- tax losses carried forward;
- adjustments related to the application of international accounting standards;
- other expense items concerning subsequent periods.

6. Other non-current assets

The following table breaks down other non-current assets at June 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Non-current prepaid expenses and accrued income	22	59	(37)
Guarantee deposits	89	88	1
Non-current tax receivables	1,317	1,317	0
OTHER NON-CURRENT ASSETS	1,428	1,464	(36)

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

7. Inventories

The following table breaks down inventories at June 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Inventories of raw materials, supplies and consumables	511	527	(16)
Inventories of finished products	34	67	(33)
INVENTORIES	545	594	(49)

8. Trade receivables

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

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Trade receivables	19,177	15,230	3,947
Provisions for doubtful accounts	(1,307)	(958)	(349)
TRADE RECEIVABLES	17,870	14,272	3,598

At June 30, 2019, trade receivables for Euro 17.9 million were recorded net of the provision for doubtful accounts of Euro 1.3 million, increasing mainly on the basis of higher revenues and the general slowing of collection times.

The most significant part of the provision for doubtful accounts comprises write-downs based on specific analysis of overdue amounts and/or disputes, whose probability of recovery is estimated also through the

support of legal advisors and taking into account guarantees received from clients. With regards to the individual default positions, a further write-down of the residual receivable from Alitalia in Extraordinary Administration was made, in view of Article 37 of "Growth Decree" No. 34/19, which provides for the creation of a Newco to which the assets of the carrier shall be assigned.

On the residual debtor balance, classified by customer category and overdue period, the simplified parameter method is applied, as permitted by IFRS 9 for companies with a diversified and fragmented client portfolio.

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

in thousands of Euro	As at 31.12.2018	Provisions	Utilizations	Releases	As at 30.06.2019
PROVISIONS FOR DOUBTFUL ACCOUNTS	(958)	(350)	0	1	(1,307)

in thousands of Euro	As at 31.12.2017	Provisions	Utilizations	Releases	As at 30.06.2018
PROVISION FOR DOUBTFUL ACCOUNTS	(908)	(64)	12	3	(957)

An analysis of the aging of trade receivables of the Group at June 30, 2019 compared with December 31, 2018 is reported below.

in thousands of Euro	Not yet due	Overdue	Total at 30.06.2019
Trade receivables for invoices/credit notes issued	9,354	9,288	18,642
Trade receivables for invoices/credit notes to be issued	535	0	535
TOTAL TRADE RECEIVABLES	9,889	9,288	19,177

in thousands of Euro	Not yet due	Overdue 0-30	Overdue 30-60 days	Overdue 60- 90 days	Overdue over 90 days	Total
TOTAL TRADE RECEIVABLES	9,354	4,853	1,898	308	2,229	18,642

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

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

9. Other current assets

The following table breaks down other current assets at June 30, 2019 (compared with December 31, 2018).

in thousands of Euro	As at 30.06.2019	As at 31.12.2018	Change
VAT Receivable	173	136	37
Direct income tax receivables	20	22	(2)
Other tax receivables	0	3	(3)
Employee receivables	74	88	(14)
Other receivables	6,175	4,412	1,763
OTHER CURRENT ASSETS	6,442	4,661	1,781

Other receivables are composed of:

in thousands of Euro	As at 30.06.2019	As at 31.12.2018	Change
Prepayments and accrued income	1,101	298	803
Advances to suppliers	103	105	(2)
Pension and social security institutions	190	54	136
Municipal surtax receivables	4,947	4,538	409
Other current receivables provision for doubtful accounts	(743)	(1,088)	345
Other current receivables	577	505	72
TOTAL OTHER RECEIVABLES	6,175	4,412	1,763

“Prepayments and accrued income” include the following cost accounts, paid in advance in the period:

- ✓ Euro 0.1 million of insurance premiums;
- ✓ Euro 0.3 million of prepayments of local taxes;
- ✓ Euro 0.3 million of data processing charges;
- ✓ Euro 0.3 million of other costs for services invoiced in advance.

The increase in prepayments and accrued income compared to December 31 derives from the seasonality of the invoicing for maintenance, data elaboration, insurance and local taxes.

Relating to the account “Municipal surtax receivable” the Group charged the carriers the boarding fee municipal surtax, as per Article 2, paragraph 11 of Law 350/2003 and subsequent integrations and modifications, and once collected, paid the amount to the State and to INPS respectively in the measure of Euro 1.50 and Euro 5.00 per passenger boarded.

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

- is exclusively an asset account,
- does not involve any provisions to the Income Statement,
- was classified as a deduction of the respective receivables due to the high improbability of recovery, reporting the following movements:

in thousands of Euro	As at 31.12.2018	Provisions/Increases	Utilizations	Releases	As at 30.06.2019
Municipal surtax receivable provision	(1,088)	(4)	349	0	(743)
TOTAL OTHER RECEIVABLES PROVISIONS FOR DOUBTFUL ACCOUNTS	(1,088)	(4)	349	0	(743)

The following tables outline the movements in the comparative period:

<i>in thousands of Euro</i>	As at 31.12.2017	Provisions/Increases	Utilizations	Releases	As at 30.06.2018
Municipal surtax receivable provision	(1,085)	(5)	0	10	(1,080)
TOTAL OTHER RECEIVABLES PROVISION FOR DOUBTFUL ACCOUNTS	(1,085)	(5)	0	10	(1,080)

10. Current Financial Assets

The following table breaks down current financial assets at June 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Deposit accounts	0	13,400	(13,400)
Other financial receivables	0	49	(49)
CURRENT FINANCIAL ASSETS	0	13,449	(13,449)

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

<i>in thousands of Euro</i>	As at 31.12.2018	Order Intake	Other increases/ reclassifications	Decreases / Disposals	As at 30.06.2019
Deposit accounts	13,400	0	0	(13,400)	0
Other financial receivables	49	0	0	(49)	0
TOTAL OTHER CURRENT FINANCIAL ASSETS	13,449	0	0	(13,449)	0

The decrease in this account is due to the maturity of Euro 13.4 million of temporary liquidity investments.

11. Cash and cash equivalents

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Bank and postal deposits	16,505	15,735	770
Cash in hand and similar	25	27	(2)
CASH AND CASH EQUIVALENTS	16,530	15,762	768

Net Financial Position

The following table shows the breakdown of the net financial position at June 30, 2019, December 31, 2018 and June 30, 2018, in accordance with Consob Communication of July 28, 2006 and the ESMA/2011/81 Recommendations:

	<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	As at 30.06.2018
A	Cash	25	27	27
B	Other cash equivalents	16,505	15,735	18,899
C	Securities held for trading	0	0	0
D	Cash & cash equivalents (A)+(B)+(C)	16,530	15,762	18,926
E	Current financial receivables	0	13,449	17,575
F	Current bank debt	(29)	(43)	(43)
G	Current portion of non-current debt	(3,056)	(4,433)	(5,809)
H	Other current financial debt	(3,792)	(2,050)	(2,250)
I	Current financial debt (F)+(G)+(H)	(6,877)	(6,526)	(8,102)
J	Net current financial position (I) – (E) – (D)	9,653	22,685	28,399
K	Non-current bank debt	(13,168)	(14,690)	(16,210)
L	Bonds issued	0	0	0
M	Other non-current debt	(1,617)	0	0
N	Non-current financial debt (K)+(L)+(M)	(14,785)	(14,690)	(16,210)
O	Net financial (debt) position (J) + (N)	(5,132)	7,995	12,189

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

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

The account I is equal to the balance of the account “current financial liabilities”; reference should be made to note 22 for further details.

The account N is equal to the balance of the account “non-current financial liabilities”; reference should be made to note 17 for further details.

LIABILITIES

12. Shareholders' Equity

The following table breaks down the Shareholders' Equity at June 30, 2019 (compared with December 31, 2018).

in thousands of Euro	As at 30.06.2019	As at 31.12.2018	Change
Share capital	90,314	90,314	0
Reserves	66,941	65,469	1,472
Profit for the period	9,421	17,927	(8,506)
GROUP SHAREHOLDERS' EQUITY	166,676	173,710	(7,034)

i. Share capital

The share capital of the Parent Company at June 30, 2019 amounts to Euro 90,314,162, entirely paid-in and comprising 36,125,665 ordinary shares without par value.

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

in Euro	For the half year ended 30.06.2019	For the half year ended 30.06.2018
Group profit (loss)	9,185,473	7,339,421
Average number of shares outstanding	36,125,665	36,125,665
Undiluted earnings per share	0.25	0.20
Diluted earnings per share	0.25	0.20

(*) *Comprehensive Consolidated Income Statement*

The undiluted earnings and diluted earnings per share of the AdB Group at June 30, 2019 and June 30, 2018 are the same due to the absence of potential dilutive instruments.

ii. Reserves

The following table breaks down the Reserves at June 30, 2019 (compared with December 31, 2018).

in thousands of Euro	As at 30.06.2019	As at 31.12.2018	Change
Share premium reserve	25,683	25,683	0
Legal reserve	7,170	6,310	860
Extraordinary reserve	37,029	36,437	592
FTA Reserve	(3,272)	(3,272)	0
Profits carried forward	1,387	1,132	255
OCI Reserve	(1,056)	(821)	(235)
TOTAL RESERVES	66,941	65,469	1,472

The share premium reserve comprises:

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

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

The legal reserve, the extraordinary reserve and the retained earnings/(accumulated losses) increased due to the allocation of the profit in the previous year and, in relation to the Parent Company, net of the distribution of dividends approved by the Shareholders' Meeting of April 29, 2019 for Euro 16.2 million corresponding to a gross dividend of Euro 0.449 for each of the 36,125,665 ordinary shares in circulation at the dividend coupon date. The extraordinary reserve entirely comprises profits from previous years.

The OCI reserve records the changes deriving from the discounting of the severance provision in accordance with IAS 19 revised (note 14), net of the relative tax effect as per the following table:

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
IAS 19 actuarial losses	(1,390)	(1,080)	(310)
Deferred taxes on actuarial gains as per IAS 19	334	259	75
OCI RESERVE	(1,056)	(821)	(235)
of which minority interest	0	0	0
of which Group	(1,056)	(821)	(235)

13. Severance and other personnel provisions

The following table breaks down severance and other personnel provisions at June 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Severance	4,313	4,087	226
Other personnel provisions	156	118	38
SEVERANCE AND OTHER PERSONNEL PROVISIONS	4,469	4,205	264

The table below shows the movements in the provisions from December 31, 2018 to June 30, 2019 compared with the same movements in the period from December 31, 2017 to June 30, 2018.

<i>in thousands of Euro</i>	As at 31.12.2018	Service cost	Net interest	Benefits paid	Actuarial profits/(losses)	As at 30.06.2019
Severance	4,087	13	30	(127)	310	4,313
Other personnel provisions	118	38	0	0	0	156
SEVERANCE AND OTHER PERSONNEL PROVISIONS	4,205	51	30	(127)	310	4,469

<i>in thousands of Euro</i>	As at 31.12.2017	Service cost	Net interest	Benefits paid	Actuarial profits/(losses)	As at 30.06.2018
Severance	4,287	7	27	(134)	(49)	4,138
Other personnel provisions	118	60	0	0	0	178
SEVERANCE AND OTHER PERSONNEL PROVISIONS	4,405	67	27	(134)	(49)	4,316

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

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

- a) discount rate: 0.77% for the valuation at 30.06.2019 and 1.57% for the valuation at 31.12.2018;
- b) current and prospective inflation rate: 1.50%;
- c) demographic bases (mortality/invalidity): the mortality tables RG 48 published by the State General Office were used for the mortality rates. For invalidity, an INPS table based on age and gender was utilised;
- d) employee turnover rate equal to 15% for TAG, 2% for FFM and 1% for Aeroporto di Bologna.

As for any actuarial valuation the results depend on the technical bases adopted such as, among others, interest rate, inflation rate and expected turnover. The following table shows the effects of reasonably possible changes in the actuarial assumptions utilised at June 30, 2019.

in thousands of Euro	Valuation parameter					
	+1 % on turnover rate	-1 % on turnover rate	+ 0.25% on annual inflation rate	- 0.25% on annual inflation rate	+ 0.25% on annual discount rate	- 0.25% on annual discount rate
Severance	4,274	4,357	4,378	4,249	4,211	4,419

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

Years	Estimated future disbursements (In thousands of Euro)
1	509
2	325
3	123
4	122
5	298

The other personnel provisions at June 30, 2019 concern the long-term incentive plan and the non-competition agreement of the Chief Executive Officer/General Manager of the Parent Company.

14. Deferred tax liabilities

The following table breaks down the deferred tax liabilities at June 30, 2019 (compared with December 31, 2019).

in thousands of Euro	As at 31.12.2018	Provisions	Utilizations	As at 30.06.2019
DEFERRED TAX LIABILITIES	2,456	30	0	2,486

in thousands of Euro	As at 31.12.2017	Provisions	Utilizations	As at 30.06.2018
DEFERRED TAX LIABILITIES	2,371	30	0	2,401

The deferred tax liability provision amounts to Euro 2.5 million and increased due to the deferred taxes on adjustments regarding the application of IFRIC 12 "service concession arrangements".

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

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

The following table shows the movements for the periods ended June 30, 2019 and 2018 of the provision:

in thousands of Euro	As at 31.12.2018	Provisions	Utilizations	Reclassifications	As at 30.06.2019
PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)					
	10,332	1,497	0	(701)	11,128
in thousands of Euro					
	As at 31.12.2017	Provisions	Utilizations	Reclassifications	As at 30.06.2018
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	9,575	878	0	(697)	9,756

The increases in the period totalled Euro 1.5 million, of which Euro 1.2 million classified under provisions in the income statement and the residual of Euro 0.3 million recorded under financial expenses from discounting.

The utilisations of the provision total Euro 0.7 million and are stated in the current provision for renewal of airport infrastructure (note 20).

At June 30, 2019 the infrastructure renewal provision totals Euro 12.9 million.

For completeness the following table shows the sensitivity in the interest rates applied for the discounting of the provisions for renewal of airport infrastructure at June 30, 2019:

in thousands of Euro	Financial expenses period balance	Sensitivity Analysis (+0.5%)	Sensitivity Analysis (-0.1%)
Provision for renewal of airport infrastructure	306	371	293

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

16. Provisions for risks and charges (non-current)

The following table shows the movements for the period ended June 30, 2019 of the provision for risks and charges with comparison with the same period of the previous year:

in thousands of Euro	As at 31.12.2018	Provisions	Util./Other decreases	As at 30.06.2019
Risk provision for disputes	875	50	(1)	924
Provisions for other risks and charges	153	43	0	196
PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)	1,028	93	(1)	1,120

in thousands of Euro	As at 31.12.2017	Provisions	Utilisation/Release	As at 30.06.2018
Risk provision for disputes	842	17	(3)	856
Employee back-dated provision	270	137	0	407
Provisions for other risks and charges	153	0	0	153
PROVISIONS FOR RISKS AND CHARGES - NON-CURRENT	1,265	154	(3)	1,416

Contingent liabilities

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

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

In relation, finally, to the extraordinary administration of Alitalia, the Group assessed the potential liability related to the revocation of receivables arising in the six months before the procedure, for an amount of Euro 1.49 million, net of municipal surtaxes. At the preparation date of this document, taking account of the information noted and the defensive arguments arising in the case in which this request is advanced, the Directors considered it appropriate to provide disclosure in the Notes, without making any accrual, although while at the same time continuing to closely monitor the airline's situation.

17. Non-current financial liabilities

The following table breaks down non-current financial liabilities at June 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Bank loans – non-current	13,168	14,690	(1,522)
Non-current financial payables for leasing	1,617	0	1,617
NON-CURRENT FINANCIAL LIABILITIES	14,785	14,690	95

Bank loans - non-current comprise medium/long-term loans contracted by the Group. The decrease in the period is mainly due to repayments totalling Euro 2.9 million.

Total bank loans at June 30, 2019 amount to Euro 16.2 million, of which Euro 13.2 million non-current and Euro 3 million current (note 22).

The following loans are in place:

- fifteen-year bank loan with maturity 2026, with a residual balance of Euro 3.5 million at June 30, 2019 (Euro 3.76 million at December 31, 2018), granted by Monte dei Paschi di Siena (former Banca Agricola Mantovana) to fund investments of the General Aviation Terminal. This liability is classified for Euro 3 million under non-current loans (Euro 3.25 million at December 31, 2018), and for Euro 0.5 million under current loans (same amount at December 31, 2018);
- ten-year bank loan with 2024 maturity and a residual balance of Euro 12.7 million at June 30, 2019 (Euro 13.98 million at December 31, 2018), granted by Banca Intesa to fund the infrastructure investment plan. This liability is classified for Euro 10.2 million under non-current loans (Euro 11.44 million at December 31, 2018), and for Euro 2.54 million under current loans (same amount at December 31, 2018). In 2014, the Parent Company paid Euro 0.3 million for organisation/structuring commission on this loan, recorded under Other

current assets at December 31, 2014 and once the loan was granted treated in line with IFRS 9.

Finally, the loan issued by Banca OPI S.p.A (now Intesa Sanpaolo S.p.A.) for the delivery of the infrastructural investment plan reached maturity in June 2019 and was fully repaid.

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

- NFP/EBITDA (lower than 1.7 for 2019).
- NFP/SE (lower than 0.3 for 2019).

The contractual conditions of the loans in place at June 30, 2019 are illustrated below:

Credit Institution	Type of loan	Interest rate applied	Rate	Maturity	Covenant
Intesa San Paolo S.p.A.	Loan	Fixed rate of 3%	Half-Year	2024	Yes
Monte dei Paschi di Siena (former Banca Agricola Mantovana)	Loan	Euribor variable 3 Months + spread 0.9%	Quarterly	2026	No

The loans are not covered by secured guarantees.

With reference to the cross-default clauses on the loan contracts of the Company, these include both clauses where the benefits are no longer applicable and where the Company financed is not in compliance with obligations of a credit or financial nature, or guarantees assumed with any party. We report that at June 30, 2019 the Group has not received any communication for application of cross default clauses by any of its lenders.

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

<i>in thousands of Euro</i>	Bank loans
Balance as at 31 12 2018	19,123
Cash flows	(2,913)
Other changes:	
Financial charges IAS 39	14
Balance as at 30 06 2019	16,224

Finally, “non-current financial liabilities for leasing” of Euro 1.6 million concern contractually due fees and with maturity beyond one year, for third party asset usage rights recognised to fixed assets from January 1, 2019 under IFRS 16.

18. Trade payables

in thousands of Euro	As at 30.06.2019	As at 31.12.2018	Change
Trade payables	16,095	19,011	(2,916)
TRADE PAYABLES	16,095	19,011	(2,916)

At June 30, 2019, trade payables amounted to Euro 16.1 million, decreasing on December 31, 2018 due to seasonality.

Trade payables by maturity in the two periods under consideration are illustrated below:

in thousands of Euro	Not yet due	Overdue	Total at 30.06.2019
Invoices/credit notes received	4,177	2,232	6,409
Invoices/credit notes to be received	9,686	0	9,686
TOTAL TRADE PAYABLES	13,863	2,232	16,095

in thousands of Euro	Not yet due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue beyond 90	Total
TRADE PAYABLES	4,177	1,817	215	41	159	6,409

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

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

19. Other Liabilities

The following table breaks down current financial liabilities at June 30, 2019 (compared with December 31, 2018).

in thousands of Euro	As at 30.06.2019	As at 31.12.2018	Change
Current tax payables	2,566	2,123	443
Employee payables and social security institutions	3,789	4,113	(324)
ENAC concession fee and other State payables	16,641	15,710	931
Other current liabilities, accrued liabilities and deferred income	5,313	4,421	892
TOTAL OTHER CURRENT LIABILITIES	28,309	26,367	1,942

The principal changes were as follows:

i. Current tax payables

The following table breaks down tax payables at June 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
VAT payable	215	278	(63)
Direct income taxes	1,140	808	332
Other tax payables	1,211	1,037	174
TOTAL CURRENT TAX PAYABLES	2,566	2,123	443

The increase in payables for direct taxes, comprising IRES and IRAP, relates to the estimate for period taxes, net of the payment of 2019 advances and the 2018 balance.

ii. Employee payables and social security institutions

The following table breaks down employee payables and social security institutions at June 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Employee salaries	1,047	1,162	(115)
Employee deferred compensation	1,588	1,830	(242)
Social security payables	1,154	1,121	33
EMPLOYEE PAYABLES AND SOCIAL SECURITY INSTITUTIONS	3,789	4,113	(324)

iii. ENAC concession fee and other State payables

The ENAC concession fees and other State payables mainly comprises:

- Euro 13.4 million (Euro 12.7 million at December 31, 2018) concerning the fire prevention service as governed by Article 1, paragraph 1328 of the 2007 Finance Act, modified by Article 4, paragraph 3bis of Law No. 2/2009. For further details, reference should be made to the Directors' Report;
- Euro 3.1 million (Euro 2.9 million at December 31, 2018) as the variable airport concession fee payable.

iv. Other current liabilities, accrued liabilities and deferred income

The following table breaks down current liabilities, accrued liabilities and deferred income at June 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Municipal surtax payables	4,203	3,449	754
Other current liabilities	783	910	(127)
Current accrued liabilities and deferred income	327	62	265
TOTAL OTHER CURRENT LIABILITIES, ACCRUED LIABILITIES AND DEFERRED INCOME	5,313	4,421	892

The main account concerns the municipality surtax relating to the receivables from carriers not yet received at June 30, for Euro 4.2 million. The portion of the municipality surtax payable relating to receivables collected from carriers, not yet paid to the creditor entities on the other hand is classified under current financial liabilities (Note 22). Other current liabilities include deposits and advances received from customers in addition to deferred income and miscellaneous payables.

The increase in current accruals and deferred income is due to the invoicing process which provides for the advance invoicing of sub-license fees and other services.

20. Provision for renewal of airport infrastructure (current)

The following table shows the movement of the current provisions for renewal of airport infrastructure for the periods ended June 30, 2019 and 2018.

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Utilizations	Reclassifications	As at 30.06.2019
PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)					
	1,757	0	(701)	701	1,757
<i>in thousands of Euro</i>	As at 31.12.2017	Provisions	Utilizations	Reclassifications	As at 30.06.2018
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)					
	3,498	0	(697)	697	3,498

The account concerns the provisions for renewal of airport infrastructure - current portion. The utilisations in the first half of 2019 mainly concern the beginning of the executive design on the replacement of the "Cava Olmi" tank, the installation of new monitors, the replacement of elevators and of the obsolete air conditioning unit. The infrastructure renewal provisions are reported at Note 15 (non-current portion), to which reference should be made for full disclosure on the provision.

21. Provisions for risks & charges (current)

The following table breaks down current financial liabilities at June 30, 2019. This account did not exist in the comparative period.

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Other increases	As at 30.06.2019
Provisions for employee back pay	526	158	0	684
PROVISIONS FOR RISKS AND CHARGES (CURRENT)	526	158	0	684

The main change concerns the employee back-dated provision on which, within the framework of the renewal of the Airport Operators Trade Union Agreement expired on December 31, 2016 and of the Assohandlers Trade Union Agreement expired on June 30, 2017, an estimate of the liabilities for a One-off/back-dated employee payments was accrued for the period.

22. Current financial liabilities

The following table breaks down current financial liabilities at June 30, 2019 (compared with December 31, 2018).

<i>In thousands of Euro</i>	As at 30.06.2019	As at 31.12.2018	Change
Bank loans - current	3,056	4,433	(1,377)
Municipal surtax payables	3,208	2,050	1,158
Other current financial debt	30	43	(13)
Current financial liabilities for leasing	583	0	583
CURRENT FINANCIAL LIABILITIES	6,877	6,526	351

For a breakdown of the Loans - current portion and other financial payables, reference should be made to account 17 Non-current Financial Liabilities which presents the outstanding Group loans at June 30, 2019 and the changes in the period.

Boarding fee municipal surtax payables concern the portion received by airlines in the month of June and reversed to the credit institutions in July 2019.

Finally, finance lease liabilities concern the current portion of charges due for third party asset usage rights recognised to non-current assets from January 1, 2019 in application of IFRS 16.

NOTES TO THE MAIN CONSOLIDATED INCOME STATEMENT ACCOUNTS

The principal H1 2019 income statement accounts are compared with H1 2018 below.

REVENUES

23. Revenues

Revenues for the periods to June 30, 2019 and 2018 are presented below. For the revenue performance in the period, reference should be made to the Directors' Report.

in thousands of Euro	For the half year ended	For the half year ended	Change
	30.06.2019	30.06.2018	
Revenues from aeronautical services	30,229	26,359	3,870
Revenues from non-aeronautical services	21,075	19,660	1,415
Revenues from construction services	7,091	3,062	4,029
Other operating revenues and income	504	570	(66)
TOTAL REVENUES	58,899	49,651	9,248

The reclassification of Group revenues based on revenue streams defined by IFRS 15 is shown in the following table:

in thousands of Euro	For the half year	For the half year	Change
	ended 30.06.2019	ended 30.06.2018	
Airport fees	26,869	23,158	3,711
Parking	7,970	7,768	202
Construction services revenues	7,091	3,062	4,029
Others	6,128	5,582	546
TOTAL IFRS 15 REVENUE STREAMS	48,058	39,570	8,488

i. Revenues from aeronautical services

The table below shows aviation revenues in H1 2019 and H1 2018.

in thousands of Euro	For the half year ended	For the half year ended	Change
	30.06.2019	30.06.2018	
Centralised infrastructure/other airport services	356	273	83
Exclusive use revenues	626	613	13
Airport fee revenues	36,314	32,381	3,933
PRM revenues	2,864	2,101	763
Air traffic development incentives	(12,471)	(11,430)	(1,041)
Handling services	1,341	1,220	121
Other aeronautical revenues	1,199	1,201	(2)
TOTAL REVENUES FROM AERONAUTICAL SERVICES	30,229	26,359	3,870

The breakdown of airport fee revenues is shown below:

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Passenger boarding fees	18,110	16,218	1,892
Landing, take-off and parking fees	10,342	8,926	1,416
Passenger security fees	5,820	5,287	533
Baggage stowage control fees	1,652	1,501	151
Cargo loading and unloading fees	390	402	(12)
Reduction for provision	0	47	(47)
TOTAL AVIATION FEE REVENUES	36,314	32,381	3,933

ii. Revenues from non-aeronautical services

The table below shows non-aviation service revenues in H1 2019 and H1 2018.

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Commercial premises and spaces sub-license	9,385	8,784	601
Parking	7,970	7,768	202
Other commercial revenues	3,720	3,108	612
TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES	21,075	19,660	1,415

Other commercial revenues are broken down as follows:

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Ticketing	21	22	(1)
Marconi Business Lounge	1,425	1,265	160
Advertising	860	722	138
Misc. commercial revenues	1,414	1,099	315
TOTAL OTHER COMMERCIAL REVENUES	3,720	3,108	612

iii. Revenues from construction services

Revenues from construction services concern the construction services undertaken by Aeroporto Guglielmo Marconi di Bologna S.p.A. on behalf of the ENAC granting entity for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

H1 2019 revenues were Euro 7.1 million (Euro 3.1 million in H1 2018).

iv. Other Revenue and Income

The table below shows other revenues and income in H1 2019 and H1 2018.

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Indemnities, reimbursement and misc. income	501	560	(59)
Operating grants	3	10	(7)
TOTAL OTHER REVENUES AND INCOME	504	570	(66)

COSTS

24. Costs

i. Consumables and goods

The table below presents consumables and goods in H1 2019 and H1 2018.

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	<i>Change</i>
Consumables and goods	260	294	(34)
Maintenance materials	118	110	8
Fuel and gasoline	584	547	37
TOTAL CONSUMABLES AND GOODS	962	951	11

This category indicates a saving, mainly due to the reduced consumption of runway de-icing liquid thanks to the absence of major snow events in the period.

ii. Service costs

The following table shows the breakdown of services costs for H1 2019 and H1 2018.

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	<i>Change</i>
Maintenance costs	2,397	2,442	(45)
Utilities	1,133	1,160	(27)
Cleaning and accessory services	1,025	1,036	(11)
Services	3,233	3,426	(193)
MBL Services	163	168	(5)
Advertising, promotion and development	355	348	7
Insurance	435	405	30
Professional and consultant services	875	931	(56)
Statutory board fees and expenses	318	311	7
Other service costs	141	196	(55)
TOTAL SERVICE COSTS	10,075	10,423	(348)

Overall, service costs decreased, mainly due to the reduced snow clearance activities from the absence of major snowfalls and the milder temperatures during the period.

A further breakdown in maintenance expenses is provided below:

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	<i>Change</i>
Owned asset maintenance expenses	494	544	(50)
Airport infrastructure maintenance expenses	1,475	1,628	(153)
Third party asset maintenance expenses	428	270	158
TOTAL MAINTENANCE EXPENSES	2,397	2,442	(45)

The breakdown of services is illustrated below:

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Snow clearance	344	679	(335)
Porterage, transport third-party services	306	292	14
PRM assistance service	815	741	74
De-icing and other public service charges	217	197	20
Security service	618	593	25
Other outsourcing	933	924	9
TOTAL SERVICES	3,233	3,426	(193)

iii. Construction service costs

Construction service costs concern the construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. Group for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

iv. Leases, rentals and other costs

The following table shows the breakdown of leases, rentals and other costs for H1 2019 and H1 2018.

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Concession fees	3,140	2,837	303
Hire charges	80	162	(82)
Rental charges	75	272	(197)
EDP processing charges	810	622	188
Other rental & hire costs	(31)	23	(54)
TOTAL LEASES, RENTALS AND OTHER COSTS	4,074	3,916	158

Total Rental, hire and similar costs recorded an increase in variable airport concession fees and security services, an increase related to the rise in traffic, in addition to higher fees for data elaboration for the new investments in technology. On the other hand, hire and lease charges decreased due to the application of the new IFRS 16 leasing standard (Euro 270 thousand).

v. Other operating expenses

The following table shows the breakdown of other operating expenses for H1 2019 and H1 2018.

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Misc. and local taxes	673	684	(11)
Fire prevention service contribution	675	668	7
Capital losses	0	1	(1)
Other operating expenses	247	227	20
TOTAL OTHER OPERATING EXPENSES	1,595	1,580	15

vi. Personnel costs

The following table shows the breakdown of personnel costs for H1 2019 and H1 2018.

in thousands of Euro	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Wages and salaries	10,209	9,555	654
Social security charges	2,918	2,638	280
Severance provisions	741	699	42
Retirement pension and others	98	95	3
Other personnel costs	984	822	162
TOTAL PERSONNEL COSTS	14,950	13,809	1,141

Personnel costs increased mainly due to the increase in the workforce (+29 full-time equivalent), largely deriving from the hiring of security and terminal personnel and staff.

Other personnel costs are broken as follows:

in thousands of Euro	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Employee canteen	323	297	26
Personnel training	203	128	75
Employee expenses	165	127	38
Other personnel provisions	38	60	(22)
Misc. personnel costs	255	210	45
TOTAL OTHER PERSONNEL COSTS	984	822	162

The average headcount by category in the periods under consideration is shown below:

Average workforce (No.)	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Executives	9	10	(1)
White-collar	430	394	36
Blue-collar	102	97	5
TOTAL PERSONNEL	541	501	40

The headcount at the end of the two periods under consideration was as follows:

Workforce (number)	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Executives	9	10	(1)
White-collar	451	409	42
Blue-collar	102	100	2
TOTAL PERSONNEL	562	519	43

25. Depreciation and amortisation

The following table shows the movement of depreciation, amortisation and impairment for the periods ended June 30, 2019 and 2018.

in thousands of Euro	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Amortisation of concession rights	3,024	2,878	146
Amortisation of other intangible assets	576	458	118
Depreciation of tangible assets	1,423	1,090	333
TOTAL DEPRECIATION AND AMORTISATION	5,023	4,426	597

The account includes Euro 291 thousand of leased asset amortisation as per the new IFRS 16 standard.

26. Provisions for risks and charges

The following table shows the movement of the provisions for risks and charges for the periods ended June 30, 2019 and 2018.

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Provisions for doubtful accounts	350	61	289
Provision for renewal of airport infrastructure	1,191	1,186	5
Provisions for other risks and charges	208	154	54
TOTAL PROVISIONS	1,749	1,401	348

The most significant change concerns the accrual to the provisions for doubtful accounts related to the evaluation of a number of default positions. For further details, reference should be made to notes 8, 15, 16, 20 and 21.

27. Net financial income and expenses

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Profits on sale of equity investments	0	13	(13)
Income from securities	3	17	(14)
Other income	76	74	2
Discounting income on provisions	0	308	(308)
TOTAL FINANCIAL INCOME	79	412	(333)
Interest expenses and bank charges	(224)	(270)	46
Discounting charges on provisions	(351)	(43)	(308)
Interest charges for discounting of liabilities for leasing	(17)	0	(17)
Other financial expenses	(6)	(4)	(2)
TOTAL FINANCIAL EXPENSES	(598)	(317)	(281)
TOTAL FINANCIAL INCOME AND EXPENSES	(519)	95	(614)

Net financial expense increased due to the financial expense for the discounting of provisions and of liabilities (including those for leasing) introduced by IFRS 16; on the other hand, in the comparative period, income from the discounting of provisions was recorded. Interest expense and bank charges decreased as a result of the lower overall debt.

28. Taxes for the period

The following table shows the taxes for the period for H1 2019 and H1 2018.

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Current taxes	3,761	2,915	846
Prior year taxes	(16)	0	(16)
Deferred taxes	33	35	(2)
TOTAL TAXES FOR THE PERIOD	3,778	2,950	844
Current taxes as a % of result before tax	28.49%	28.24%	0.26%
% current taxes on pre-tax result	28.62%	28.57%	0.05%

The effective tax rate for the first half of 2019 was 28.62% of the pre-tax result compared to 28.57% in the first half of 2018.

The reconciliation between the IRES effective and theoretical tax rate is illustrated below:

Reconciliation between actual/theoretical Tax Rate (IRES)	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Pre-tax result	13,199	10,324	2,875
Ordinary tax rate	24%	24%	0.00%
Theoretical tax charge	3,168	2,478	690
Effect of increases and decrease to the ordinary rate			
Reconciliation between actual/theoretical Tax Rate (IRES)	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
Provisions deductible in future years	548	297	251
Costs deductible in future years	1,489	1,608	(119)
Other non-deductible costs	532	507	25
Utilisation provisions deductible in future years	(1)	(13)	12
Costs not deductible in previous years	(2,078)	(1,861)	(217)
Other differences	(838)	507	(24)
Change in deferred income/charges from IAS translation	(111)	(814)	6
Total increase/decrease	(459)	231	(66)
Tax effect on ordinary rate changes	(110)	55	(16)
Taxes for the period	3,057	2,533	674
Effective tax rate	23.16%	24.54%	0.08%

The breakdown of current income taxes is illustrated below:

<i>in thousands of Euro</i>	For the half year ended 30.06.2019	For the half year ended 30.06.2018	Change
IRES	3,057	2,382	675
IRAP	704	533	171
TOTAL CURRENT INCOME TAXES	3,761	2,915	846

29. Related party transactions

For the definition of "Related Parties", reference should be made to IAS 24, approved by Regulation (EC) No. 1725/2003.

Intercompany transactions are carried out within the scope of ordinary operations and at normal market conditions. Related party transactions principally concern commercial and financial transactions, in addition to participation in the tax consolidation.

None of these have particular economic or strategic significance for the Group, as the receivables, payables, revenues and costs regarding related parties do not account for a significant percentage of the total financial statement amounts.

The Bologna Chamber of Commerce shareholders were identified as a Government party, therefore exempt from the disclosure regarding related parties as defined by IAS 24. The categorisation of the Bologna Chamber of Commerce as a Government party therefore limited the checks required for the identification of related parties to the mere identification of the Bologna Chamber of Commerce. No additional information is reported in the financial statements concerning transactions undertaken by the Group with the Bologna Chamber of Commerce as no significant transactions are undertaken with this shareholder.

No transactions with related parties are reported in the period other than the inter-company transactions presented below.

Commercial transactions between the Parent Company and the subsidiary Tag Bologna Srl, in terms of receivables, principally concern the twenty-year sub-concession of the General Aviation traffic assistance infrastructure and the provision of services for Euro 35 thousand.

Adb payables to the subsidiary mainly concern the capital grant for the covering of General Aviation terminal infrastructure operation and maintenance costs for the boarding and disembarking of passengers, against the financial advantage for AdB of including these costs in the calculation of passenger boarding fees. Costs in the first half of 2019 to the subsidiary overall amount to Euro 96 thousand.

Non-commercial transactions with Tag concerned:

- the tax consolidation contract renewed in January 2018 for the years 2018-2020;
- the patronage letter issued by the Parent Company, in favour of Monte dei Paschi di Siena relating to the long-term loan granted by the bank to Tag. At June 30, 2019, the guaranteed portion of the loan, equal to the residual capital portion, amounts to Euro 3.5 million.

During the period, commercial transactions between the Parent Company and the subsidiary Fast Freight Marconi S.p.A. concern the provision by AdB of the following services:

- sub-concession of offices, areas and operating rooms;
- management and staffing, including the following staff services: accounting, administration, finance, operating control, management reporting, personnel, legal, ICT, personnel secondment and directors' competences;
- packages and goods x-ray controls.

Revenues in the period from the subsidiary amount to Euro 221 thousand.

Non-commercial transactions with FFM included:

- the tax consolidation contract renewed in January 2018 for the years 2018-2020;
- the co-obligation of AdB on sureties in favour of the Bologna Customs Agency for various customs deposits of FFM for Euro 1.15 million.

30 Commitments and risks

Environmental investment commitments

The environmental commitments of the Group were formalised with the signing by the Parent Company in 2015 with the Regional Agencies of the Regional Agreement for reducing the Airport's carbon footprint, involving investments by AdB totalling Euro 6.5 million over a time period consistent with the timeframe for the rolling out of the airport Master Plan or rather by 2023. During the first half of 2019, together with the local Bodies and in compliance with the VIA Decree, the acoustic monitoring plan for sensitive receivers in the municipal area was drawn up. In addition, the definitive design of the woodland to the north of the airport was concluded.

People Mover investment commitments

Tangible fixed assets in progress at June 30 (note 2) include for Euro 1.78 million the first two tranches of the contributions granted by AdB to Marconi Express S.p.A. for the construction of the People Mover "Airport" station following completion of 66% of the airport area works. The overall contribution of the Parent Company amounts to Euro 2.7 million, with the final tranche of Euro 0.92 million earmarked for testing purposes. Under the same agreement (signed by AdB, the Municipality of Bologna, the Province of Bologna and the Region of Emilia-Romagna on July 23, 2007), AdB committed to completing the connection between the "Airport" and the Terminal, which concluded in 2019 and at June 30 concession rights were recognised of Euro 1.3 million.

Non-current financial assets at June 30, 2019 include Euro 10.9 million of the equity financial instrument in Marconi Express S.p.A., signed by AdB in January 2016 for a similar value. The final tranche of Euro 0.9 million was paid in December 2018 on works completion.

Commitments to adjust the BHS x-ray machines

Regulation EU 2015/1998 establishes that checked baggage security control equipment should satisfy "standard 3" from September 1, 2020. This equipment is highly complex, with lengthy production times and technical features requiring adjustments to the BHS machines. For the Group, the amendment to this regulation requires an investment estimated at Euro 4.7 million, which includes both the replacement of the x-ray machines and the change to the lay-out of the BHS, as required to introduce the new machinery.

With regards to the guarantees provided, reference should be made to the relevant chapter of the Directors' Report.

Types and management of other risks

With regards to the disclosure concerning the types and means of financial risk management under Article 2428, paragraph 2 No. 6 bis, reference should be made to the specific section of the Directors' Report, also with regards to the comment upon the other risks to which the Group is subject.

The Chairman of the Board of Directors

(Enrico Postacchini)

Bologna, September 2, 2019

**Statement on the condensed consolidated financial statements as per Article 154-bis,
paragraph 5, CFA**

1. The undersigned Nazareno Ventola, as Chief Executive Officer, and Patrizia Muffato, as Officer in charge of preparing the corporate accounting documents, of Aeroporto Guglielmo Marconi di Bologna S.p.A., declare, also in consideration of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998:
 - the accuracy of the information on company operations and
 - the effective applicationof the administrative and accounting procedures for the compilation of the condensed half-year financial statements for the first half-year of 2019.
2. The assessment of the adequacy of the accounting and administrative procedures for the preparation of the condensed consolidated half-year financial statements at June 30, 2019 is based on a process defined by Aeroporto Guglielmo Marconi di Bologna S.p.A. in accordance with the Internal Control - Integrated Framework defined by the Committee of the Sponsoring Organisations of the Treadway Commission, which represents a benchmark standard generally accepted at international level.
3. We also declare that:
 - 3.1 the condensed half-year financial statements as at June 30, 2019:
 - a) are drawn up in conformity with the applicable international accounting standards recognised by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
 - b) correspond to the underlying accounting documents and records;
 - c) provide a true and fair view of the financial position, financial performance and cash flow of the Issuer and of the other companies in the consolidation scope.
 - 3.2 The Interim Directors' Report includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. This Directors' Report also contains a reliable analysis of the significant transactions with related parties.

Bologna, September 2, 2019

Chief Executive Officer

(Nazareno Ventola)

**Officer in charge of preparing the corporate
accounting documents**

(Patrizia Muffato)



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Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Aeroporto Guglielmo Marconi di Bologna S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flows statement and the related notes of Aeroporto Guglielmo Marconi di Bologna S.p.A. and its subsidiaries (the "Aeroporto Guglielmo Marconi di Bologna Group") as of June 30, 2019. The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna Group as of June 30, 2019 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, September 2, 2019

EY S.p.A.
Signed by: Alberto Rosa, Partner

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



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