Consolidated Interim Report at 30 September 2017

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

Consolidated Interim Report

Aeroporto Guglielmo Marconi di Bologna Group

At 30 September 2017

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.

CONTENTS

Composition of the Share Capital of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A. 3

Board of Directors 4

Board of Statutory Auditors 5

Auditing Firm 5

Directors' Report at 30 September 2017 6

Consolidated financial statements at 30 September 2017 36

- Statement of Consolidated Financial Position 37
- Consolidated Income Statement 38
- Consolidated Statement of Comprehensive Income 39
- Consolidated Cash Flow Statement 40
- Statement of Changes in Consolidated Shareholders' Equity 41

Notes to the consolidated financial statements at 30 September 2017 42

Statement pursuant to Article 154-*bis* of the TUF 73

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.

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

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

Based on the shareholder register (and communications received pursuant to Article 120 of Legislative Decree 58/98), the shareholders of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A. with investments above 5% at 30 September 2017 are:

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

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

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

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

PUBLIC SHAREHOLDERS	% Share Capital with Voting Group
CHAMBER OF COMMERCE OF BOLOGNA	37.53%
MUNICIPALITY OF BOLOGNA	3.88%
METROPOLITAN CITY OF BOLOGNA	2.31%

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.

REGION OF EMILIA-ROMAGNA	2.04%
CHAMBER OF COMMERCE OF MODENA	0.30%
CHAMBER OF COMMERCE OF FERRARA	0.22%
CHAMBER OF COMMERCE OF REGGIO EMILIA	0.15%
CHAMBER OF COMMERCE OF PARMA	0.11%

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

Board of Directors

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

Name	**Office**
Enrico Postacchini	Chairman
Nazareno Ventola	CEO (*) (**)
Giorgio Tabellini	Member
Sonia Bonfiglioli	Member (A) (B)
Giada Grandi	Member
Luca Mantecchini	Member (A)
Arturo Albano	Member (B) (***)
Gabriele Del Torchio	Member (A) (***)
Laura Pascotto	Member (B)

(*) Chief Executive Officer appointed by the Board of Directors on 9 May 2016

(**) holds the position of General Manager.

Amongst his responsibilities is the position of Chief Internal Control System and Risk Management Officer.

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.

(***) On 4 September, Gabriele Del Torchio resigned from the Board of Directors. On 30 October, the Board co-opted Domenico Livio Trombone as his replacement.
On 30 October, Arturo Albano resigned from the Board of Directors.
(A) Member of the Remuneration Committee (Chairman Luca Mantecchini)
(B) Member of the Control and Risk Committee (Chairman Sonia Bonfiglioli)

Board of Statutory Auditors

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

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

Auditing Firm

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

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.

Directors' Report of the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group at 30 September 2017

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.

INTRODUCTION **8**

1 STRATEGIES AND RESULTS **11**

1.1 INDUSTRY TRENDS AND AIR TRANSPORT: SUMMARY HIGHLIGHTS AND POSITIONING OF THE G. MARCONI AIRPORT 11

1.2 STRATEGIC OBJECTIVES 11

1.3 STOCK PERFORMANCE 12

2. ANALYSIS OF THE MAIN OPERATING RESULTS **14**

2.1 AVIATION STRATEGIC BUSINESS UNIT 14

2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA 14

2.1.2 AVIATION STRATEGIC BUSINESS UNIT: SUMMARY OF ECONOMIC RESULTS 15

2.2 NON-AVIATION STRATEGIC BUSINESS UNIT 16

2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: SUMMARY OF ECONOMIC RESULTS 16

3 ANALYSIS OF THE OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS **18**

3.1 ANALYSIS OF THE CONSOLIDATED FINANCIAL RESULTS 18

3.2 ANALYSIS OF CASH FLOWS 21

3.3 ANALYSIS OF THE CAPITAL STRUCTURE 22

3.4 INDICES 24

3.5 INVESTMENTS 24

3.6 PERSONNEL 25

4 ANALYSIS OF THE MAIN NON-ECONOMIC RESULTS **27**

4.1 THE ENVIRONMENT 27

4.2 QUALITY 27

5 LEGISLATIVE FRAMEWORK **28**

5.1 TARIFF REGULATION 2016-2019 28

5.2 MUNICIPAL SURCHARGE ON PASSENGER BOARDING FEES 28

5.3 CONTINUITY OF SERVICES PROVIDED BY ALITALIA UNDER SPECIAL ADMINISTRATION 28

5.4 RECEIPT OF AIRPORT CERTIFICATE BASED ON PROVISIONS OF EUROPEAN REGULATION NO. 139/2014 29

6 DISPUTES **29**

7 MAIN RISKS AND UNCERTAINTIES **30**

8 ALTERNATIVE PERFORMANCE INDICATORS **33**

9 GUARANTEES PROVIDED **34**

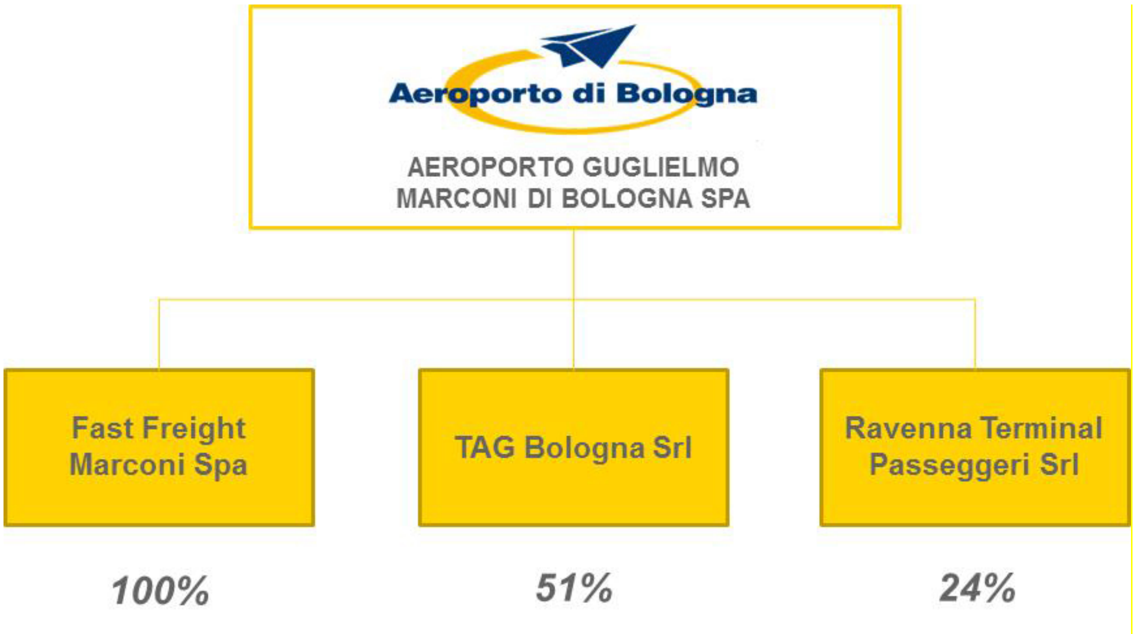
10 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK **34**

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.

INTRODUCTION

This report, submitted with the Consolidated Financial Statements of the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group (hereinafter also the “Airport Group” or the “Airport” or “AdB”) for the nine months ended 30 September 2017, in presenting the Group’s performance, indirectly provides an analysis of the performance of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., full management operator of Bologna Airport according to Full Management Concession no. 98 of 12 July 2004 et seq., approved with the Ministry of Transport and Infrastructure and Ministry of Economy and Finance Decree dated 15 March 2006, for a 40-year period starting as of 28 December 2004.

The following diagram shows the structure of the Group at 30 September 2017 and a brief description of the type of activities carried out by its subsidiaries and associates:



- Tag Bologna S.r.l. (hereinafter also TAG) was founded in 2001 and commenced operations in 2008, following the completion and opening of the terminal and hangar for General Aviation. The company, besides managing this infrastructure at Bologna Airport, is engaged in the General Aviation sector as a handler;
- Fast Freight Marconi S.p.A. (hereinafter also "FFM") was set up in 2008 by the former subsidiary Marconi Handling S.r.l. (as of 1 April 2017, GH Bologna S.p.A.), with share capital of Euro 10 thousand, later increased to Euro 520 thousand through the contribution, by the then sole shareholder, of the Bologna Airport cargo and mail handling business unit. The entire investment in FFM was acquired by the Parent Company in 2009;
- Ravenna Passenger Terminal S.r.l. (hereinafter also RTP) was founded in 2009 together with several public and private partners in the cruise industry for carrying out activities related to the concession for managing the Porto Corsini (Ravenna) Maritime Station Service.

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.

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

Description of the business

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

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

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

Aviation SBU

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

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

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

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

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

- <u>fees for checks on departing passengers</u>: these fees are due for the inspection service, including inspection personnel and equipment assigned by the provider;
- <u>fees for security checks of checked luggage</u>: such fees are due for the remuneration of the equipment and personnel that perform these controls;

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.

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

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

Parking
The direct management of paid parking at Bologna Airport consists of approximately 5,400 available parking spaces, mainly concentrated in six large parking areas of which the first five are next to the terminal and the sixth located about 1.5 km from the terminal. The growing popularity of the Airport in recent years has persuaded private companies to enter the market near the Airport, creating competitor car parks connected to the terminal via shuttles.

Retail
Retail activities at Bologna Airport are characterised by the presence of brands that are internationally recognised and associated with the local area. The mall comprises approximately 4,500 square metres and 42 stores. The recent upgrading of the airport has increased the surface area dedicated to retail and consequently the choice available to customers. The greatest expansion was in duty-free areas, which represent one of the main sources of profitability for the SBU.

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

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

Real Estate
Real estate is characterised by two macro-areas: the first relates to revenue from the sub-licensing of spaces for commercial activities closely linked to aeronautical operations, first and foremost those of couriers, and the second relates to the sub-licensing revenues of areas and premises for handling, the rates of which are regulated.
Overall, there are more than 90,000 square metres available for sub-licensing, of which over 70,000 square metres are for offices, warehouses, technical services and hangars, and approximately 20,000 square

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.

metres are uncovered areas dedicated to storing operational vehicles and handling in the loading/unloading areas, and areas for the vehicles used for aircraft refuelling.

1 STRATEGIES AND RESULTS

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

The recovery of the main developed and emerging economies continues to strengthen, with promising short-term growth prospects. However, ongoing uncertainty surrounding economic policies and heightened geopolitical tensions in some parts of the globe mean that certain elements of risk remain.
According to the International Monetary Fund's October forecasts, the global economy should grow by 3.6% in 2017 and by 3.7% in 2018, accounting for an acceleration of nearly half a point on 2016. An increase in domestic demand in developed economies and China, and above all greater levels of investment, have contributed to this acceleration. The IMF has also upgraded its forecasts for global trade, which is expected to grow faster than GDP for the first time in two years. There remains a chance that renewed volatility on the financial markets, caused by uncertainty surrounding economic policies and heightened geopolitical tensions, may have a negative impact on household and business confidence and therefore on spending and investment.
Economic growth in the Eurozone has improved, thanks mainly to domestic demand. In the second quarter of 2017, Eurozone GDP was up 0.6%, fractionally faster than in the first three months of the year. Similar growth is expected in the third quarter.
The latest forecasts indicate that Italian GDP will rise by approximately 0.5% in the third quarter of 2017. Following the latest adjustment by the Italian National Institute for Statistics (Istat), the country's GDP increased by 0.3% quarter on quarter in the second quarter of the year. The Italian economy is being driven by domestic demand and, to a lesser extent, investment in capital goods. Household spending has continued to increase, albeit at a slower rate (*Source: Economic Bulletin, Banca d'Italia, October 2017*).

In this economic environment, **global** passenger traffic rose by 7.7% in the period January-September 2017 continuing a positive trend for air transport. Global cargo traffic also posted excellent performance with a 10.1% increase in volume.

In **Europe,** passenger traffic rose by 8.5% in the period January-September 2017, which was in line with global traffic performance. Cargo traffic also posted good performance with a 12.9% volume increase thanks to growth in exports (Air Passenger Market Analysis and Air Freight Market Analysis, September 2017).

During the same period, the **Italian** market recorded passenger traffic growth of 6.8% (Source: Assaeroporti, September 2017). During the first nine months of 2017, Bologna Airport saw growth of 6.7%, in line with Italy as a whole.

1.2 STRATEGIC OBJECTIVES

In 2017, the Group continues to take steps to achieve the objectives of the Strategic Plan that underpins the stock market listing. The Plan calls for various measures which, in view of the major market transformation under way and the specific characteristics of individual business areas, have the following objectives:

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.

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

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

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

Focus on efficiency, quality and innovation
In 2014, as part of its development strategies, the Group began to optimise its key operating processes to create an appropriate structure for addressing the increasingly challenging competitive dynamics of the business. In this context, the Group has geared itself towards the search for greater functionality and efficiency while also evaluating the potential internalisation of services and cost savings.
The Group is also careful to ensure continuous improvement of services provided to airport users in the business areas in which the Group operates, directly and indirectly, while ensuring an even higher standard of safety, quality and environmental friendliness.
With the aim of improving service quality and customer loyalty, the Group feels it is important to implement technological systems that encourage interaction with passengers and provide the best travel experience inside the Airport.

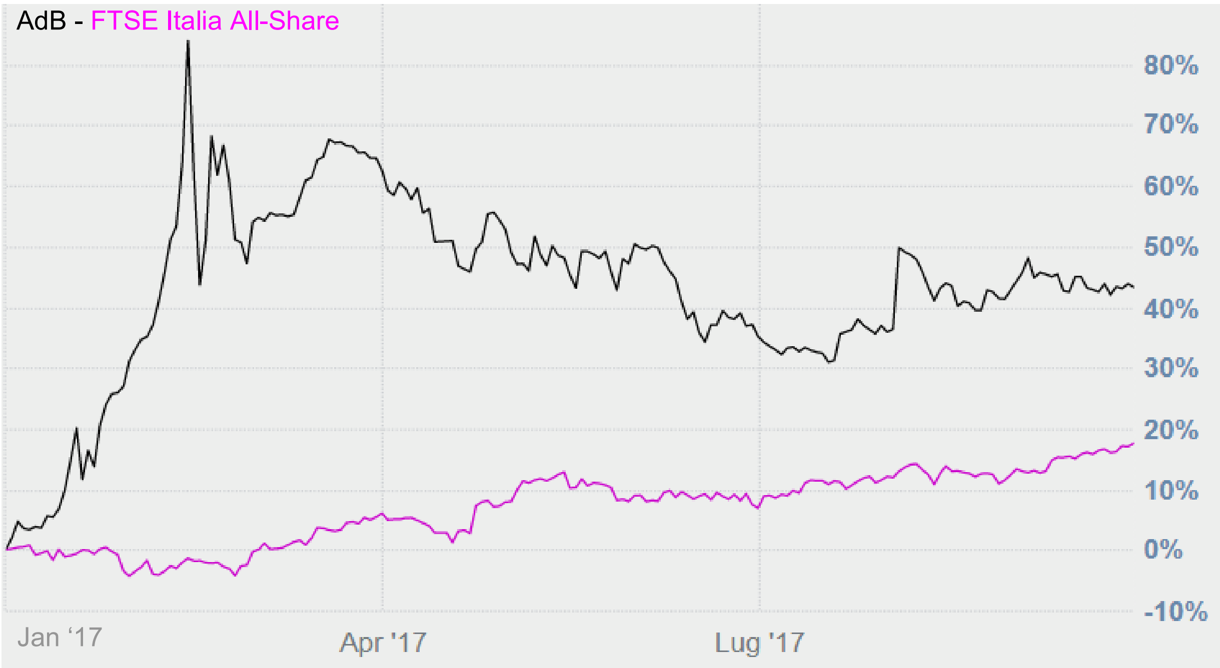
1.3 STOCK PERFORMANCE

On 14 July 2015, the AdB stock began trading on the MTA Star segment of the Milan Stock Exchange.
The report below indicates:
- the stock's performance from 1 January 2017 to 30 September 2017;
- the comparison between the share price and changes in the FTSE Italia All-Share index.

At 30 September 2017, the official price was Euro 14.74 per share, bringing the market capitalisation of the AdB Group on that date to approximately Euro 532 million.

Performance of AdB shares (01/01/2017 - 30/09/2017)

Performance of AdB shares and FTSE Italia All-Share index (01/01/2017-30/09/2017)



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.

2. ANALYSIS OF THE MAIN OPERATING RESULTS

2.1 AVIATION STRATEGIC BUSINESS UNIT

2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA

In the first nine months of 2017, there was significant growth in traffic at Bologna Airport. Specifically, there was growth of 6.7% during that period and a total of 6,299,484 **passengers**, including transits and General Aviation. At the same time there was an increase in **movements** (54,978; +3.2%) and **tonnage** (3,480,140; +2.4%). Contributing to this positive performance were the introduction of new destinations and expansion of existing routes. There was also sharp growth in average load factor, which rose from 78.6% in the first nine months of 2016 to 81.5% in the same period of 2017 due to an increase in passengers that was higher than the increase in seats offered.

In the period January-September 2017, **cargo traffic** overall was 42,011,261 kg, accounting for an increase of 22.3% on 2016. This increase was due to growth in all traffic items. In fact, there was a strong recovery in the surface item as well as continued growth in cargo traffic by air due to a fortuitous combination of factors involving the increase of volume of carriers with a strong presence at the airport, and additional new carriers.

	January - September 2017	**January - September 2016**	**% Change**
Passengers	6,299,484	5,902,233	6.7%
Movements	54,978	53,277	3.2%
Tonnage	3,480,140	3,397,499	2.4%
Freight	42,011,261	34,347,318	22.3%

Data including General Aviation and transits

The growth in passenger traffic was due to the increase in both major items, i.e. legacy and low-cost traffic.
Legacy traffic rose by 9.5% in passenger volume in the first nine months of 2017, due to the introduction of new flights and increased flights to certain hubs by major international airlines. Specifically, several increases in flights on existing routes were introduced including the fourth daily Alitalia flight to Rome and the second daily Alitalia flight to Catania, the second weekly TAP flight to Lisbon in the summer season, the second weekly Jetairly flight to Marrakesh, and confirmation of the fifth weekly Air Dolomiti flight to Munich. There was also a new flight to Tirana with three weekly flights starting as of 07 June 2017 operated by Ernst Airlines, and a new seasonal connection to Kiev with 2 weekly flights starting as of 02 June 2017, operated by Dart Airlines.
Ongoing investments by major **low-cost** carriers continued at the airport due to the expansion of operations by Ryanair (introduction of new flights to Lisbon and Eindhoven, both with 3 weekly flights) and Wizzair (new flight to Suceava with two weekly flights, and more flights to Chisinau and Timisoara). In addition, Eurowings launched a new twice weekly flight to Hamburg in summer 2017. In the first nine months of 2017, this item rose by 5.0%.
Charter traffic, however, has remained broadly stable after a slight increase in flights to Egypt was offset by a reduction in traffic to Spanish resorts.

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.

Passenger Traffic Composition	January - September 2017	% of total	January - September 2016	% of total	% Change
Legacy	2,666,045	42.3%	2,433,820	41.2%	9.5%
Low-cost	3,560,123	56.5%	3,391,531	57.5%	5.0%
Charter	60,281	1.0%	61,265	1.0%	-1.6%
Transits	6,895	0.1%	9,761	0.2%	-29.4%
Commercial Aviation Total	**6,293,344**	99.9%	**5,896,377**	99.9%	6.7%
General Aviation	6,140	0.1%	5,856	0.1%	4.8%
Overall Total	**6,299,484**	**100.0%**	**5,902,233**	**100.0%**	**6.7%**

The international status of Bologna Airport continues to rise and, in the first nine months of 2017, passengers on international flights accounted for 76.6% of the total (75.1% in the same period of 2016).
With regard to routes operated, Catania is the main destination in terms of passenger traffic volume, followed by Frankfurt, Barcelona, Paris CDG and Madrid.
The main destinations served confirm the strength of the traffic mix, as they are both hubs of traditional airlines and point-to-point destinations of low-cost carriers.

Main routes for passenger traffic	January - September 2017	January - September 2016	% Change
Catania	272,953	235,429	15.9%
Frankfurt	237,584	213,722	11.2%
Barcelona	227,102	209,533	8.4%
Paris CDG	210,545	208,938	0.8%
Madrid	210,114	209,163	0.5%
London Heathrow	209,579	191,128	9.7%
Palermo	199,806	201,506	-0.8%
Bucharest OTP	171,999	155,930	10.3%
Rome FCO	168,601	187,578	-10.1%
London Stansted	165,507	156,984	5.4%

Legacy + low-cost passenger traffic, excluding charter, transits and general aviation.

2.1.2 AVIATION STRATEGIC BUSINESS UNIT: SUMMARY OF ECONOMIC RESULTS

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Abs. change	Change %
Revenues from Passengers	38,868	36,756	2,112	5.7%
Revenues from Carriers	17,147	16,061	1,086	6.8%
Revenues from Airport Operators	2,504	2,189	315	14.4%
Traffic incentives	(17,976)	(18,667)	691	-3.7%
Revenues from construction services	2,407	4,420	(2,013)	-45.5%
Other revenues	1,075	955	120	12.6%
Fee reduction due to doubtful receivables	(125)	0	(125)	n.s.
Total AVIATION SBU Revenues	**43,900**	**41,714**	**2,186**	**5.2%**

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.

Group revenues attributable to the Aviation Strategic Business Unit include the fees paid by users (passengers and carriers) and by airport operators for the use of infrastructure and services provided exclusively by the Group for landing, take-off, lighting and aircraft parking, and the processing of passengers and cargo, as well as for the use of centralised infrastructure and assets for exclusive use.
Given the public utility nature of airport services, airport charges are subject to regulation, based on EU rules. The previous regulations required that such charges were established for each airport by planning agreements concluded between individual airport operators and the Italian Civil Aviation Authority (ENAC). The new legislation and the enforcement measures – including the models approved by the Transport Regulation Authority (ART) – require, however, that changes to the system or the level of airport charges must be made in agreement between the airport operator and the airport users.
The year-on-year increase during the period January-September 2017 compared with the same period in 2016 was due in particular to more traffic and a decline in incentives.

On the whole, Group revenues attributable to the Aviation Strategic Business Unit rose by 5.2%. Individual items performed as follows:
- Revenues from Passengers (+5.7%): revenues from passengers grew more slowly than passenger traffic (+6.7%) because of the updated tariffs which came into effect on 1 January 2017;
- Revenues from Carriers (+6.8%): growth was considerably greater than that of their main driver, overall tonnage (+2.4%), owing to the rise in freight traffic and the updated tariffs which came into effect on 1 January 2017;
- Revenues from Airport Operators: the 14.4% growth was due to increased traffic and higher fuelling service revenues of the subsidiary TAG s.r.l.;
- Incentives: despite the increase in traffic, the 3.7% decrease in this item compared with 2016 was due to the renegotiation of several agreements;
- Revenues from Construction Services: the decrease (-45.5%) resulted from less investment than during the same period of the previous year;
- Other Revenues (+12.6%): this increase compared with 2016 was due to more ancillary services provided by the subsidiary Fast Freight Marconi S.p.A.

2.2 NON-AVIATION STRATEGIC BUSINESS UNIT

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

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Abs. change	Change %
Retail and Advertising	10,098	9,056	1,042	11.5%
Parking	11,496	10,863	633	5.8%
Real Estate	1,713	1,793	(80)	-4.5%
Passenger services	3,855	3,425	430	12.6%
Other revenues	1,491	1,569	(78)	-5.0%
Revenues from construction services	923	570	353	61.9%
Total NON-AVIATION SBU Revenues	**29,576**	**27,276**	**2,300**	**8.4%**

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.

Total revenues from the Non-Aviation Strategic Business Unit rose by 8.4% during the period, with major revenue items increasing.
The performance of individual areas of this business unit is shown below.

Retail and Advertising

This revenue item increased by 11.5% compared with 2016, continuing to deliver excellent performance thanks to more traffic, a positive impact from some new agreements and significant improvements to the product range, with a particular focus on local traditions. There was year-on-year growth in the duty free and food and beverage segments.
Advertising revenues declined, however, in line with the national market.

Parking

Parking revenues increased by 5.8%, compared with 2016, during the first nine months of 2017.
This rise was due to higher passenger numbers and greater capacity following completion of a new car park at the beginning of the year.

Real Estate

The 4.5% drop in revenues in this category compared with 2016 was mainly due to the early termination of a building rights agreement for the development of ancillary activities.

Passenger services

Passenger services saw a 12.6% increase compared with 2016 and mainly consisted of premium services (lounge and ancillary services) and car rentals, the performance of which is indicated below.

Premium services

The Marconi Business Lounge continued to grow in the third quarter of 2017, consolidating its excellent performance since the start of the year, in terms of admissions to both directly managed lounges and those managed through special channels.

Rent a car sub-licensing

Results were more positive than in 2016, due above all to the additional availability of several parking places for car renters and the delivery of new areas for preparing cars on site.

Other revenues

The item “Other revenues” saw no significant change compared with the same period of 2016.

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.

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

3.1 ANALYSIS OF THE CONSOLIDATED FINANCIAL RESULTS

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Abs. change	Change %
Revenues from aeronautical services	40,669	36,573	4,096	11.2%
Revenues from non-aeronautical services	29,021	26,930	2,091	7.8%
Revenues from construction services	3,330	4,990	(1,660)	-33.3%
Other operating revenues and income	456	497	(41)	-8.2%
Revenues	**73,476**	**68,990**	**4,486**	**6.5%**
Consumables and goods	(1,399)	(1,068)	(331)	31.0%
Services costs	(13,285)	(13,708)	423	-3.1%
Costs for construction services	(3,171)	(4,752)	1,581	-33.3%
Leases, rentals and other costs	(5,728)	(5,474)	(254)	4.6%
Other operating expenses	(2,707)	(2,313)	(394)	17.0%
Personnel costs	(19,631)	(18,983)	(648)	3.4%
Costs	**(45,921)**	**(46,298)**	**377**	**-0.8%**
Gross operating profit (EBITDA)	**27,555**	**22,692**	**4,863**	**21.4%**
Amortisation of concession rights	(4,246)	(3,982)	(264)	6.6%
Amortisation of other intangible assets	(508)	(455)	(53)	11.6%
Depreciation of tangible assets	(1,528)	(1,262)	(266)	21.1%
Depreciation and amortisation	**(6,282)**	**(5,699)**	**(583)**	**10.2%**
Provisions for doubtful accounts	(62)	(49)	(13)	26.5%
Provisions for renewal of airport infrastructure	(1,184)	(1,926)	742	-38.5%
Provisions for other risks and charges	(563)	102	(665)	n.s.
Provisions for risks and charges	**(1,809)**	**(1,873)**	**64**	**-3.4%**
Total costs	**(54,012)**	**(53,870)**	**(142)**	**0.3%**
Operating result	**19,464**	**15,120**	**4,344**	**28.7%**
Financial income	374	251	123	49.0%
Financial expenses	(605)	(1,016)	411	-40.5%
Result before taxes	**19,233**	**14,355**	**4,878**	**34.0%**
Taxes for the period	**(5,433)**	**(4,206)**	**(1,227)**	**29.2%**
Profit (loss) for the period	**13,800**	**10,149**	**3,651**	**36.0%**
Minority interests in profit (loss)	**177**	**87**	**90**	**103.4%**
Group profit (loss)	**13,623**	**10,062**	**3,561**	**35.4%**

The first nine months of 2017 ended with consolidated profit of **Euro 13.8 million** compared with **Euro 10.1 million** in 2016.

This result was driven by an increase in traffic and the positive impact this had with a multiplier effect on all key result-related items.
In particular, together with the actions taken to increase margins, the traffic growth and mix had a positive impact on aviation revenues and generated incremental revenues in the non-aviation item. Costs are falling thanks to ongoing containment measures.

For the period under examination relating to the nine months of 2017, **Gross operating profit** (EBITDA) increased by Euro 4.8 million (+21.4%) compared with the same period of 2016 to Euro 27.5 million.

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.

Core revenues rose by 6.5% overall compared with 2016, and specifically:
- **revenues from aeronautical services** rose by 11.2% mainly due to the increase in traffic and decrease in incentives following the renegotiation of agreements;
- **revenues from non-aeronautical services** were up by 7.8% due to the good performance of all items of this category as explained in the relevant section;
- the 33.3% decrease in **revenues from construction services** was due to lower investments.

Costs fell by 0.8%. These can be broken down as follows:

- ✓ the **cost of consumables and goods** rose by 31%, owing mainly to greater volumes of aviation fuel purchased by the subsidiary TAG s.r.l., which had a positive impact on revenues as described in the relevant section.
- ✓ **costs for services** fell by 3.1%, due in particular to:
    - the impact of the reversal of one-off energy costs related to AdB cogeneration plants and recorded in the 2016 financial statements; see comments in the section on adjusted results;
    - lower costs for maintenance work, since specific work related to the reconfiguration of spaces and structures servicing passengers was carried out during the same period of 2016;
    - Bucking the trend, PRM service costs increased as a result of greater departing passenger numbers.

- ✓ **costs for construction services** dropped by 33.3% due to less investment as reflected in the decrease in the corresponding revenue item;
- ✓ the 4.6% year-on-year increase compared with 2016 in **leases, rentals and other costs** was mostly due to higher concession and security service fees as a result of the increase in traffic;
- ✓ **other operating expenses** rose by 17% over 2016 mainly due to ancillary costs for exercising the purchase option for a property as indicated in the section dedicated to investments.

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

Moving on to **structural costs**, there was an increase in depreciation and amortisation (+10.2%) from Euro 5.7 million to **Euro 6.3 million**, which is consistent with the depreciation/amortisation schedule and new Group investments, while provisions were down slightly on the 2016 figure (Euro 1.8 million versus Euro 1.9 million) and were constituted differently. The provision for renewal of airport infrastructure fell from Euro 1.9 million to Euro 1.2 million due to updating of the 10-year programme and a delay to certain air side projects, while there was an increase (from a Euro 0.1 million release of excess funds to Euro 0.6 million of provisions) in provisions for other risks and charges relating to employee back pay and ongoing disputes.

On the whole, total costs were up by 0.3% as compared with a 6.5% increase in revenues, resulting in an increase in **operating profit (EBIT)** of 28.7% from Euro 15.1 million in the first nine months of 2016 to **Euro 19.5 million** at 30 September 2017.

There was **net financial expense** of Euro 0.23 million, compared with Euro 0.77 million in the same period of 2016. This change was due to two factors:

- the decrease in bank interest expense as a result of:
    - o the reduction in debt following the completion, on 30 September 2016, of the amortisation schedule of the Intesa loan obtained in 2007;
    - o the early repayment, on 20 April 2016, of the payable resulting from the Seaf guarantee;

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.

- o the revision, signed on 6 April 2017, of the pricing for the Intesa San Paolo loan maturing in 2024, which calls for the application of a rate of 3.693% until 10 April 2017, 3.3% from 11 April to 10 June 2017, and 3% until maturity;
- income from discounting provisions compared with expenses recognised in the comparison period.

As a result of the above, the **Result before taxes** at 30 September 2017 totalled **Euro 19.2 million** versus Euro 14.4 million a year earlier, accounting for growth of 34%**.**

Income taxes rose due to the increase in the result before taxes (up by Euro 4.9 million) following amendments introduced in the calculation of the ACE (economic growth incentive, Decree Law 201/2011) tax benefit, and specifically in the determination of the calculation base and the reduction in the rate of return.
The rates used to calculate deferred taxes, which reflect future rates based on current national laws, are as follows:
IRES 24%;
IRAP 4.2% (airport companies);
IRAP 3.9%.

The **net result** for the period totalled **Euro 13.8 million**, compared with Euro 10.1 million (+36%): the Group share was **Euro 13.6 million,** versus Euro 10.1 million at 30 September 2016 (+35.4%).

In the first nine months of 2017, progress made on investments related to concession rights was lower than in the same period in 2016 and, as a result, there was a relative impact on economic performance for the period, as can be seen in the following table showing the revenues, costs and gross operating profit adjusted respectively for the revenues, costs and margin for construction services.

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

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Abs. change	Change %
Revenues from aeronautical services	40,669	36,573	4,096	11.2%
Revenues from non-aeronautical services	29,021	26,930	2,091	7.8%
Other operating revenues and income	456	497	(41)	-8.2%
ADJUSTED REVENUES	**70,146**	**64,000**	**6,146**	**9.6%**
Consumables and goods	(1,399)	(1,068)	(331)	31.0%
Services costs	(13,905)	(13,708)	(197)	1.4%
Leases, rentals and other costs	(5,728)	(5,474)	(254)	4.6%
Other operating expenses	(2,707)	(2,313)	(394)	17.0%
Personnel costs	(19,631)	(18,983)	(648)	3.4%
ADJUSTED COSTS	**(43,370)**	**(41,546)**	**(1,824)**	**4.4%**
ADJUSTED GROSS OPERATING PROFIT (ADJUSTED EBITDA)	**26,776**	**22,454**	**4,322**	**19.2%**
Revenues from construction services	3,330	4,990	(1,660)	-33.3%
Costs for construction services	(3,171)	(4,752)	1,581	-33.3%
Margin for construction services	**159**	**238**	**(79)**	**-33.2%**
Utilities - One-off energy costs	620	0	620	0.0%
GROSS OPERATING PROFIT (EBITDA)	**27,555**	**22,692**	**4,863**	**21.4%**

As shown in the table, excluding construction services, revenues and costs and one-off system expenses, and despite revenue growth of 9.6%, cost growth was limited to 4.4% resulting in **adjusted gross operating profit** of **Euro 26.8 million**, which was 19.2% higher than in 2016.

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.

The item “Utilities - One-off Energy Costs ” was for the reversal of the payable for system expenses related to AdB cogeneration plants recorded at 31 December 2016 in accordance with regulations in effect at that time. With regard to these system expenses, the Group used specialised consulting services to obtain clarifications regarding the provisions of Decree Law 19/2017 and Resolution 276/2017/R/ee of the Authority for Electricity and Gas and Water System which provided final confirmation regarding the implementation of the new procedures for the administration of utility systems and the new procedures for allocating system expenses just for taking electricity from grids with mandatory third-party connections (for the systems allowed). Based on the above, the Group determined that such system expenses were no longer due and in keeping with what was carried out in 2016, this income was considered to be a “one-off” amount and, thus, the determination of KPIs at 30 September 2017 was adjusted for this positive impact.

3.2 ANALYSIS OF CASH FLOWS

Details of the Group’s net financial position at 30 September 2017 are provided below, compared with 31 December 2016 and 30 September 2016:

	in thousands of Euro	at 30.09.2017	at 31.12.2016	at 30.09.2016	Change 30.09.2017 - 31.12.2016	Change 30.09.2017 - 30.09.2016
A	Cash	26	25	24	1	2
B	Other cash equivalents	30,759	20,085	15,963	10,674	14,796
C	Securities held for trading	0	0	2,897	0	(2,897)
D	**Liquidity (A) +(B) + (C)**	**30,785**	**20,110**	**18,884**	**10,675**	**11,901**
E	**Current financial receivables**	**12,948**	**22,085**	**9,295**	**(9,137)**	**3,653**
F	Current bank debt	(191)	(70)	(287)	(121)	96
G	Current portion of non-current debt	(5,806)	(5,800)	(5,799)	(6)	(7)
H	Other current financial debt	(2,617)	(2,970)	(2,983)	353	366
I	**Current financial debt (F) + (G) + (H)**	**(8,614)**	**(8,840)**	**(9,069)**	**226**	**455**
J	**Net current financial position (I) – (E) – (D)**	**35,119**	**33,355**	**19,110**	**1,764**	**16,009**
K	Non-current bank debt	(21,884)	(24,896)	(27,671)	3,012	5,787
L	Bonds issued	0	0	0	0	0
M	Other non-current liabilities	0	0	0	0	0
N	**Non-current financial debt (K) + (L) + (M)**	**(21,884)**	**(24,896)**	**(27,671)**	**3,012**	**5,787**
O	**Net financial position (J+N)**	**13,235**	**8,459**	**(8,561)**	**4,776**	**21,796**

The Group’s **net financial position** went from a net debt position of Euro 8.6 million at 30 September 2016 to a positive figure of Euro 8.5 million at 31 December 2016 and another positive figure of **Euro 13.2 million** at 30 September 2017.

The increase in **cash and cash equivalents** compared with 31 December 2016 (Euro 30.8 million versus Euro 20.1 million) was mainly due to:

- the cash flow generated by operating activities;
- the maturing of temporary cash investments which offset the major outflows, including the Euro 10 million of 2016 dividends paid out in May following a decision by the Parent Company Shareholders’ Meeting of 27 April 2017.

Meanwhile, **current financial receivables** fell from Euro 22 million to Euro 13 million owing to the inflows from said financial instruments.

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.

The lower **current and non-current financial debt** (**Euro 30.5 million** compared with Euro 33.74 million as 31 December 2016) was due to the scheduled Euro 3 million debt repayment.

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

in thousands of Euro	at 30.09.2017	at 30.09.2016	Change
Cash flow generated/(absorbed) by operating activities before changes in working capital	27,667	22,604	5,063
Cash flow generated / (absorbed) by net operating activities	16,016	16,913	-897
Cash flow generated/(absorbed) by investment activities	7,702	-36,121	43,823
Cash flow generated/(absorbed) by financing activities	-13,043	-15,489	2,446
Final cash change	10,675	-34,697	45,372
Cash and cash equivalents at beginning of period	20,110	50,684	-30,574
Final cash change	10,675	-34,697	45,372
Cash and cash equivalents at end of period	30,785	15,987	14,798

The **Cash flow from operating activities before changes in working capital** generated resources of Euro 27.7 million compared with Euro 22.6 million during the opening nine months of 2016; working capital absorbed more resources than in the same period of the previous year (Euro 11.7 million versus Euro 5.7 million), owing mainly to higher taxes, an increase in trade receivables and changes in payables for the municipal surcharge on boarding fees, relating to the reduced tariff since September 2016. The **Cash flow generated by operating activities** therefore totalled **Euro 16 million.**

The **Cash flow from investment activities** generated resources of Euro **7.7** million thanks to the maturing of temporary cash investments (Euro 15 million) which offset Euro 8 of outflows for infrastructure investments.

Lastly, the **cash flow absorbed by financing activities** was Euro **13** million due to the payment of dividends (Euro 10 million) and the repayment of maturing loan instalments during the period (Euro 3 million).

As a result, the **final overall cash change** for the period was positive to the tune of Euro **10.7** million.

3.3 ANALYSIS OF THE CAPITAL STRUCTURE

Below is the Group's capital structure classified based on "sources" and "uses":

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.

U S E S	at 30.09.2017	at 31.12.2016	at 30.09.2016	% Change 30.09.2017 31.12.2016	% Change 30.09.2017 30.09.2016
- Trade receivables	17,167	13,454	15,809	27.6%	8.6%
- Tax receivables	234	134	142	74.6%	64.4%
- Other receivables	4,768	3,265	8,354	46.0%	-42.9%
- Inventories	521	519	471	0.4%	10.5%
Subtotal	**22,690**	**17,372**	**24,776**	**30.6%**	**-8.4%**
- Trade payables	(13,130)	(15,669)	(11,088)	-16.2%	18.4%
- Tax payables	(4,454)	(2,420)	(3,959)	84.0%	12.5%
- Other payables	(22,463)	(20,382)	(20,956)	10.2%	7.2%
Subtotal	**(40,047)**	**(38,471)**	**(36,004)**	**4.1%**	**11.2%**
Net working capital	**(17,357)**	**(21,099)**	**(11,226)**	**-17.7%**	**54.6%**
Fixed assets	175,321	173,541	173,097	1.0%	1.3%
- Deferred tax assets	6,893	7,427	7,616	-7.2%	-9.5%
- Other non-current assets	12,959	19,521	26,588	-33.6%	-51.3%
Total fixed assets	**195,173**	**200,489**	**207,301**	**-2.7%**	**-5.9%**
- Provisions for risks, charges and severance	(18,591)	(19,325)	(20,421)	-3.8%	-9.0%
- Deferred tax provision	(2,265)	(2,216)	(2,201)	2.2%	2.9%
- Other non-current liabilities	(168)	(194)	(194)	-13.4%	-13.4%
Subtotal	**(21,024)**	**(21,735)**	**(22,816)**	**-3.3%**	**-7.9%**
Fixed working capital	**174,149**	**178,754**	**184,485**	**-2.6%**	**-5.6%**
Total uses	**156,792**	**157,655**	**173,258**	**-0.5%**	**-9.5%**

SOURCES	at 30.09.2017	at 31.12.2016	at 30.09.2016	% Change 30.09.2017 31.12.2016	% Change 30.09.2017 30.09.2016
Net financial position	**13,235**	**8,459**	**(8,561)**	**56.5%**	**-254.6%**
- Share capital	90,314	90,314	90,314	0.0%	0.0%
- Reserves	65,306	63,882	63,723	2.2%	2.5%
- Profit (loss) for the period	13,623	11,311	10,062	20.4%	35.4%
Total Group Shareholders' Equity	**169,243**	**165,507**	**164,099**	**2.3%**	**3.1%**
Minority interests	784	607	598	29.2%	31.1%
Total shareholders' equity	**170,027**	**166,114**	**164,697**	**2.4%**	**3.2%**
Total sources	**(156,792)**	**(157,655)**	**(173,258)**	**-0.5%**	**-9.5%**

The Group's capital structure shows a decrease in **net working capital** at 30 September 2017 compared with the end of 2016, from Euro -21.1 million to **Euro -17.4 million**, mainly due to the increase in trade and other receivables, the latter being primarily associated with the municipal surcharge on passenger boarding fees. During the first nine months of 2016, net working capital totalled Euro -11.2 million; the increase compared with that period was due to the decrease in non-trade receivables, mainly due to the collection of a Euro 3.6 million receivable for the security deposit required under Article 17 of Law 135/97 in October 2016, and a concurrent increase in trade and other payables.

Fixed working capital dropped from Euro 178.8 million at 31 December 2016 to Euro **174.1 million** in the first nine months of 2017, mainly due to the divestment of financial instruments that approached maturity or matured during the period.

At 30 September 2017, **consolidated shareholders' equity** totalled **Euro 170 million** compared with Euro 166.1 million at 31 December 2016. The increase was due to the result for the period net of distribution of dividends of Euro 10 million on profits for 2016, which was approved by the Parent Company Shareholders' Meeting on 27 April 2017.

3.4 INDICES

Considering that this is an interim period, the directors felt that the Group's main income statement and statement of financial position indicators at 30 September 2017 were not significant.

3.5 INVESTMENTS

Investments at 30 September 2017 totalled Euro 8 million, of which Euro 1.8 million related to the implementation of the Master Plan and thus mainly to infrastructure, and the remainder to investments intended for airport operations.

Below is a description of the progress made on key Master Plan investments:

- **Work on existing terminal**: The final design for the expansion of the existing terminal is under way;
- **People Mover**: Work is continuing on Marconi Express's construction of the "Aeroporto" station of the People Mover, for which the Parent Company's contribution is projected to be Euro 2.7 million to be paid on the basis of work progress. In addition, the definitive planning stage for the walkway between the Aeroporto station and the Terminal was completed, and the plans were sent to ENAC for approval.
- **Protection of State Bodies and Buildings**: The technical and economic feasibility study has begun to complete this work.
- **New de-icing pad and building**: construction work on the de-icing pad is under way;
- **Expansion of AdB offices:** work has been completed on the executive design phase of a new corporate training centre, which will be partly used to carry out the training required by the new EASA Regulation EU 139/2014.
- **New multi-storey car park**: the preliminary design phase of a new car park near the terminal has been completed and is awaiting approval by ENAC.
- **Bringing the taxiway into line with the new EASA regulation**: the technical and economic feasibility study identifying the work that needs to be carried out pursuant to the aforementioned EASA regulation has been completed.

Note the following work being carried out with respect to other investments intended for airport operations, improved services offered to passengers and improved efficiency of corporate processes:

- **Construction of a new transformer room to support high mast airport lighting**: The construction of a new transformer room for high mast airport lighting installed in the air side area next to the area dedicated to general aviation is in its final phase;

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.

- **Upgrading the multi-storey car park**: Work to upgrade the multi-storey car park using brighter, energy-saving LED lights is in its final phase.
- **Cargo terminal canopy:** Construction work on a cargo terminal canopy, under which operations arising from the increase in freight traffic can be carried out, has been completed.
- **Truck stop**: Construction work on a temporary truck stop outside the airport grounds has been completed.
- **Purchase of a property by Air Service S.r.l. built on the basis of surface rights:** The Parent Company owns an area on which surface rights were granted to Air Service S.r.l. on 28 December 2006. After obtaining this right, this company built an industrial building on the site. Ten years after entering into the agreement, Air Service S.r.l. exercised its option to break the contractual relationship, and indicated that 28 December 2016 would be the end of the contractual validity date of its surface rights. The Parent Company then decided to exercise the purchase option on the property specified in the agreement and became its owner on 17 May 2017.

Provisions for renewal

At 30 September 2017, total accruals to provisions for renewals stood at Euro 2.1 million, of which Euro 0.4 million pertained to the Land Side Provision, Euro 0.3 million to the Facilities Provision and Euro 1.4 million to the Air Side Provision for extraordinary maintenance works on a section of the taxiway.

3.6 PERSONNEL

Workforce composition

	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Abs. change	% change
Average Full Time Equivalent	**452**	**438**	**14**	**3%**
Executive Managers	10	10	0	0%
Middle Managers	29	31	(2)	-6%
White-collar workers	318	303	15	5%
Blue-collar workers	95	94	1	1%

	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Abs. change	Change %
Average Workforce	**497**	**472**	**25**	**5%**
Executive Managers	10	10	0	0%
Middle Managers	29	31	(2)	-6%
White-collar workers	358	335	23	7%
Blue-collar workers	100	96	4	4%

Source: Data from the Company

The increase in the workforce by 14 full-time equivalents compared with the first nine months of 2016 was mainly due to the hiring of resources to be used for work that is particularly sensitive to traffic increases, such as security and passengers with reduced mobility. There was also an increase in staff numbers in the security area due to the greater need for resources based on an increase in the security of several activities required by competent authorities in several areas along the airport’s perimeter.

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.

Costs

	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Abs. change	Change %
Personnel Costs	19,631	18,983	648	3.4%

Source: Data from the Company

The 3.4% increase in personnel costs compared with the same period in 2016 was mainly due to the increase in the workforce described above and the consolidation of the last tranche of the new National Collective Agreement, which came into effect in July 2016 and has affected 2017.

Organisation

As of 1 February 2017, AdB was charged with patrolling and video surveillance duties based on the provisions of the National Security Programme for Airports.

Operations

On 21 April 2017, the new canteen service was inaugurated; it is managed by an outside company and reserved for airport workers. The service meets airport staff's need to have a dedicated food service conceived on the basis of modern nutritional standards and the ability to reduce meal times.

On 23 May 2017, a new Internal Corporate Regulation was published to transpose the content of the company's Code of Ethics, the Organisation, Management and Control Model under Legislative Decree 231/01, corporate protocols and procedures, and regulatory changes pertaining to employment law and to privacy, protection and workplace safety.

Labour relations

Work moved forward during the period included the agreement signed in February between AdB and the RSU [unified union representative] governing the use, timing and procedures for saving images taken by AdB using cameras at the airport. The same agreement also governed GPS systems used by the company's service vehicles.

Personnel training

Training in the first nine months of 2017 included specific refresher courses on regulations for the various areas as well as mandatory training involving the Prevention and Protection unit and Security area.

Of particular note was the in-house course for all Security Supervisors on video surveillance and privacy, and a course on the new Perimeter service, concurrent with the new Surveillance and Patrol activity.

In addition to these topics, in compliance with Reg. 139/EU, there was: in-house training on "Train the trainer" for all company trainers; Auditing Techniques courses for all company auditors; and a dedicated Compliance Management System course.

4 ANALYSIS OF THE MAIN NON-ECONOMIC RESULTS

4.1 THE ENVIRONMENT

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

4.2 QUALITY

The development strategies of Bologna Airport combine a great emphasis on passenger needs with an approach open to new trends in the sector. The Group's goal is to provide passengers with airport facilities and services that will make their travel experiences extremely pleasant.

User satisfaction

During the first nine months of 2017, the Customer Satisfaction Index, which measures the overall satisfaction levels of passengers, reached 97%. Performance during the summer quarter was generally positive, in spite of the traffic peaks that put Airport organisation and infrastructure to the test. The qualitative and quantitative indicators remained strong during the opening nine months of 2017, although they were down slightly on the previous year.
The Airport Operator, baggage handler and carriers kept a very close eye on the baggage drop-off and collection processes, which from September 2017 have also been included in a performance-related service level agreement between the operator and the handler based on the objectives in the ENAC-approved Airport Service Charter. A joint task force, comprising the Airport Operator, the handler and the carriers, has also been set up for the baggage collection service in order to perform a detailed analysis of the relevant issues and formulate mutually acceptable solutions.

Main Quality Indicators		January - September 2017	January - September 2016
Customer Satisfaction Index	% satisfied passengers	**97%**	**98.5%**
Regularity and speed of service	% satisfied passengers	**96%**	**98.2%**
Perception of general cleanliness	% satisfied passengers	**96.6%**	**98.5%**
Perception of toilet cleanliness and functionality	% satisfied passengers	**92.2%**	**94.6%**
Waiting time at check-in	Time in 90% of cases	**20'05''**	**16'44''**
Waiting time at baggage x-ray	Time in 90% of cases	**6'33''**	**7'12''**
Delivery time for the first/last bag from aircraft block-on	First bag (time in 90% of cases)	**24'**	**23'**
	Last bag (time in 90% of cases)	**32'**	**31'**

Source: Data from the Company

The results of *ACI World*'s *ASQ - Airport Service Quality* programme, which is the world's leading benchmark, also confirmed the strong performance in 2017: in the first nine months of the year, the overall satisfaction index hit 3.79 (compared with 3.67 in the same period of 2016), and the other indicators were also positive, especially regarding security, passport control and airport staff.

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.

5 LEGISLATIVE FRAMEWORK

5.1 TARIFF REGULATION 2016-2019

In accordance with the existing legislative framework and the tariff models developed by the ART, during 2015 AdB carried out and successfully completed the tariff regulation process for the 2016-2019 period, which took place in close coordination with and under the supervision of the ART.
In October 2017, in compliance with ART models, a consultation with carriers was conducted and a final decision was taken on pricing to be implemented as of 1 January 2018.

5.2 MUNICIPAL SURCHARGE ON PASSENGER BOARDING FEES

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

See the related material below on recent updates to the related dispute.

5.3 CONTINUITY OF SERVICES PROVIDED BY ALITALIA UNDER SPECIAL ADMINISTRATION

By way of the Ministry for Economic Development's Order of 2 May 2017, which was published in Official Journal no. 104 of 6 May 2017, Alitalia - Società Aerea Italiana S.p.A. was admitted with immediate effect to the special administration procedure pursuant to Decree Law no. 347 of 23 December 2003, with three Special Administrators being appointed. The court of Civitavecchia declared Alitalia - Società Aerea Italiana S.p.A. in special administration ("Alitalia SAI in AS") bankrupt in a judgement dated 11 May 2017. Subsequently, Official Journal no. 124 of 30 May 2017 published the Decree of 12 May 2017 of the Minister of Economic Development whereby Alitalia Cityline S.p.A. was also allowed to be placed under special administration, and the same panel of administrators was appointed as for Alitalia.
On 17 May 2017, the Special Administrators published a "Call for the Collection of Non-Binding Expressions of Interest" to propose the content of a possible programme to restore economic equilibrium to the business activities of the companies in special administration. To avoid service interruptions by Alitalia SAI

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.

in AS, Decree Law no. 55 of 02 May 2017 ordered an interest-bearing loan of Euro 600 million with a six-month term to be provided to the carrier to be used for the undelayable operating requirements of the company and other group companies subject to the special administration procedure. The loan was provided at a rate of six-month Euribor plus 1,000 basis points, and must be repaid six months following disbursement as a preferential borrower ahead of any other debt covered by the procedure. Decree Law 55/2017 has not been converted into law, but it has been rescinded and overhauled in Article 50 of Law no. 96 of 21 June 2017 (published in Ordinary Supplement no. 31 to Official Journal no. 144 of 23 June 2017), converting with amendments Decree Law no. 50 of 24 April 2017 on "urgent provisions in financial matters, local authority initiatives, increased efforts for areas affected by earthquakes and measures for development". Law 96/2017 requires that the procedures resulting from the request published by Special Commissioners to gather expressions of interest aimed at settling the special administration procedure must be carried out within six months of the date the loan is provided ensuring compliance with the principles of transparency, equal treatment and non-discrimination.
It is believed that procedures to identify new owners for the company are under way. In the meantime, operations at Bologna Airport have not been significantly affected.

5.4 RECEIPT OF AIRPORT CERTIFICATE BASED ON PROVISIONS OF EUROPEAN REGULATION NO. 139/2014

On 10 August 2017, the Airport of Bologna received the conversion of the Airport Certificate from ENAC based on the provisions of European Regulation 139 of 2014, which sets out the technical requirements and administrative procedures that airport operators must comply with by the end of 2017. The new certificate, which was presented to AdB, confirms that the Company's organisation, the procedures for ground operations and all airport infrastructure and facilities meet the requirements of the EU regulation.
Marconi is the sixth airport in Italy to receive the new airport certificate from ENAC (after Rome, Milan Malpensa, Venice, Bergamo and Naples).
Since 2003, Italy's 46 major airports had been certified on the basis of a national regulation that incorporated Annex 14 of the ICAO (International Civil Aviation Organisation), called the "Regulation for the Construction and Operation of Airports". With the entry into force of the new EU regulation, ENAC has initiated the procedures to convert previous certificates.
Although the European regulation calls for the conversion of all certificates by the end of 2017, the Airport of Bologna obtained the conversion of its certificate in advance on 10 August.

6 DISPUTES

With regard to the increase in the amount of the **municipal surcharge** established by the aforementioned ministerial decree of 29 October 2015, several carriers contested the measure before the administrative authority in that it did not stipulate that any change in amounts to be passed on in tickets to be sold to passengers could not go into effect any earlier than 60 days after the effective date of the decree; they contend that this is in violation of the provisions of Article 3, paragraph 21, of Law 212/2000, which states that "tax regulations may not require tax payers to take actions by a deadline set before the sixtieth day following their effective date or following the date of adoption of implementation measures specifically stipulated therein".
At this point, it should be noted that in a judgement dated 30 June 2016, the Regional Administrative Tribunal (TAR) of Lazio accepted the appeal filed by Ryanair Dac and easyJet Airline Company Ltd. and repealed the portion of the ministerial decree referenced calling for the application of the increase in the municipal surcharge for the period from 01 January 2016 to 20 February 2016 since it conflicted with Law no. 212/2000, and that in March 2017, before the Council of State, (i) an appeal was filed by MIT, MEF and ENAC, and
(ii) a cross appeal was filed by Ryanair; in a judgment published on 07 June 2017, the Council of State

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.

rejected both of the appeals referenced, thereby confirming the ruling of the TAR of Lazio - ROME, SECTION III-TER no. 9692/2016.

Other than the above, there were no major changes compared with what was indicated in the Directors' Report of the 2016 Financial Report, and the latter document should be referred to for more details.

7 MAIN RISKS AND UNCERTAINTIES

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

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

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

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

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

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

Lastly, as far as **credit risk** is concerned, the persistent global economic crisis has had a strong negative impact on the airline industry with a subsequent increase in credit risk. The Group's **credit risk** is 52% concentrated in receivables from its ten largest clients. This risk was dealt with by implementing specific procedures and instruments for monitoring and managing accounts receivable as well as through an adequate provision for doubtful receivables, according to the principle of prudence, in continuity with the financial statements of previous periods.
The commercial policies implemented by the Group with the aim of limiting exposure call for the following:

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

After Alitalia was allowed to be placed in special administration pursuant to the Decree of the Minister of Economic Development of 2 May 2017, the Group reported the following financial exposure at 30 September 2017:

- Euro 0.84 million in relation to the carrier before special administration, of which Euro 0.26 million in municipal surcharges on boarding fees;

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.

- Euro 0.75 million in relation to the carrier under special administration, including Euro 0.47 million in municipal surcharges on boarding fees.

With regard to the former, the Group adjusted the provision for doubtful receivables allocated for the credit risk bringing it to Euro 0.3 million on trade receivables, in addition to the entire amount of the municipal surcharge of Euro 0.26 million in a specific provision, bearing in mind that Euro 0.48 million of receivables accrued for airport fees between 31 January 2017 and 1 May 2017 may be proven in bankruptcy pursuant to Article 1023 of the Navigation Code.

However, with regard to the credit risk and other contingent liabilities related to the carrier in special administration, no particular problems have been encountered in collecting payments for flight activities during the period, but we continue to be alert to the operator’s debt position for pending operations in the context of the current special administration. No allocations were made to the provision for doubtful receivables at 30 September in view of the payment of September's airport fees. Taking into consideration the money collected in October, the receivable from the carrier at 30 September 2017 consists solely of the municipal surcharge and a few invoices that are being checked and/or disputed. Alitalia in A.S. has indicated that it will pay receivables accrued by airport operators by the 15th and 30th of each future month, and this has been the case for the payment of airport fees so far.

With regard to the potential risks to the Group’s business resulting from the carrier’s crisis, note that at the date this document was prepared, no notices had been received regarding a change in scheduled flights at Bologna Airport. From the standpoint of credit risk, the Group will continue to closely monitor the carrier’s situation and report on any changed assessments in the annual financial statements.

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

The Group’s business is related to a significant extent to its relationship with some of the major carriers operating at the Airport, and to which the Group provides services, including Ryanair in particular. Because Ryanair accounts for a large share of the Airport’s total passenger volume, the Group is exposed to the risk of the carrier reducing or terminating operations there. At 30 September 2017, Ryanair passengers accounted for 44.8% of traffic volume reported by the Airport. Moreover, on 27 October 2016, AdB and Ryanair enhanced their partnership by entering into a long-term agreement expiring in 2022 whereby they undertook to increase the number of destinations from and to Bologna Airport and offer a level of service based on high quality standards as a result of investments carried out by the Airport and the carrier’s “Always getting better” programme. The agreement provides for a scheme connected to AdB’s traffic growth policy and Ryanair’s commitment to it and for a mechanism of contractual guarantees in order to ensure the accomplishment of the targets. Although the Company believes Bologna Airport is strategically important for this carrier, it is possible that Ryanair may decide to change the routes it operates, significantly reduce its presence or terminate flights to the Airport, or that the aforementioned agreement may not be renewed, in whole or in part, or may contain less favourable terms for the Group. Any decrease or cessation of flights by the aforesaid carrier or the termination or modification of flights for certain destinations marked by high passenger traffic could have a negative, and potentially significant, impact on the Group’s results, assets and liabilities and cash flows. In light of the interest in Bologna Airport shown by low-cost carriers, and the evolution of traffic at the Airport in general, the Company believes that the Group could reasonably cope with any interruption or limitation of flights by Ryanair by virtue of the possible redistribution of passenger traffic among the various airlines present at the Airport, and the Airport's ability to attract new carriers. It cannot, however, be excluded that, if there is a significant time lag between when the flights are interrupted and when they are partially or totally replaced by other carriers, or if the rotation proves more difficult than expected or is not in whole or in part feasible, such an interruption or reduction in flights could have a negative, and potentially significant, impact on the Group’s results, assets and liabilities and cash flows.

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.

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

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

Risks related to the implementation of the Capex Plan

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

Risks relating to the legislative framework

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

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

The Group's consolidated financial statements contain non-current assets which include, among other things, Concession Rights of Euro 156 million at 31 December 2016 and Euro 155 million at 31 December 2015. The overall impact on total assets amounted to 59.83% at 31 December 2016 and to 59.27% at 31 December 2015. The overall impact of the Concession Rights on the Group's shareholders' equity amounted to 93.34% at 31 December 2016 and to 96.57% at 31 December 2015. These amounts express the values of the Concession Rights as determined in application of IFRIC Interpretation 12 - Service Concession Arrangements (“IFRIC 12”) to all freely transferable assets received from ENAC in 2004.
For the purposes of preparing the Group's consolidated financial statements, the Concession Rights were subject to an impairment test in accordance with IAS 36.

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.

The impairment test did not show a permanent loss of value with reference to the amounts booked among Concession Rights for the year 2016 and, as a result, there were no write-downs of these assets.

For further information, please see the section “Checking the recoverability of the value of the assets or groups of assets” in Note 1 to the 2016 consolidated financial statements.

Seasonality of revenues

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

8 ALTERNATIVE PERFORMANCE INDICATORS

This Directors’ Report uses several performance indicators to allow for a better assessment of operating performance, assets and liabilities and cash flows.

With regard to these indicators, on 03 December 2015, Consob issued Communication 92543/15 which implements the Guidelines enacted on 05 October 2015 by the European Security and Markets Authority (ESMA) with regard to their presentation in regulated distributed information or in statements published starting as of 03 July 2016. These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are aimed at promoting the utility and transparency of the alternative performance indicators included in regulated information or in statements falling within the scope of Directive 2003/71/EC to improve their comparability, reliability and comprehension.

In keeping with the communications referenced above, the criteria used to develop these indicators are indicated below:

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

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.

9 GUARANTEES PROVIDED

The following table provides a summary of the guarantees given by the Group.

in thousands of Euro	at 30/09/2017	at 30/09/2016	Change	Change %
Sureties	6,348	5,149	1,199	23.3%
Lien on equity financial instrument	10,873	0	10,873	100.0%
Patronage letters	2,251	2,509	-258	-10.3%
Total guarantees issued	**19,472**	**7,658**	**11,814**	**154.3%**

At 30 September 2017, the guarantees issued by the Group amount to Euro 19.5 million and refer to:

- sureties, the largest of which were:
  - in favour of ENAC required by the Full Management Agreement (Euro 4.4 million);
  - in favour of Marconi Express S.p.A. for the proper fulfilment of obligations assumed by the Parent Company with the signing of the contribution agreement of 30 September 2016 (Euro 0.87 million);
- lien on the equity financial instrument issued by Marconi Express S.p.A. and signed by the Parent Company. The lien's aim was to secure the obligations of Marconi Express to credit institutions financing the People Mover project. To implement this lien executed on 30 September 2016, the equity financial instrument was deposited with the Custodian Bank (UniCredit S.p.A.) in a restricted securities account in the name of the Parent Company;
- patronage letter relating to the loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena) equal to 51% of the remaining principal which, at the end of the period, stood at Euro 2.25 million.

10 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

After the end of the nine months, no events occurred that would justify changes to the results, assets and liabilities and cash flows shown in the financial statements, and therefore require adjustments and/or amendments to the financial statements.

Please note, however, the following significant events that occurred after the end of the period or that will occur in the next few months.

Traffic trends and launch of new flights

In October 2017, the airport reported a 5.8% year-on-year increase in passenger traffic, confirming the positive trend witnessed throughout the year so far. Indeed, total passenger numbers for the year broke the 7 million mark in October, with year-on-year passenger growth of 6.6% in the January-October 2017 period and a 2.7% increase in movements over the same period.

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

- Air France has introduced a fourth daily flight to Paris CDG.
- In Winter 2017/18, Ryanair has launched four direct flights to:
  - Naples (one a day);
  - Prague (three a week);
  - Cologne (two a week);
  - Bratislava (two a week).
- Ernst Airlines has increased its number of weekly flights on the Bologna-Tirana route from three to seven.

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.

With regard to cancellations:

- Blue Air cancelled its four weekly flights to Bucharest
- Eurowings cancelled its two weekly flights to Hamburg
- Air Berlin ceased operations on 28 October and thus cancelled its flight to Düsseldorf.

Relations with subsidiaries, associated companies and related parties
With regard to relations with subsidiaries, associated companies and related parties during the period, see the special section in the Notes to the Consolidated Financial Statements at 30 September 2017.

Business outlook
The signs of recovery based on overall macroeconomic performance lead to an optimistic outlook for the coming months, but we are aware of potential risks due to the uncertain international geopolitical situation that could have a negative impact on air traffic performance.

The Chairman of the Board of Directors
(Enrico Postacchini)

Bologna, 13 November 2017

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.

Consolidated financial statements at 30 September 2017

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

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.

Statement of Consolidated Financial Position

in thousands of Euro	Notes	at 30.09.2017	at 31.12.2016
Concession Rights		154,620	155,595
Other intangible assets		1,304	1,116
Intangible assets	**1**	**155,924**	**156,711**
Property, plant and equipment		14,665	12,098
Investment property		4,732	4,732
Tangible assets	**2**	**19,397**	**16,830**
Investments	**3**	147	147
Other non-current financial assets	**4**	11,326	17,990
Deferred tax assets	**5**	6,893	7,427
Other non-current assets	**6**	1,486	1,384
Other non-current assets		**19,852**	**26,948**
NON-CURRENT ASSETS		**195,173**	**200,489**
Inventories	**7**	521	519
Trade receivables	**8**	17,167	13,454
Other current assets	**9**	5,002	3,399
Current financial assets	**10**	12,948	22,085
Cash and cash equivalents	**11**	30,785	20,110
CURRENT ASSETS		**66,423**	**59,567**
TOTAL ASSETS		**261,596**	**260,056**

in thousands of Euro	Notes	at 30.09.2017	at 31.12.2016
Share capital		90,314	90,314
Reserves		65,306	63,882
Profit (loss) for the period		13,623	11,311
GROUP SHAREHOLDERS' EQUITY	**12**	**169,243**	**165,507**
MINORITY INTERESTS	**12**	**784**	**607**
TOTAL SHAREHOLDERS' EQUITY		**170,027**	**166,114**
Severance and other personnel provisions	**13**	4,500	4,596
Deferred tax liabilities	**14**	2,265	2,216
Provisions for renewal of airport infrastructure	**15**	9,551	10,631
Provisions for risks and charges	**16**	1,213	1,006
Non-current financial liabilities	**17**	21,884	24,896
Other non-current liabilities		168	194
NON-CURRENT LIABILITIES		**39,581**	**43,539**
Trade payables	**18**	13,130	15,669
Other liabilities	**19**	26,917	22,802
Provisions for renewal of airport infrastructure	**20**	2,952	2,933
Provisions for risks and charges	**21**	375	159
Current financial liabilities	**22**	8,614	8,840
CURRENT LIABILITIES		**51,988**	**50,403**
TOTAL LIABILITIES		**91,569**	**93,942**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**261,596**	**260,056**

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.

Consolidated Income Statement

in thousands of Euro	Notes	for the nine months ended at 30.09.2017	for the nine months ended at 30.09.2016
Revenues from aeronautical services		40,669	36,573
Revenues from non-aeronautical services		29,021	26,930
Revenues from construction services		3,330	4,990
Other operating revenues and income		456	497
Revenues	**23**	**73,476**	**68,990**
Consumables and goods		(1,399)	(1,068)
Services costs		(13,285)	(13,708)
Costs for construction services		(3,171)	(4,752)
Leases, rentals and other costs		(5,728)	(5,474)
Other operating expenses		(2,707)	(2,313)
Personnel costs		(19,631)	(18,983)
Costs	**24**	**(45,921)**	**(46,298)**
Amortisation of concession rights		(4,246)	(3,982)
Amortisation of other intangible assets		(508)	(455)
Depreciation of tangible assets		(1,528)	(1,262)
Depreciation and amortisation	**25**	**(6,282)**	**(5,699)**
Provisions for doubtful accounts		(62)	(49)
Provisions for renewal of airport infrastructure		(1,184)	(1,926)
Provisions for other risks and charges		(563)	102
Provisions for risks and charges	**26**	**(1,809)**	**(1,873)**
Total costs		**(54,012)**	**(53,870)**
Operating result		**19,464**	**15,120**
Financial income	**27**	374	251
Financial expenses	**27**	(605)	(1,016)
Result before taxes		**19,233**	**14,355**
Taxes for the period	**28**	(5,433)	(4,206)
Profit (loss) for the period		**13,800**	**10,149**
Minority interests in profit (loss)		**177**	**87**
Group profit (loss)		**13,623**	**10,062**
Undiluted earnings/(loss) per share (in Euro)		**0.38**	**0.27**
Diluted earnings/(loss) per share (in Euro)		**0.38**	**0.27**

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.

Consolidated Statement of Comprehensive Income

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016
Profit/(loss) for the period (A)	**13,800**	**10,149**
Other profits (losses) that will be reclassified in the net result for the period	0	0
Total other profits (losses) that will be reclassified in the net result for the period (B1)	**0**	**0**
Other profits (losses) that will not be reclassified in the net result for the period		
Actuarial gains (losses) on severance and other personnel provisions	158	(472)
Tax impact on actuarial gains (losses) on severance and other personnel provisions	(38)	130
Total other profits (losses) that will not be reclassified in the net result for the period (B2)	**120**	**(342)**
Total other profits (losses) net of taxes (B1 + B2) = B	**120**	**(342)**
Total comprehensive profit (loss) net of taxes (A + B)	**13,920**	**9,807**
of which Minority Interests	**177**	**84**
of which Group	**13,743**	**9,723**

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.

Consolidated Cash Flow Statement

in thousands of Euro	at 30.09.2017	at 30.09.2016
Core income-generating operations		
Result for the period before taxes	19,233	14,355
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(159)	(238)
+ Depreciation and amortisation	6,282	5,699
+ Provisions	1,933	1,873
+ Interest expense on discounting provisions and severance	(93)	278
+/- Interest income and financial charges	324	487
+/- Losses/gains and other non-monetary costs/revenues	61	76
+/- Severance provisions and other personnel costs	86	74
Cash flow generated/(absorbed) by operating activities before changes in working capital	**27,667**	**22,604**
Change in inventories	(1)	(4)
(Increase)/decrease in trade receivables	(3,571)	(2,005)
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	(1,272)	(898)
Increase/(decrease) in trade payables	(2,672)	(2,565)
Increase/(decrease) in other liabilities, various and financial	1,972	4,064
Interest paid	(409)	(578)
Interest collected	286	183
Taxes paid	(3,351)	(1,644)
Severance paid	(75)	(176)
Use of provisions	(2,558)	(2,068)
Cash flow generated / (absorbed) by net operating activities	**16,016**	**16,913**
Purchase of tangible assets	(4,111)	(2,717)
Payment from sale of tangible assets	0	0
Purchase of intangible assets/concession rights	(3,867)	(5,382)
Purchase/capital increase of equity investments	0	0
Payment from sale of equity investments	668	293
Change in investment in current and non-current financial assets	15,012	(28,315)
Cash flow generated/(absorbed) by investment activities	**7,702**	**(36,121)**
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(10,007)	(6,137)
Loans received	0	0
Loans repaid	(3,036)	(9,352)
Cash flow generated/(absorbed) by financing activities	**(13,043)**	**(15,489)**
Final cash change	**10,675**	**(34,697)**
Cash and cash equivalents at beginning of period	**20,110**	**50,684**
Final cash change	**10,675**	**(34,697)**
Cash and cash equivalents at end of period	**30,785**	**15,987**

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.

Statement of Changes in Consolidated Shareholders' Equity

in thousands of Euro	*Share capital*	*Share Premium Reserve*	*Legal Reserve*	*Other Reserves*	*FTA Reserve*	*Actuarial Gain (Loss) Reserve*	*Profits (Losses) Carried Forward*	*Profit (loss) for the period*	*Group Shareholders' Equity*	*Minority interests*	*Shareholders' equity*
Shareholders' Equity at 31.12.2015	**90,250**	**25,747**	**4,679**	**34,606**	**(3,222)**	**(752)**	**2,248**	**6,957**	**160,513**	**514**	**161,027**
Allocation of the 2015 financial year result	0	0	339	316	0	0	6,302	(6,957)	0	0	0
Share capital increase	64	(64)	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(6,137)	0	(6,137)	0	(6,137)
Total comprehensive profit (loss)	0	0	0	0	0	(339)	0	10,062	9,723	84	9,807
Shareholders' Equity at 30.09.2016	**90,314**	**25,683**	**5,018**	**34,922**	**(3,222)**	**(1,091)**	**2,413**	**10,062**	**164,099**	**598**	**164,697**

in thousands of Euro	*Share capital*	*Share Premium Reserve*	*Legal Reserve*	*Other Reserves*	*FTA Reserve*	*Actuarial Gain (Loss) Reserve*	*Profits (Losses) Carried Forward*	*Profit (loss) for the period*	*Group Shareholders' Equity*	*Minority interests*	*Shareholders' equity*
Shareholders' Equity at 31.12.2016	**90,314**	**25,683**	**5,018**	**34,923**	**(3,222)**	**(933)**	**2,413**	**11,311**	**165,507**	**607**	**166,114**
Allocation of the 2016 financial year result	0	0	527	677	0	0	10,107	(11,311)	0	0	0
Dividends paid	0	0	0	0	0	0	(10,007)	0	(10,007)	0	(10,007)
Total comprehensive profit (loss)	0	0	0	0	0	120	0	13,623	13,743	177	13,920
Shareholders' Equity at 30.09.2017	**90,314**	**25,683**	**5,545**	**35,600**	**(3,222)**	**(813)**	**2,513**	**13,623**	**169,243**	**784**	**170,027**

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.

Notes to the Consolidated Financial Statements

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

Information on Group Operations

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

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

Accounting Standards Applied in the Preparation of the Condensed Consolidated Financial Report at 30 September 2017

Preparation Criteria

This Consolidated Interim Report of the Group (hereinafter the "Group's Condensed Consolidated Report" or the "Consolidated Interim Report") was prepared for the nine months ended 30 September 2017 and includes comparative data for the period ended 31 December 2016, limited to items included in the Statement of Consolidated Financial Position, and comparative data for the nine months from 1 January 2016 to 30 September 2016, limited to entries included in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Cash Flow Statement. The consolidated financial statements were prepared on the basis of historical cost, with the exception of financial assets held for sale, which were recorded at their fair value, and on the basis of a "going concern" assumption.

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

The publication of the Consolidated Interim Report of Aeroporto Guglielmo Marconi di Bologna S.p.A. and its subsidiaries (the Group) for the period ended 30 September 2017 was authorised by the Board of Directors on 13 November 2017.

Content and form of the Consolidated Interim Report

The Consolidated Interim Report at 30 September presented in summary form was prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" with the summary notes required therein, supplemented to provide additional information as and when required. Thus, these Consolidated Financial Statements must be read in conjunction with the consolidated financial statements for 2016 prepared in accordance with the IFRS issued by the International Accounting Standards Board ("IASB") and prepared on the basis of an IFRS transition date (First Time Adoption or "FTA") of 1 January 2012.

The accounting principles and criteria used are the same as those used to prepare the Financial Statements at 31 December 2016, which should be referred to for more information.

This Interim Directors' Report has not been audited.

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Assets and liabilities for prepaid and deferred taxes are classified as non-current assets and liabilities.
The presentation of the Consolidated Income Statement employed a format that allocates revenues and costs by type, and the presentation of the Consolidated Cash Flow statement employs the indirect method, which divides cash flows among operating, investing and financing activities.

Consolidation scope

The Consolidated Financial Statements were prepared on the basis of the financial statements of the Parent Company and its direct and indirect subsidiaries, which have been approved by their respective shareholders' meetings and governing bodies, appropriately adjusted to bring them into compliance with the IFRS. The subsidiaries are wholly consolidated as of their acquisition dates, i.e. the dates on which the

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.

Group acquired control, and cease to be consolidated on the date on which control is transferred outside the Group.

The following table summarises information on subsidiaries at 30 September 2017 and 31 December 2016 as to their company names and the portion of the share capital held directly or indirectly by the Group.

in thousands of Euro	Currency	Share capital	at 30.09.2017	at 31.12.2016
Fast Freight Marconi S.p.A. Single-shareholder company	Euro	520	100.00%	100.00%
Tag Bologna S.r.l	Euro	316	51.00%	51.00%

The following table summarises information on affiliates at 30 September 2017 and 31 December 2016 as to their company names and the portion of the share capital held directly or indirectly by the Group.

in thousands of Euro	Currency	Share capital	at 30.09.2017	at 31.12.2016
Ravenna Terminal Passeggeri S.r.l.	Euro	165	24.00%	24.00%

The share capital of the associated company Ravenna Terminal Passeggeri S.r.l. was reduced for losses from Euro 300 thousand to Euro 165 thousand by the Shareholders' Meeting on 4 April 2017. This transaction had no impact on the period under review since the value of the investment was fully written down in previous periods.

Information Regarding Operating Segments

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

- Aviation;
- Non-Aviation;
- Other.

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

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

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

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

Segment activities are those employed by the segment in carrying out its characteristic activity or which may be reasonably allocated to it as a function of its characteristic activity.

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.

The segment activities presented are measured using the same accounting criteria employed for the preparation of the Group's consolidated financial statements.

in thousands of Euro	for the nine months ended 30.09.2017 *Aviation*	for the nine months ended 30.09.2017 *Non-Aviation*	for the nine months ended 30.09.2017 Others	Total for the nine months ended 30.09.2017
Revenues	43,900	29,576	0	73,476
Costs	(31,751)	(14,170)	0	(45,921)
Gross operating profit	**12,149**	**15,406**	**0**	**27,555**
Depreciation and amortisation	(4,234)	(2,048)	0	(6,282)
Provisions	(1,445)	(364)	0	(1,809)
Operating result	**6,470**	**12,994**	**0**	**19,464**
Financial income	0	0	374	374
Financial expenses	0	0	(605)	(605)
Result before taxes	**6,470**	**12,994**	**(231)**	**19,233**
Taxes for the period	0	0	(5,433)	(5,433)
Profit (loss) for the period	**6,470**	**12,994**	**(5,664)**	**13,800**
Minority interests in profit (loss)	**0**	**0**	**0**	**177**
Group profit (loss)	**0**	**0**	**0**	**13,623**

in thousands of Euro	for the nine months ended 30.09.2016 *Aviation*	for the nine months ended 30.09.2016 *Non-Aviation*	for the nine months ended 30.09.2016 Others	Total for the nine months ended 30.09.2016
Revenues	41,714	27,276	0	68,990
Costs	(33,516)	(12,782)	0	(46,298)
Gross operating profit	**8,198**	**14,494**	**0**	**22,692**
Depreciation and amortisation	(3,904)	(1,795)	0	(5,699)
Provisions	(1,558)	(315)	0	(1,873)
Operating result	**2,736**	**12,384**	**0**	**15,120**
Financial income	0	0	251	251
Financial expenses	0	0	(1,016)	(1,016)
Result before taxes	**2,736**	**12,384**	**(765)**	**14,355**
Taxes for the period	0	0	(4,206)	(4,206)
Profit (loss) for the period	**2,736**	**12,384**	**(4,971)**	**10,149**
Minority interests in profit (loss)	**0**	**0**	**0**	**87**
Group profit (loss)	**0**	**0**	**0**	**10,062**

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.

The following tables provide segment information on assets:

in thousands of Euro	at 30.09.2017 Aviation	at 30.09.2017 Non-Aviation	at 30.09.2017 Other	Total at 30.09.2017
Non-current assets	**149,916**	**25,543**	**19,714**	**195,173**
Intangible assets	**143,945**	**11,980**	**0**	**155,924**
Concession Rights	143,287	11,333	0	154,620
Other intangible assets	657	647	0	1,304
Tangible assets	**5,881**	**13,517**	**0**	**19,397**
Property, plant and equipment	5,881	8,785	0	14,665
Investment property	0	4,732	0	4,732
Other non-current assets	**91**	**47**	**19,714**	**19,852**
Investments	0	0	147	147
Other non-current financial assets	0	0	11,326	11,326
Deferred tax assets	0	0	6,893	6,893
Other non-current assets	91	47	1,348	1,486
Current assets	**16,681**	**5,487**	**44,254**	**66,423**
Inventories	306	214	0	521
Trade receivables	12,821	4,345	0	17,167
Other current assets	3,554	928	521	5,002
Current financial assets	0	0	12,948	12,948
Cash and cash equivalents	0	0	30,785	30,785
Total assets	**166,597**	**31,030**	**63,968**	**261,596**

in thousands of Euro	at 30.09.2016 Aviation	at 30.09.2016 Non-Aviation	at 30.09.2016 Other	Total at 30.09.2016
Non-current assets	**149,487**	**23,651**	**34,164**	**207,301**
Intangible assets	**144,330**	**12,675**	**0**	**157,005**
Concession Rights	143,785	12,164	0	155,950
Other intangible assets	545	511	0	1,055
Tangible assets	**5,116**	**10,976**	**0**	**16,092**
Property, plant and equipment	5,116	6,244	0	11,360
Investment property	0	4,732	0	4,732
Other non-current assets	**40**	**0**	**34,164**	**34,204**
Investments	0	0	147	147
Other non-current financial assets	0	0	25,068	25,068
Deferred tax assets	0	0	7,616	7,616
Other non-current assets	40	0	1,333	1,373
Current assets	**19,686**	**4,552**	**28,717**	**52,955**
Inventories	292	179	0	471
Trade receivables	12,079	3,730	0	15,809
Other current assets	7,315	643	538	8,496
Current financial assets	0	0	12,192	12,192
Cash and cash equivalents	0	0	15,987	15,987
Total assets	**169,173**	**28,203**	**62,880**	**260,256**

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.

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

- Aviation: includes aeronautical activity, which represents the airport's core business. This aggregate includes the aircraft landing, take-off and parking fees, passenger boarding fees, freight loading and unloading fees, as well as fees for passenger and luggage security checks. It also incorporates freight handling, customs clearance and fuelling. Lastly, this segment encompasses all centralised infrastructure and assets for exclusive use: the centralised infrastructure represents the revenues received in connection with infrastructure, the management of which is assigned exclusively to the airport management company, for safety and security reasons or for reasons of its economic impact. On the other hand, assets for exclusive use are made up of check-in counters, gates and spaces rented to airport operators to carry out their business.
- Non-Aviation: represents those activities not directly related to the aviation business. These consist of sub-licensed retail, food outlets and car rental activities, as well as the management of car parks, the Marconi Business Lounge and advertising.

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

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

The main differences are as follows:

- items considered not relevant for the purposes of regulatory accounting, which are allocated on the basis of a specific examination of the individual cost/revenue item;
- construction services revenues and costs allocated on the basis of a detailed distribution of financial year investments between the two Strategic Business Units (SBU) according to regulatory criteria;
- incentives for the expansion of air traffic allocated entirely to the Aviation SBU in line with what is done in the financial statements.

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.

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

ASSETS

1. Intangible assets

The following table presents a breakdown of intangible assets at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Concession Rights	154,620	155,595	(975)
Software, licences and similar rights	689	885	(196)
Other intangible assets	72	76	(4)
Other intangible assets under development	543	155	388
TOTAL INTANGIBLE ASSETS	**155,924**	**156,711**	**(787)**

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.

At 30 September 2017, the Concession Rights item rose by Euro 3.33 million (which represents the fair value of the construction services performed during the period), mainly due to work to:

- complete the new inter-company restaurant in the passenger terminal;
- build a new transformer room to support airport beacon towers installed in the airside area to be used for general aviation traffic;
- build a canopy near the area outside the cargo terminal adjacent to the customs enclosure;
- upgrade the terminal basement;
- upgrade car park lighting.

In addition, an agreement was signed for the final working design of the new expansion of the existing terminal.

Amortisation of concession rights for the period under review totalled Euro 4.13 million, and it was applied on the basis of the remaining duration of the Airport concession relative to the first nine months of 2017.

The item “Software, licences and similar rights,” which consists of software used to manage services, rose by Euro 0.38 million mainly due to work to implement and improve the new company intranet platform in addition to software licences to manage data bases and user access to the company domain.

Other intangible assets under development included amounts incurred for projects not completed at 30 September 2017.

Test of the Recoverable Value of Assets or Asset Groups

The Group performed impairment tests to assess whether there had been long-term impairment of the “Concession rights” recorded in the year ended 31 December 2016 and in previous years.

With respect to preparing the half-year consolidated financial report, since there were no indicators of impairment as defined by IAS 36, and since the Group’s economic and financial performance was in line with the economic and financial projections for 2017-2044 formulated by the Board of Directors and already used to perform impairment tests for the year ended 31 December 2016 and previous years, no impairment tests were performed since it is believed that there was no permanent loss of value in relation to the amounts recorded under “Concession rights” at 30 September 2017.

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.

2. Tangible assets

The following table presents a breakdown of tangible assets at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Land	2,763	2,758	5
Buildings and minor construction and improvements	4,579	2,348	2,231
Machinery, equipment and facilities	3,246	3,486	(240)
Furniture, office machinery, transport equipment	1,949	1,965	(16)
Property, plant and equipment under construction and advances	2,128	1,541	587
Investment property	4,732	4,732	0
TOTAL TANGIBLE ASSETS	**19,397**	**16,830**	**2,567**

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.

In the first nine months of 2017, this category increased by a total of Euro 4.11 million. Other than fittings and electronic office equipment installed in certain passenger terminal areas and offices, the most significant increase (Euro 2.5 million) was for the category "Buildings and minor construction and improvements." This was primarily for the purchase of an industrial building built on land owned by AdB adjacent to the airport by the company to which AdB granted surface rights in an agreement dated 28 December 2006. Ten years after entering into the agreement, the other party took advantage of the contract termination option, which was why AdB exercised the purchase option on the property becoming its owner in May 2017. An automatic lift for passengers with reduced mobility has also been purchased.

"Tangible assets under construction" include amounts incurred for unfinished projects at 30 September 2017. These include the first two tranches totalling Euro 1.78 million of the Parent Company's contribution to Marconi Express S.p.A. to build the "Aeroporto" station of the People Mover corresponding to work progress of 66% in the airport area.

Tangible assets depreciated by Euro 1.5 million during the period under review.

The item "Investment property" includes the total value of land owned by the Group for real estate investments; this land was initially recognised at acquisition cost and subsequently measured using the cost method.
The aforementioned land is not subject to depreciation but, as indicated in IAS 40, an expert valuation is performed to support the fair value measurement. This expert valuation performed internally at the Parent Company confirms that the cost at which it was recognised approximates the fair value of the land, due to its nature and strategic value. No indications of impairment of these assets were found on the date that the Consolidated Interim Report was prepared.

3. Investments

The following table presents a breakdown of equity investments at 30 September 2017, compared with the data at 31 December 2016 along with changes during the period under review:

in thousands of Euro	at 31.12.2016	Increases/Acquisitions	Decreases/Disposals	Write-downs	at 30.09.2017
Other investments	147	0	0	0	147
TOTAL INVESTMENTS	**147**	**0**	**0**	**0**	**147**

Detailed breakdown:

in thousands of Euro	Share held	at 30.09.2017	at 31.12.2016	Change
Consorzio Energia Fiera District	14.3%	3	3	0
CAAF dell'Industria S.p.A.	0.07%	0	0	0
Bologna Welcome Srl	10%	40	40	0
Bologna Congressi S.p.A.	10%	104	104	0
TOTAL OTHER INVESTMENTS		**147**	**147**	**0**

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.

4. Other non-current financial assets

The following table shows changes in other non-current financial assets for the nine months ended 30 September 2017, compared with the data at 31 December 2016.

in thousands of Euro	at 31.12.2016	Increases/Acquisitions	Decreases/Disposals	Write-downs	at 30.09.2017
Equity financial instruments	7,000	3,000	0	0	10,000
Bonds	4,668	0	(4,668)	0	0
Deposit accounts/Savings bonds	6,070	5,000	(10,000)	0	1,070
Other financial assets	252	4	0	0	256
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**17,990**	**8,004**	**(14,668)**	**0**	**11,326**

The item "Other non-current financial assets" includes:

- Euro 10 million for the equity financial instrument in Marconi Express S.p.A., the company licensed to build and manage the infrastructure for the express railway link (People Mover) between the airport and Bologna's main train station. This financial instrument was:
    - subscribed on 21 January 2016 for a total of Euro 10.9 million;
    - recorded at 30 September 2017 at Euro 10 million, equal to the amount actually paid (in three tranches: the first of Euro 4 million at the same time as the subscription, the second of Euro 3 million in October 2016 corresponding to work progress of 20%, and the third of Euro 3 million in July 2017 corresponding to work progress of 51%).

Pursuant to IAS 39, this financial asset was classified under available-for-sale financial assets. According to IAS 39, subsequent measurement following initial recording should be at fair value, and related changes should be posted to shareholders' equity and reported in the statement of comprehensive income as OCI (other comprehensive income), whereas impairment should be posted to the income statement. However, in view of the difficulty in measuring the fair value of this equity financial instrument, the Group elected to take advantage of the exemption allowed for equity instruments for which fair value cannot be reliably measured. As a result, subsequent measurements of this equity financial instrument will be at cost and any impairment, which is quantified by comparing the book value with the present value of cash flows discounted at the market rate for similar instruments, will be posted to the income statement and cannot be reversed;

- Euro 1.07 million pertaining to a deposit account (Euro 0.07 million) and a time deposit from April 2017 to October 2018 (Euro 1 million);
- Euro 0.26 million pertaining to a capitalisation product with a term of five years acquired in 2016 that the Group elected to classify, pursuant to IAS 39, under investments held to maturity (HTM).

5. Deferred tax assets

The following table shows the overall change in deferred tax assets for the period ended 30 September 2017, compared with the data at 31 December 2016.

in thousands of Euro	at 31.12.2016	Provisions	Uses	at 30.09.2017
DEFERRED TAX ASSETS	**7,427**	**854**	**(1,388)**	**6,893**

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.

6. Other non-current assets

The following table shows the breakdown of other non-current assets at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Non-current prepayments and accrued income	98	57	41
Security deposits	84	83	1
Non-current tax receivables	1,304	1,244	60
OTHER NON-CURRENT ASSETS	**1,486**	**1,384**	**102**

7. Inventories

The following table presents the breakdown of inventories at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Inventories of raw materials, supplies and consumables	496	476	20
Inventory of finished products	25	43	(18)
INVENTORIES	**521**	**519**	**2**

8. Trade receivables

The following table provides a breakdown of trade receivables and related provisions at 30 September 2017 with a comparison with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Trade receivables	18,394	14,822	3,572
Provision for doubtful receivables	(1,227)	(1,368)	141
TRADE RECEIVABLES	**17,167**	**13,454**	**3,713**

Trade receivables are restored to their face value through a provision for doubtful receivables determined in each period on the basis of a specific analysis of both items subject to disputes and items that, even though not in dispute, have been outstanding for a significant period. This measurement requires estimating the probability of collecting the receivables in question, including with the support of lawyers assigned to pursue disputes, and taking into account sureties received from customers.

The Group closely monitors developments in the Alitalia situation, as discussed in detail in the Directors' Report, which should be referenced for further information.

The amount of the provision, equal to Euro 1.23 million at 30 September 2017 is deemed appropriate for the purpose of adjusting the face value of trade receivables to the presumed realisation value.

The changes in the provision for doubtful receivables during the two periods were as follows:

in thousands of Euro	at 31.12.2016	Provisions	Uses	Releases	at 30.09.2017
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(1,368)**	**(247)**	**327**	**61**	**(1,227)**

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.

9. Other current assets

The following table shows the breakdown of other current assets at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
VAT credit	107	118	(11)
Direct tax receivables	127	13	114
Other tax receivables	0	3	(3)
Receivables from personnel	79	73	6
Other receivables	4,689	3,192	1,497
OTHER CURRENT ASSETS	**5,002**	**3,399**	**1,603**

The direct tax receivable mainly included the parent company's (AdB) receivable for the excess payment of IRES and IRAP taxes in 2015 following the revised settlement of 2015 income.

The most significant change in the period under review was for the item "Other receivables" the detail of which is provided below:

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Accrued income and prepayments	735	361	374
Advances to suppliers	135	59	76
Receivables from retirement and social security institutions	73	28	45
Receivables for municipal surcharge	4,196	3,155	1,041
Provisions for other doubtful current receivables	(1,085)	(875)	(210)
Other current receivables	635	464	171
TOTAL OTHER RECEIVABLES	**4,689**	**3,192**	**1,497**

The item "Accrued income and prepayments" included Euro 0.1 million in insurance premiums paid in advance in the first nine months of the year, Euro 0.14 million in prepayments for local taxes paid in the first nine months of the year, Euro 0.21 million in data processing charges invoiced in advance and Euro 0.27 million in other costs for services invoiced in advance. The increase in the balance of accrued income and prepayments compared with 31 December resulted from the seasonality of invoices payable for maintenance and data processing fees, insurance premiums and local taxes;

With regard to the receivables for the municipal surcharge, AdB charges the airlines the municipal surcharge on passenger boarding fees established by Article 2, paragraph 11 of Law No. 350/2003, as subsequently amended and supplemented, and once collected, allocates it as appropriate to the government and INPS respectively, in the amount of Euro 1.50 and Euro 5.00 per passenger boarded. This amount is valid up until 31 December 2015 and starting as of 01 January 2017.
Article 1 of Decree Law No. 357 of 29 October 2015 increased the portion allocated to INPS by an additional Euro 2.50 effective as of 1 January 2016. This increase was subsequently suspended from 1 September 2016 to 31 December 2016 by Decree Law 113/2016 "Urgent Financial Measures for Local Authorities and Local Areas" (the so-called Decree Law of Local Authorities published in the Official Journal of 20 August 2016); and lastly, Article 55 of the draft "2017 Budget Law" called for the final abolition, effective 1 January

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.

2017, of the portion of the municipal surcharge equal to Euro 2.41 for 2017 and Euro 2.34 for 2018, introduced by Article 13, paragraphs 21 and 23 of Decree Law 145/2013. For additional details, see the Directors' Report. For matters of interest in this regard, note that the tariff increase in 2016, and specifically its starting date, have resulted in several objections by carriers. This resulted in an increase in the provisions for doubtful receivables for municipal surcharges, the changes in which are shown in the table below:

in thousands of Euro	at 31.12.2016	Provisions/Increases	Uses	Releases	at 30.09.2017
Provisions for doubtful receivables for municipal surcharge	(875)	(210)	0	0	(1,085)
TOTAL PROVISIONS FOR OTHER DOUBTFUL RECEIVABLES	**(875)**	**(210)**	**0**	**0**	**(1,085)**

This provision was the result of reclassifying to assets - as a deduction of the relevant receivable - the municipal surcharge passed on to carriers, the collection of which is deemed to be highly unlikely due to the insolvency procedure of the carrier and/or the objections noted above.

10. Current Financial Assets

The following table presents a breakdown of current financial assets at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Bonds	4,599	3,047	1,552
Deposit accounts	8,000	18,000	(10,000)
Receivables from the sale of investments	233	967	(734)
Other financial receivables	116	71	45
CURRENT FINANCIAL ASSETS	**12,948**	**22,085**	**(9,137)**

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

in thousands of Euro	at 31.12.2016	Increases/ Acquisitions	Decreases/ Disposals	Write-downs	at 30.09.2017
Bonds	3,047	4,599	(3,047)	0	4,599
Deposit accounts	18,000	4,000	(14,000)	0	8,000
Receivables from the sale of investments	967	53	(787)	0	233
Other financial receivables	71	45	0	0	116
TOTAL OTHER CURRENT FINANCIAL ASSETS	**22,085**	**8,697**	**(17,834)**	**0**	**12,948**

Detailed breakdown:

- bonds: at 30 September 2017, this consisted of Euro 4.6 million pertaining to a senior bond with a nominal value of Euro 4.5 million maturing in September 2018. At 31 December 2016, this bond was classified among non-current financial assets (Note 4), while the decline in this item since 31 December 2016 was due to the reclassification among cash and cash equivalents (Note 11) of another senior bond, purchased in 2016 and maturing in October 2017 with a nominal value of Euro 3 million. Pursuant to IAS 39, the Group elected to classify these financial assets under investments held to maturity (HTM) since it has the intention and capability to hold these in its portfolio until maturity. After initial recognition at acquisition cost, these investments are measured at amortised cost, using the effective interest rate method and thus recognising any

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.

discounts or premiums on the purchase or other costs that are an integral part of the effective interest rate. There were no impairment indicators in relation to the value of these financial assets at 30 September 2017;

- deposit accounts: these are temporary investments of cash in:
  - savings bonds totalling Euro 4 million maturing in August 2018;
  - time deposits totalling Euro 4 million maturing in September 2018.

The decrease reported in this item during the period was due to the reclassification of the following in item 11 "Cash and cash equivalents":

- Euro 3 million in time deposits that matured in April 2017;
- Euro 3 million in certificates of deposit that matured in May 2017;
- Euro 1 million in time deposits that matured in August 2017;
- Euro 7 million in time deposits that matured in October 2017;
- Euro 4 million in certificates of deposit maturing in November 2017.

- receivable from the sale of equity investments: this item includes the remaining receivable for the sale of the investment in Marconi Handling on 19 December 2012 (named GH Bologna S.p.A. starting as of 01 April 2017). This receivable, which is broken down by related contractual maturities as redefined by a debt rescheduling agreement of 15 November 2016, is secured by a special lien on the corporate stake sold and bears interest at 4%. The new repayment plan agreed is broken down into 12 monthly instalments ending in December 2017. The increase during the period was for the portion of interest accrued, while the decrease concerned collections of instalments made during the nine months including principal and interest.

11. Cash and cash equivalents

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Bank and postal deposits	30,759	20,085	10,674
Cash on hand	26	25	1
CASH AND CASH EQUIVALENTS	**30,785**	**20,110**	**10,675**

The item "Bank and postal accounts" represents available balances of bank current accounts as well as:

- Euro 4 million in certificates of deposit maturing in November 2017;
- Euro 7 million in time deposits that matured in October 2017;
- Euro 3 million in a senior bond purchased in 2016 and maturing in October 2017.

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.

LIABILITIES AND SHAREHOLDERS' EQUITY

12. Shareholders' equity

The following table presents a breakdown of Shareholders' Equity at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Share capital	90,314	90,314	0
Reserves	65,306	63,882	1,424
Profit (loss) for the period	13,623	11,311	2,312
SHAREHOLDERS' EQUITY	**169,243**	**165,507**	**3,736**

i. Share capital

At 30 September 2017, the Parent Company's share capital totalled Euro 90,314,162; it was fully paid up and consisted of 36,125,665 ordinary shares with no par value.

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

in units of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016
Group profit/(loss) for the period	13,742,961	9,722,415
Average number of outstanding shares	36,125,665	36,101,030
Average number of shares including bonus shares	36,125,665	36,101,030
Undiluted earnings/(losses) per share	**0.38**	**0.27**
Diluted earnings/(losses) per share	**0.38**	**0.27**

ii. Reserves

The following table details reserves at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Share premium reserve	25,683	25,683	0
Legal Reserve	5,545	5,018	527
Extraordinary reserve	35,600	34,923	677
FTA Reserve	(3,222)	(3,222)	0
Profits (losses) carried forward	2,513	2,413	100
OCI reserve	(813)	(933)	120
TOTAL RESERVES	**65,306**	**63,882**	**1,424**

The share premium reserve consisted of the following:

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

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.

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

The legal reserve and extraordinary reserve rose as a result of the allocation of profit for the previous year, and, with regard to the Parent Company, net of the distribution of dividends approved by the Shareholders' Meeting of 27 April 2017 totalling Euro 10 million, corresponding to a gross dividend of Euro 0.277 for each of the 36,125,665 ordinary shares outstanding on the ex-dividend date (02 May 2017). The extraordinary reserve is made up entirely of profits from prior financial years.

The reserve for profits/losses carried forward increased as a result of the allocation of the profits/losses resulting from the IAS accounting records of subsidiaries as well as the proportional share of TAG's result for the period.

The OCI reserve shows the changes arising from the discounting of severance in accordance with revised IAS 19 (Note 13), net of the related tax effect.

The following table shows details of the reserve at 30 September 2017 and the pertinent comparison:

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Actuarial gains/losses as per IAS 19	(1,074)	(1,232)	158
Deferred taxes on actuarial gains/losses as per IAS 19	257	295	(38)
OCI RESERVE	**(817)**	**(937)**	**120**
of which Minority Interests	**(4)**	**(4)**	**0**
of which GROUP	**(813)**	**(933)**	**120**

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

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Share capital – minority interests	155	155	0
Reserves – minority interests	452	358	94
Profit (loss) for the period – minority interests	177	94	83
MINORITY INTERESTS	**784**	**607**	**177**

Changes in minority shareholders' equity are mainly to be attributed to the allocation of profit generated during the previous year.

13. Severance and other personnel provisions

The following table presents a breakdown of severance and other personnel provisions at 30 September 2017, compared with the data at 31 December 2016:

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Severance	4,316	4,489	(173)
Other personnel provisions	184	107	77
SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,500**	**4,596**	**(96)**

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.

The following table shows changes in these provisions between 31 December 2016 and 30 September 2017.

in thousands of Euro	at 31.12.2016	Service Cost	Net Interest	Benefits Paid	Actuarial Gains (Losses)	at 30.09.2017
Severance	4,489	9	51	(75)	(158)	4,316
Other personnel provisions	107	77	0	0	0	184
SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,596**	**86**	**51**	**(75)**	**(158)**	**4,500**

14. Deferred Tax Liabilities

The following table shows a breakdown of deferred tax liabilities at 30 September 2017.

in thousands of Euro	at 31.12.2016	Provisions	Uses	at 30.09.2017
DEFERRED TAX LIABILITIES	**2,216**	**49**	**0**	**2,265**

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

Provisions for renewal of airport infrastructure refer to the coverage of future costs of conservative maintenance and renewal of concession assets that the Group is required to return at the scheduled end of the concession in 2044, in perfect working condition.
The following table indicates changes in the provisions during the first nine months of 2017:

in thousands of Euro	at 31.12.2016	Provisions	Uses	Reclassifications	at 30.09.2017
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	**10,631**	**1,032**	**0**	**(2,112)**	**9,551**

The increases for the period totalled Euro 1.03 million, of which Euro 1.18 million was classified under provisions in the income statement net of Euro 0.15 million classified under financial income from discounting. The decreases from reclassifications relate to the periodic reclassification to current liabilities of the portion of costs whose disbursement is expected in the year following the period concerned. Amounts used during the period in question were recognised under current liabilities in Note 20.

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

The following table shows the breakdown of changes in provisions for risks and charges for the period ended 30 September 2017:

in thousands of Euro	at 31.12.2016	Provisions	Uses/Releases	at 30.09.2017
Provisions for ongoing disputes	853	7	0	860
Provisions for employee back pay	0	200	0	200
Provisions for other risks and charges	153	0	0	153
PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)	**1,006**	**207**	**0**	**1,213**

The main change concerned the provision for employee back pay, which, while awaiting the renewal of the National Collective Agreement of Airport Operators (which expired on 31 December 2016), arises from the estimate of the liability for the lump-sum/employee back pay for the first nine months of 2017.

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.

Contingent liabilities
On 26 July 2016, following a comprehensive audit started on 18 May 2016 for the Parent Company's 2013 financial year, the Revenue Agency of Bologna prepared a Tax Audit Report with a single observation. The observation consists of a presumed disallowance of IRES deductibility for the Euro 5 million loss resulting from the May 2013 declaration of bankruptcy of SEAF, the management company of Forlì Airport. This insolvency procedure resulted in the execution of the surety related to the strong patronage letter issued in 2007 by AdB to the credit institutions that financed SEAF in the form of an unsecured loan, which the Parent Company carried out with a schedule of repayments to lending institutions. This debt was fully repaid in April 2016 with the full payment of remaining instalments.
Bearing in mind the Parent Company's arguments in fact and law that were formalised in appropriate briefs submitted to the Revenue Agency regarding the economic, and thus tax-related, reasons for the decisions made, the Directors have chosen to classify these merely as contingent liabilities and include only appropriate information in the Notes.

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

17. Non-current financial liabilities

The following table presents a breakdown of non-current financial liabilities at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Loans - non-current portion	21,884	24,896	(3,012)
NON-CURRENT FINANCIAL LIABILITIES	**21,884**	**24,896**	**(3,012)**

The non-current portion of loans consists of medium- and long-term loans taken out by the Group. The decrease during the period was due to the repayment of maturing instalments totalling Euro 3 million.
At 30 September 2017, total liabilities for loans were Euro 27.7 million, including the current portion of loans totalling Euro 5.8 million.

The following are the contractual terms and conditions of loans at 30 September 2017:

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

The cross-default clauses in the Group's loan agreements specify that if the Group companies financed fail to comply with credit or financial obligations, or if they default on guarantees assumed in relation to any

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.

entity, the acceleration clause can be invoked. Note that in the Group's loan agreements there are no cross-default clauses with companies outside the Group. At 30 September 2017, the Group had not received any communication regarding the application of the cross default clauses by its lenders.

18. Trade payables

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Trade payables	13,130	15,669	(2,539)
TRADE PAYABLES	**13,130**	**15,669**	**(2,539)**

Trade payables are predominantly to Italian suppliers.

19. Other Liabilities

The following table presents a breakdown of current liabilities at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Current tax payables	4,454	2,420	2,034
Current payables to personnel and social security institutions	4,266	4,169	97
ENAC concession fees and other State payables	12,993	13,050	(57)
Other current payables, accrued expenses and deferred income	5,204	3,163	2,041
TOTAL OTHER CURRENT LIABILITIES	**26,917**	**22,802**	**4,115**

The following are comments regarding the main changes:

i. Current tax payables

The following table shows a breakdown of current tax payables at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
VAT payables	199	249	(50)
Direct tax payables	3,212	1,330	1,882
Other tax payables	1,043	841	202
CURRENT TAX PAYABLES	**4,454**	**2,420**	**2,034**

The item “Other tax payables” is mainly due to withheld personal income tax (IRPEF) for employees and local taxes.

ii. Current payables to personnel and social security institutions

The following table presents a breakdown of current payables to personnel and social security institutions at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Payables to personnel for salaries	964	971	(7)
Payables to personnel for deferred compensation	2,218	2,034	184
Payables to social security institutions	1,084	1,164	(80)
CURRENT PAYABLES TO PERSONNEL AND SOCIAL SECURITY INSTITUTIONS	**4,266**	**4,169**	**97**

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.

iii. ENAC concession fees and other State payables

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

- Euro 11.07 million (Euro 9.96 million in December) in relation to the payable for fire-fighting services as regulated by Article 1, paragraph 1328 of the 2007 Finance Act, as amended by Article 4, paragraph 3-*bis* of Law 2/2009. This amount relates to the years 2009-2016 in addition to the amount accrued at 30 September 2017 which is being disputed. For additional details on this matter, see the Directors' Report for the 2016 Financial Statements;
- Euro 1.61 million (Euro 2.83 million in December) as a payable for the Airport concession fee.

iv. Other current payables, accrued expenses and deferred income

The following table shows other current payables, accrued expenses and deferred income at 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Municipal surcharge payables	3,111	2,280	831
Other current payables	838	749	89
Current accrued expenses and deferred income	1,255	134	1,121
TOTAL OTHER CURRENT PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME	**5,204**	**3,163**	**2,041**

The principal item consists of the municipal surcharge payables connected to the receivables of Euro 3.1 million from carriers that had not been collected at 30 September. The portion of the municipal surcharge payable pertaining to receivables collected from carriers but not yet paid to creditors is instead classified among current financial liabilities (Note 22). Other current payables include security deposits and advances received from customers as well as pre-paid revenues and sundry payables. The increase in current accrued expenses and deferred income was due to the invoice issuing process involving advance invoicing of sub-licensing fees and other types of services.

20. Provisions for renewal of Airport infrastructure (current)

The following table details changes in provisions for renewal of airport infrastructure at 30 September 2017.

in thousands of Euro	at 31.12.2016	Provisions	Uses	Reclassifications	at 30.09.2017
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)	**2,933**	**0**	**(2,093)**	**2,112**	**2,952**

This item includes the current portion of provisions for renewal of Airport infrastructure. The uses refer primarily to the following interventions:

- the restoration of a section of a taxiway and a portion of "Piazzale Apron 2";
- extraordinary maintenance works on a section of the taxiway, including short connectors;
- fire-fighting and function modification of fire escapes in the P2 multi-level car park, in addition to the flooring of several airport buildings;
- control and supervision systems for technological facilities, in addition to air treatment units located on the first floor of the passenger terminal.

21. Provisions for risks and charges (current)

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.

The following table shows the changes in current provisions for risks and charges for the nine months ended 30 September 2017.

in thousands of Euro	at 31.12.2016	Provisions	Uses	at 30.09.2017
Provision for ENAC-ENAV agreement	159	0	(139)	20
Provisions for ongoing disputes	0	355	0	355
PROVISIONS FOR RISKS AND CHARGES (CURRENT)	**159**	**355**	**(139)**	**375**

At 30 September 2017, other provisions for risks and charges included:

- the contractual liability provisions recognised on the basis of the agreement signed in 2009 with ENAV and ENAC, which provides for another area to be included in the inventory of assets received under the concession in relation to the obligation consisting of:
  1) demolition of pre-existing capital assets;
  2) construction of a new building on behalf of the original concessionaire.

  In view of this obligation, the Parent Company quantified the increase in Concession Rights at 31 December 2009 on the basis of the present value of the estimated cost of the fulfilment of its obligations with respect to a liability recognised in accordance with IAS 37.

  The new building was built in 2016 with the exception of some remaining work, which was completed at the beginning of 2017 (Euro 0.14 million). The provision remaining at 30 September 2017 includes an estimate of certain incidental completion expenses yet to be incurred.
- The current portion of the provision for risks associated with pending disputes, which increased during the half year following the assessment of the risk related to a labour law dispute.

22. Current financial liabilities

The following table presents a breakdown of current financial liabilities for the half year ended 30 September 2017, compared with 31 December 2016.

in thousands of Euro	at 30.09.2017	at 31.12.2016	Change
Loans - current portion	5,806	5,801	5
Payables for municipal surcharge	2,617	2,969	(352)
Other current financial debt	191	70	121
CURRENT FINANCIAL LIABILITIES	**8,614**	**8,840**	**(226)**

For details of the items “Loans – current portion,” see the explanation in Note 17 “Non-Current Financial Liabilities,” which indicates the loans obtained by the Group and outstanding at 30 September 2017.
Payables for the municipal surcharge on passenger boarding fees relate to the portion received from the airlines in September and paid on to lenders in October 2017.

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.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

The following are comments on the principal items of the income statement for the period ended on 30 September 2017, compared with those posted for the period ended on 30 September 2016.

REVENUES

23. Revenues

The following table shows a breakdown of revenues by activity for the first nine months of 2017 and 2016. For a more detailed analysis, please see the Directors' Report.

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Revenues from aeronautical services	40,669	36,573	4,096
Revenues from non-aeronautical services	29,021	26,930	2,091
Revenues from construction services	3,330	4,990	(1,660)
Other operating revenues and income	456	497	(41)
REVENUES	**73,476**	**68,990**	**4,486**

i. Revenues from aeronautical services

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Revenues from centralised infrastructure/other airport services	397	376	21
Revenues from fees/ exclusive-use assets	930	959	(29)
Revenues from airport fees	50,025	47,624	2,401
Revenues from PRM fees	3,282	3,079	203
Incentives for the development of air traffic	(17,976)	(18,667)	691
Handling services	2,185	1,738	447
Other aeronautical revenues	1,826	1,464	362
TOTAL REVENUES FROM AERONAUTICAL SERVICES	**40,669**	**36,573**	**4,096**

Below are details on revenues from airport fees. For comments, see the Directors' Report. The item "Fee reduction due to doubtful receivables" includes the amount allocated to the provision for doubtful receivables as a precautionary measure on receivables accrued in 2017 in relation to Alitalia before special administration.

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Passenger boarding fees	25,324	23,965	1,359
Landing, take-off and parking fees	13,943	13,374	569
Passenger security fees	8,011	7,484	527
Hold luggage security fees	2,251	2,228	23
Freight loading and unloading charges	621	573	48
Fee reduction due to doubtful receivables	(125)	0	(125)
TOTAL REVENUES FROM AIRPORT FEES	**50,025**	**47,624**	**2,401**

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.

ii. Revenues from non-aeronautical services

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Sub-licensing of retail areas and premises	13,014	11,902	1,112
Parking	11,496	10,863	633
Other commercial revenues	4,511	4,165	346
TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES	**29,021**	**26,930**	**2,091**

Other commercial revenues are itemised below:

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Ticketing	36	46	(10)
Marconi Business Lounge	1,689	1,431	258
Advertising	1,130	1,094	36
Miscellaneous commercial revenues	1,656	1,594	62
TOTAL OTHER COMMERCIAL REVENUES	**4,511**	**4,165**	**346**

iii. Revenues from Construction Services

Revenues from construction services pertain to the expansion of the construction services provided by Aeroporto Guglielmo Marconi di Bologna S.p.A. to the concession grantor authority ENAC, for the purpose of the implementation of the investments previously commented upon in connection with Concession Rights in Note 1.
These revenues totalled Euro 3.3 million, which was down from the Euro 5 million in the same period of 2016 due to lower investments made.

iv. Other revenues and income

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Compensation, reimbursements and other income	428	491	(63)
Capital gain	28	6	22
TOTAL OTHER OPERATING REVENUES AND INCOME	**456**	**497**	**(41)**

COSTS

24. Costs

i. Consumables and goods

The following table shows a breakdown of consumables and goods costs for the two periods being compared.

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.

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Consumables and goods	353	269	84
Maintenance materials	144	113	31
Fuels	902	686	216
TOTAL CONSUMABLES AND GOODS	**1,399**	**1,068**	**331**

This cost category reflects the most significant growth of the "Fuels" item, which was mainly attributable to higher purchases of aviation fuel.

ii. Services costs

The following table shows a breakdown of services costs for the two periods being compared.

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Maintenance costs	2,972	3,569	(597)
Utilities	1,242	1,688	(446)
Cleaning and similar services	1,441	1,440	1
Third-party services	4,292	3,806	486
Marconi Business Lounge services	222	201	21
Advertising, promotion and development	663	626	37
Insurance	538	533	5
Professional and consultancy services	1,209	1,110	99
Fees and reimbursements for statutory bodies	431	414	17
Other services costs	275	321	(46)
TOTAL SERVICES COSTS	**13,285**	**13,708**	**(423)**

Services costs decreased mainly due to lower expenses for:

- maintenance, due to the non-recurrence of work done in the same period of the previous year relating to the reconfiguration of space and structures;
- uses associated with the reversal of one-off energy costs related to the cogeneration plants and recorded in the previous financial year; for more information, see comments in the Directors' Report section on adjusted results.

On the other hand, there was an increase in outsourced services, such as the PRM service, in relation to the increase in traffic and shuttle service to transport passengers from car parks to the terminal.

Below are further details of maintenance costs:

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Maintenance costs of owned assets	665	609	56
Maintenance costs of airport infrastructure	1,961	2,591	(630)
Maintenance costs of third-party assets	346	369	(23)
TOTAL MAINTENANCE COSTS	**2,972**	**3,569**	**(597)**

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.

The following shows a breakdown of third-party services:

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Snow clearance	265	238	27
Porterage, transport and third-party services	296	120	176
PRM services	1,157	1,061	96
De-icing services and other public service costs	235	291	(56)
Security services	908	849	59
Other third-party services	1,431	1,247	184
TOTAL THIRD-PARTY SERVICES	**4,292**	**3,806**	**486**

iii. Costs for construction services

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

iv. Leases, rentals and other costs

The following table shows a breakdown of leases, rentals and other costs for the first nine months of 2017 and 2016.

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Concession fees	4,326	4,085	241
Rental fees	287	270	17
Payable rents	405	397	8
Data processing fees	783	716	67
Other costs for using third-party assets	(73)	6	(79)
TOTAL LEASES, RENTALS AND OTHER COSTS	**5,728**	**5,474**	**254**

Overall, this item rose mainly due to the growth of traffic used to calculate airport concession fees and security services fees.

v. Other operating expenses

The following table shows a breakdown of other operating expenses for the first nine months of 2017 and 2016.

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Tax charges	989	975	14
Fire-fighting service contribution	1,106	1,048	58
Capital losses	46	17	29
Other operating costs and expenses	566	273	293
TOTAL OTHER OPERATING EXPENSES	**2,707**	**2,313**	**394**

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.

Operating costs rose as a result of the ancillary costs for exercising the purchase option for the property, as more fully described in Note 2 “Tangible assets” and in the section covering investments in the Directors’ Report.

vi. Personnel costs

The following table shows a breakdown of personnel costs for the two periods being compared.

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Salaries and wages	13,669	13,233	436
Social security contributions	3,687	3,680	7
Severance	999	953	46
Pension and similar	143	138	5
Other personnel costs	1,133	979	154
TOTAL PERSONNEL COSTS	**19,631**	**18,983**	**648**

Personnel costs rose mainly due to the change in the Group’s workforce (average personnel levels +25, full-time equivalents +14) for operations that are closely related to traffic growth such as security checks and the PRM service. The increased cost was also due to the application of the last tranche of the new collective bargaining agreement starting as of July 2016.

Other personnel costs break down as follows:

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Staff canteen	428	460	(32)
Personnel training and refresher courses	193	86	107
Personnel travel expenses	157	116	41
Other personnel provisions	77	68	9
Miscellaneous personnel costs	278	249	29
TOTAL OTHER PERSONNEL COSTS	**1,133**	**979**	**154**

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

Average workforce (no. of staff)	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Executive Managers	10	10	0
White-collar workers	387	366	21
Blue-collar workers	100	96	4
TOTAL PERSONNEL	**497**	**472**	**25**

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

Workforce (no. of staff)	at 30.09.2017	at 30.09.2016	Change
Executive Managers	10	10	0
White-collar workers	395	376	19
Blue-collar workers	99	96	3
TOTAL PERSONNEL	**504**	**482**	**22**

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.

25. Depreciation and amortisation

The following table shows a breakdown of depreciation and amortisation for the first nine months of 2017 and 2016.

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Amortisation and impairment of concession rights	4,246	3,982	264
Amortisation and impairment of other intangible assets	508	455	53
Depreciation and impairment of tangible assets	1,528	1,262	266
TOTAL DEPRECIATION AND AMORTISATION	**6,282**	**5,699**	**583**

The item in question includes Euro 0.11 million of amortisation of concession rights. The increase in the item "Amortisation and depreciation" is consistent with ongoing implementation of the amortisation and depreciation plan and is also the result of the gradual placement into service of investments made over the last 12 months.

26. Provisions for risks and charges

The following table shows a breakdown of provisions for the first nine months of 2017 and 2016.

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Provisions for doubtful accounts	62	49	13
Provisions for renewal of airport infrastructure	1,184	1,926	(742)
Provisions for other risks and charges	563	(102)	665
TOTAL PROVISIONS FOR RISKS AND CHARGES	**1,809**	**1,873**	**(64)**

Savings resulted mainly from lower allocations to the provision for renewal of airport infrastructure (see Notes 15 and 20) due to the updating of scheduling with certain air side projects being delayed.
There was an increase in provisions for other risks and charges, owing to:

- the assessment of the risk related to certain labour law disputes;
- the provision for employee back pay, which, while awaiting the renewal of the National Collective Agreement of Airport Operators (which expired on 31 December 2016), arises from the estimate of the liability for the lump-sum/employee back pay for the first nine months of 2017.

27. Financial income and expenses

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Income from securities	31	84	(53)
Financial income other than the previous items	187	167	20
Income from discounting provisions	156	0	156
TOTAL FINANCIAL INCOME	**374**	**251**	**123**
Interest expenses and bank charges	(513)	(736)	223
Expenses from discounting provisions	(63)	(278)	215
Other financial expenses	(29)	(2)	(27)
TOTAL FINANCIAL EXPENSES	**(605)**	**(1,016)**	**411**
TOTAL FINANCIAL INCOME AND EXPENSES	**(231)**	**(765)**	**534**

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.

Net financial expense fell on account of:

- higher financial income from the discounting of provisions;
- a decrease in financial expenses due to lower overall debt levels and the reduction in the interest rate on the Intesa San Paolo loan maturing in 2024.

28. Taxes for the period

in thousands of Euro	for the nine months ended 30.09.2017	for the nine months ended 30.09.2016	Change
Current, deferred and prepaid taxes	5,433	4,206	1,227
TOTAL TAXES FOR THE PERIOD	**5,433**	**4,206**	**1,227**
Current taxes as a % of result before tax	**28.25%**	**29.30%**	

The effective tax rate at 30 September 2017 was 28.25% of the result before taxes compared with 29.30% a year earlier. This favourable shift was due to a reduction in the IRES rate of 3.5 percentage points starting in 2017, which was partially offset by the gradual negative impact of the ACE (economic growth incentive - Decree Law 201/2011), and was especially due to changes introduced in the determination of the calculation base and the reduction in the rate of return.

Related party transactions

A definition of "Related Parties" can be found in IAS 24, approved by EC Regulation 1725/2003.
Intercompany transactions are executed as part of ordinary operations and under normal market conditions. Related party transactions mainly pertain to commercial and financial transactions, as well as compliance with the tax consolidation regime. None of those relationships is of particular economic or strategic importance for the Parent Company since they do not represent a significant share of the total amounts in the financial statements.
The shareholder Bologna Chamber of Commerce has been identified as a government entity making it exempt from related party disclosure under IAS 24. Classifying the Bologna Chamber of Commerce as Government therefore limited the scope of checks to identify related parties to the identification of only the Bologna Chamber of Commerce. Furthermore, the financial statements contain no further information regarding the Company's relationship with the Bologna Chamber of Commerce, because there are no significant transactions with that shareholder.
In the first nine months of 2017, related-party relationships referred only to inter-company transactions. The main transactions are described below.
At 30 September 2017, trade relationships on the asset side between the Parent Company and the subsidiary Tag Bologna S.r.l. mainly concerned the twenty-year sub-licensing of infrastructure dedicated to general aviation traffic support and the supply of certain services, for a total of Euro 0.03 million.
AdB’s service agreements with the subsidiary mainly involve contributions to operating expenses to cover costs related to the management and maintenance of the infrastructure of the general aviation terminal used for the boarding and disembarkation of passengers based on the resulting balance sheet advantage for AdB from including these costs in the calculation base of passenger boarding fees. At 30 September 2017, service costs accrued in relation to Tag totalled Euro 0.15 million.
Non-commercial relationships with Tag included:

- the tax consolidation agreement renewed in September 2015 for 2015-2017, on the basis of which, at 30 September 2017, the Parent Company reported a Euro 14 thousand receivable pertaining to estimated IRES for the period and non-current payables totalling Euro 9 thousand, which was

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.

unchanged from the previous year. These payables were for the request for IRAP reimbursement from IRES (Decree Law 201/2011, Article 2, paragraph a); and

- the binding patronage letter issued by AdB and minority shareholders of Tag in proportion to stakes held, in favour of Monte dei Paschi di Siena in relation to the long-term loan provided by the latter bank to Tag. At 30 September 2017, the portion of the secured loan related to AdB totalled Euro 2.25 million (Euro 2.4 million at 31 December 2016).

During the period under review, trade relationships between the Parent Company and the subsidiary Fast Freight Marconi S.p.A. consisted of providing the following services:

- sub-licensing of offices and operating areas and premises;
- management and staffing, which includes the following staff services: accounting, administration, finance, management control, management reporting, personnel, legal, ICT, staff secondment and single director;
- security for baggage and cargo x-rays totalling Euro 0.28 million.

Non-commercial relationships with FFM included:

- the tax consolidation agreement renewed in September 2015 for 2015-2017, on the basis of which, in the first nine months of 2017 receivables from the subsidiary totalled Euro 111 thousand and payables totalled Euro 15 thousand (unchanged from the previous year) for the request for IRAP reimbursement from IRES (Decree Law 201/2011, Article 2, paragraph a);
- AdB's joint obligation on a guarantee of Euro 0.9 million issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of FFM.

Other risk classification and management

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

The Chairman of the Board of Directors
(Enrico Postacchini)

Bologna, 13 November 2017

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.

Annex 1

Statement pursuant to Article 154-*bis*, paragraph 2 of the TUF

Interim Directors' Report at 30 September 2017

The officer in charge of preparing the corporate accounting documents, Patrizia Muffato, hereby declares, pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance (TUF), that the accounting information contained in this Report corresponds to information contained in documents, accounting registers and entries.

Executive in Charge of the Preparation of
Company Accounting Documents
(Patrizia Muffato)

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.

Aeroporto di Bologna

WWW.BOLOGNA-AIRPORT.IT